PayU Chargeback Policy

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Merchant FAQ

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Developed by: PayU Payments Pvt. Ltd.

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PAYU CHARGEBACK POLICY

1. What is chargeback?
   A chargeback is a situation where a cardholder disputes a purchase being made or is not satisfied by the product or service rendered. A chargeback occurs when customer ask their card issuing bank to disputed Transaction amount from their Debit/Credit.
   The card issuing bank will ask the customer to provide an explanation about the reason of raising the disputed transaction amount and then raise chargeback by sending the details of the dispute to PayU through Acquiring bank.

2. What if a merchant receives excessive number of chargebacks?
   Please be advised that excessive number of chargebacks (high chargeback to sales ratio- CTS) might be taken as poor indicator of your products/delivery/services along with your financial health in eyes of schemes & acquiring banks. Many banks may stop accepting payments for merchants with excessive number of chargebacks.

3. Timeframe to raise chargeback.
   Please be advised that any transaction can be disputed within the 60-120 days (depending on scheme) from the date the transaction posted to customer's account or promised date of service delivery to customer or promised date of refund to customer, however for some of the chargeback reasons it can be extended up to 540 days.
   Please retain the transaction related details (proof of delivery/invoice etc.) for each transaction for minimum of 540 days.

4. PayU Chargeback Process.
   PayU chargeback process guideline helps chargeback agents to provide services to the merchants to help out in Re-presentment of their chargeback cases. A dedicated chargeback team in PayU evaluates the chargebacks and assist to resolve them in merchant's favor in best possible way. The step-by-step process of chargeback is explained below:

   - PayU receives chargeback notification from Acquiring bank.
   - PayU notify merchants through Dashboard/ email by providing disputed transaction details along with documents required from merchants to remedy the chargeback. The merchant needs to provide their response within **REPLY DATE** mentioned by PayU.
   - PayU verifies the details/ documents sent by the merchants against the chargeback raised and shares the same with the acquiring bank if all requirement is correct as per PayU.
   - If merchant does not provide response before the stipulated Reply date, the acquiring bank will close the case in favor of the customer. Please be advised that bank do not accept any submission once Reply date for reply has passed.
   - Time frame for merchant to reply on chargeback cases.

CHARGEBACK	
Chargeback types	**Timeframe**
1st Level Chargeback	1 Day to 5 Day **(Calendar Days)**
2nd Level Chargeback & Pre-arbitration	1 Day to 3 Day **(Calendar Days)**
Pre- Compliance, Arbitration	1 Day **(Calendar Day)**

For any second level dispute on a previously received chargeback, the banks will contact PayU for additional documents. Accordingly, PayU will inform the merchant to provide the additional documents with clearly mentioned Replay date.

5. How does PayU inform the merchant about the chargeback/dispute?
PayU receives chargeback notification on daily basis from the acquiring banks. We will notify merchants on their listed email present in our database (Dispute Transaction Alert) and on Dashboard (or either one of them) accordingly. The communication (Dashboard/email) will contain summary of the chargeback cases with relevant details. All PayU Biz merchants are provided with a chargeback dashboard. The merchant must be using the chargeback dashboard for re-presentment of their chargeback cases.

6. Chargeback Debit/ Credit process.
This chargeback debit will be reversed back to the merchant after successful submission of documents and the issuing (customer) bank validates same. It usually takes **60-75 days** from the submission date for Acquiring bank to get the reversal, provided there is no further disputes raised by the customer. However, the bank may request additional documents even after the initial document submission, and failing to comply same within **Reply date** will result in closing the case in customer's favor. PayU Chargeback team put their best effort, will follow-up with the concerned acquiring bank for any overdue chargeback debit on your behalf.

7. Common Chargeback Reasons and information/Documents usually required to defend Chargeback on best effort basis.

- **Non Receipt of Item/Service**- In this reason code, the customer claims that they never received the product(s) or the service they purchased.
  - **Document required**- Invoice copy, Order details along with signed proof of delivery from a shipping company showing that the item has been received by the customer. For services, any documented proof/email which proves that the customer has received the service.

- **Duplicate Payment-** This chargeback reason code is used when the customer claims that he has been charged more than once for the same product/service.
  - **Document required**- Any documented proof suggesting that you have provided the service for each of the transaction, Invoice copy, Order details along with signed proof of delivery.

- **Incorrect Amount-** This is when the customer claims that he/she was charged more than they were agreed to.
  - **Document required-** An itemized invoice showing the charged amount is correct. Along with a screen-shot from the product page of your website showing the amount which has been charged.

- **Paid by other means-** This is when the customer claims that he/she already paid you for the same service/item through any other means. (Example- a different Credit/ Debit card, Net Banking, cash).
  - **Document required–** Any documented proof suggesting that the other payments were for different order and item/service was provided to the customer.

- **Defective/Damaged item**- If the item was defective / damaged upon receipt.
  - **Document required-** Provide documented proof explaining why a refund is not due. Proof of disclosure of the return/refund policy along with the proof what was ordered.

- **Credit not Processed/Cancelled Transaction**- This reason code is used when the customer has either cancelled the transaction or a promised credit was not issued.
  - **Document required**- Provide a details explanation of why a refund is not due, along with a link of your refund policy available on your website. Many acquiring banks strongly advise their merchant must have their customer tick a checkbox before moving to the payment page confirming that the customer has read and agreed to the return and refund policies. (The merchant is advised the disclosed key refund/return policy on the same page, and remaining in the corresponding page).

