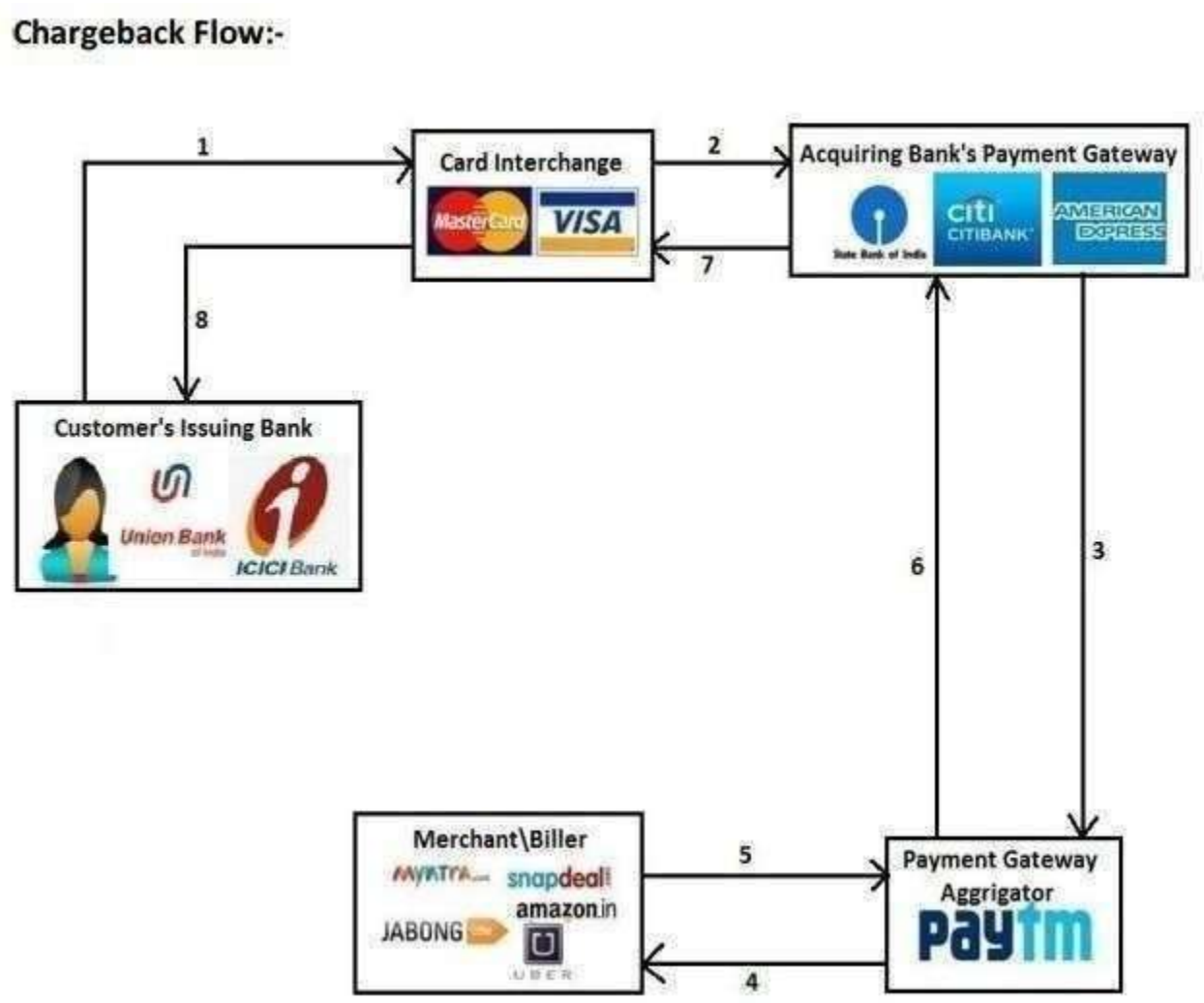
CHARGEBACK

Chargeback isthetermusedfor debiting amerchant's bank account withtheamountofatransaction thathad previously beencreditedforthe disputed transaction. Also Chargeback is aformofcustomer protectionprovidedbytheissuing banks, whichallowscardholderstofileacomplaint regarding disputed transactions on their statement.



Dispute Phases#

A dispute can belong to any of the following phases:

Retrieval: A request initiated by the customer with their issuer bank for additional information about a transaction. This is essentially a "soft" chargeback.

- **Chargeback**: A refund claim initiated by the customers with their issuer banks. In such cases, the bank starts an official inquiry.
- **Pre-Arbitration**: A chargeback that you have won is challenged by the customer for the second time.
- **Arbitration** : A chargeback that you have won is challenged for a third time by the customer and the card networks directly get involved. These disputes are usually very expensive.

Note**: The pre-arbitration and arbitration phases are usually long-drawn, complicated and challenging. It is advised to take remedial action during the retrievals and chargebacks phases itself to avoid further complications.**

Dispute Life Cycle

		VISA	MASTER	RUPAY
A.	Staging	Within 7 days from trxn date	Within 7 days from trxn date	Within 7 days from trxn date
B.	Retrieval request /Copy Request (Issuer)	13-18 months from txn date	13-18 months from txn date	13-18 months from txn date
C.	Retrieval request /Copy Request - fulfillment (Acquirer)	Within 30 days from (B.)	Within 30 days from (B.)	Within 30 days from (B.)
D.	First Chargeback (Issuer)	Within 120 days from (A.)	Within 120 days from (A.)	Within 120 days from (A.)
E.	Second Presentment or Re-presentment (Acquirer)	Within 30 days from (D.)	Within 45 days from (D.)	Within 30 days from (D.)
F.	Second Chargeback/Arbitration Chargeback (Issuer)	Nil	Within 45 days from (E.)	Nil
G.	Pre-Arbitration (Issuer)	Within 30 days from (E.)	Nil	Within 15 days from (E.)
H.	Pre-Arbitration - Response (Acquirer)	Within 30 days from (G.)	Within 45 days from (F.)	Within 15 days from (G.)
I.	Arbitration			
J.	Arbitration - Response			
K.	Pre-Compliance/Compliance	13-18 months from txn date	13-18 months from txn date	13-18 months from txn date
L.	Good Faith Collection	Based on Issuer bank	Based on Issuer bank	Based on Issuer bank

		acceptance	acceptance	acceptance

A dispute can have any of the following statuses:

Status	Description
Open	Indicates that the dispute has been created.
Reject	Indicates that the provided documents iss not upto the mark and resend the correct document
Won	Indicates that the bank has accepted the remedial documents and you have won the chargeback.
Lost	Indicates that the bank did not accept the remedial documents and you have lost the chargeback.

Disputes Process Flow#

A typical flow for a dispute is as follows:

1. A dispute is always raised by the issuing bank. However, it can be initiated by the customer as well.

   a. **Initiated by the issuing bank**: The issuing bank suspects a fraudulent transaction and asks for your justification.

   b. **Initiated by the customer**: The customer claims that the transaction was unauthorized and raises it with the issuing bank.

2. You will be notified about the dispute and can select from the following actions:

   a. **Accept** the dispute so the customer is refunded. Merchant don't need to refund the amount thru' Paytm dashboard once the dispute/chargeback has been raised by the bank. Paytm will Accept in the bank and will debit the amount from your payout
   b. **Contest** the dispute by submitting relevant documents to prove that the transaction was fair.

3. If you contest, the documents are sent to the customer's bank. The bank reviews the case and provides a verdict.
4. If you lose the dispute, the amount would be deducted from your account and is sent to the customer.

Disputes in International Payments:
For disputes raised against international payments, the amount deducted from your account will be based on the currency conversion rate of the day when the disputes were created. The currency conversion rate is dependent on the rate charged by processing banks. This conversion rate may vary from that on the day when the payments were created.

Required Evidence

If you are contesting a dispute, you may have to submit the following proof of evidence as required:

- Explanation letter from you
- Customer's recall letter
- Order or service confirmation
- Refund confirmation
- Order or service cancellation
- Delivery proof
- Shipping proof
- Access activity log (any server or activity logs which prove that the customer accessed or downloaded the purchased digital product)

Note- Documents will also vary depending on the issuer bank requirement and bank will take the final decision.

COMMONLY USED CHARGEBACK REASON CODES:

Network			
Rupay Reason Code	Visa Reason Code	Master Reason Code	Reason Code Description
1061	13.6	4860	Credit not processed for cancelled or returned goods and services
1062	13.3	4853	Goods and Services not as described / defective
1063	12.6	4834	Paid by alternate means
1064	13.1	4855	Goods or Services Not Provided / Not Received
1084	12.6	4834	Duplicate Processing
1104	NA	6321	Cardholder does not recognize the transaction
1142	10.4	NA	Fraudulent card not present transaction
1143	NA	4840	Fraudulent Multiple Transactions

Penalty Clause/RBI Circular-

As per RBI circular for chargeback reason code 1065, refund should be done within T+5 where T is the transaction date. In absence of the same, there is a penalty of INR 100/day from 6th day onwards till the Acceptance date if the case lies under merchant attribute.

HOW PAYTM WILL INTIMATE CHARGEBACK TO A MERCHANT:

Paytm intimate the merchant for incoming chargeback via mail or thru' our automation process and ask merchant to revert within the TAT (Turn Around Time). Transactions details forwhich chargeback raised will be provided to themerchant.

Sample Intimation Mail Format

Hello

We have received a dispute against your Order ID - : order to avoid a debit against this dispute, please provide relevant proofs in your defence on ~~ before
Paytm Dashboard.

Following are the details of this new dispute-

Order ID

Transaction ID

Dispute ID

Ext Serial Number

MID

Merchant Business Name

Merchant Display Name

Customer ID

Transaction Date

Transaction Amount

Dispute Amount

Bank Reference ID

Please submit any of the following proofs to avoid debit-

- Invoice Copy
- Signed proof of delivery
- Confirmation mail that clearly states that product/ service has been successfully delivered to the customer
- Any other proof of product/ service / delivery

CHARGEBACK FOLLOW-UP:-

Paytm put finalreminderbeforetheone dayof providedtarget date and alertmerchant for permanent debit if notresponded.

Dispute View

Merchant can view the disputes raised against payments on the Paytm Dashboard

TXN ID	MERCHANT ID	DISPUTE ID	CREATED DATE	ESN	TRANSACTION AMOUNT	DISPUTE AMOUNT	UPLOAD DOCUMENT	DOWNLOAD DOCUMENT	STATUS
XYZ	ABC	2.0201E+34	10-10-2020 14:17	2.0201E+19	3270	3270	---	Download Doc	WON
XYZ	ABC	2.0201E+34	10-10-2020 14:17	2.02009E+19	1502	1502	---	Download Doc	WON
XYZ	ABC	2.0201E+34	04-10-2020 08:51	2.02009E+19	1663	1663	---	Download Doc	WON
XYZ	ABC	2.0201E+34	03-10-2020 20:54	2.02009E+19	755	755	---	Download Doc	WON
XYZ	ABC	2.0201E+34	01-10-2020 23:56	2.02009E+19	156	156	---	Download Doc	WON
XYZ	ABC	2.0201E+34	10-10-2020 14:17	2.02009E+19	1502	1502	---	---	LOST
XYZ	ABC	2.0201E+34	05-10-2020 09:21	2.02009E+19	156	156	---	---	LOST
XYZ	ABC	2.0201E+34	04-10-2020 08:51	2.02009E+19	1663	1663	---	---	LOST