- **Doesn't recognize the transaction -** Incase the customer unable to recognize the order in his statement, the bank may ask to provide details of the transaction.
  - **Document required –** Itemized invoice/receipt of the order, Signed proof of delivery from recognized shipping company.

- **Unauthorized Transaction-** In case a transaction been disputed as unauthorized (fraud).
  - **Documents required-** signed proof of delivery, invoice, order confirmation email along with user registration detail etc.

8. Chargeback liability

Fraud, Risk, Dispute and Chargeback liability will be borne completely by the merchant and they do not rests with PayU. The Service agreement signed between us will supersede/prevail over all other communications in this document.

Please be advised that PayU can only forward your chargeback response to the issuing bank for review. Issuing bank is ultimately responsible for determining the resolution of chargebacks.

As soon as we receive a chargeback notification from the bank, we will –

- Notify you about the chargeback details and request the required documents.
- You'll be charged for chargeback amount. (This amount will be debited from your current settlement amount for that day). You will be able to see the chargeback debit in the billing panel.
- Once the chargeback resolves in merchant favour, your account will be credited back (same day) for the chargeback amount and same would be visible at chargeback dashboard as "Chargeback Debit Reversed".

9. Refund, Cancellation & Return policy

It is necessary to display your refund/cancellation/return policy on your website properly. As per Visa/MasterCard guidelines, the onus of disclosing the policies rests on the merchant. It is the merchant who needs to prove that the customer has agreed for all the terms and conditions for the product/ services.

For example – if a Hotel has policy of "No-Refund" for booking cancellation within 24 hour of the stay, the hotel (merchant) needs to provide documented proof that this policy was properly disclosed to the customer before the payment.

PayU strongly advise all its merchant to have a "**Click to Accept**" policy functionality in its pre- payment page. This feature ensures that the customer must "check" the "I Agree" box of the "Return, Refund & Cancellation" policy before to go on to the payment page.

Merchant may also like to display its key Cancellation, return and refund policies on its payment page. Many of the acquiring & issuing bank insists on the above feature to disclose policy to the customer. For more details, you may contact the PayU chargeback team.

The log/record of terms and condition are accepted by customer through click to accept policy must be maintained by merchant.

ALWAYS INITIATE REFUND BACK TO SOUCRCE (On the same mode).
This will help to re-present the chargeback case on best effort basis.

10. Handling Pre-Arb and Arbitration

Once the issuing bank reviews the submission made by the merchant against the chargeback raised on 1st level, Bank can close the case in favor of the merchant, or decline the merchant claim and re-initiate a (Pre-Arbitration).

In case of a Pre-Arb, PayU will notify to merchant along with the documentation required to be provided by merchant for chargeback re-presentment (Acquiring bank may request additional documentation apart from the one already submitted at the time of 1st chargeback).

Acquiring bank will review the documentation and determine if the case is strong enough to defend. Acquiring bank may refuse to defend the case in this stage and the case will be closed against the merchant.

In the above case, if the merchant still wishes the acquiring bank to defend the case, they must accept the financial liability of the outcome of this Arbitration review. (Visa/Master card will levy a penalty of $500 US Dollar to the losing party).

11. Chargeback handling for IVR (interactive voice response) transaction

Please be advised that the customer can raise chargeback for transactions that were completed using IVR. As Visa & MasterCard has not come up with a different set of chargeback rules for IVR mode, the requirement to re-present a chargeback is remains same.

- For Non-Receipt of product- Merchant needs to provide a documented proof of delivery (Signed proof of delivery copy obtained from a recognize courier company).
- For Non-Receipt of service – documented proof that the service has been fully provided.
- Return, Refund & Cancellation policy disclosure – The merchant needs to disclose the return, refund and cancellation policy to the customer ahead of the sale. The merchant also expected to provide proof of this disclosure in case the customer claims otherwise. Please be advised that Visa & MasterCard do not accept call recording as evidence. The merchant may let the customer visit its website and have a "Click to accept" confirmation for the policy.

12. Chargeback handling for SI (Standard Instruction) transaction.

Standard Instruction (SI) transactions predominately not authenticated by 2nd factor (e.g. OTP), hence, essentially falls under ECI 7 (Electronic Commerce Indicator) hence if the customer claims a SI transaction is done without his authorization, the re-presentment **rights for the acquirer are limited**.

Please find below the documents required to represent the SI (fraud) chargeback cases in the best possible manner.

- Original transaction (1st txn) details with authorization taken for SI with customer
- Complete transaction flow
- Click to accept policy (terms & condition)-with a clear tick/acceptance screenshot of the respective customer (details of customer)
- Proof of service rendered to cardholder.
- Customer authorisation proof.
- SI alert message or email trigged to cardholder (of all the recurring transactions of the customer)
- Share the statement copy if cardholder has paid the SI amount for pervious months
- Any other document/proof as per requirement.

- It is recommended as soon as you receive a chargeback on a SI transaction, please get in touch with your customer to resolve the issue/dispute and collect the customer confirmation mail / Chargeback withdrawn mail (Keep CC to your issuing bank with all transaction details).
- In case, if customer is not ready to provide any confirmation mail or not ready to withdraw the chargeback immediately cancel any subsequent transaction of that customer to reduce the possibility dispute in the future.
- You should be able to provide an authorization form duly signed by the customer approving the automatic deduction to be deducted by the customer.
- You should provide an option (self-service) to the customer to cancel the impending SI.

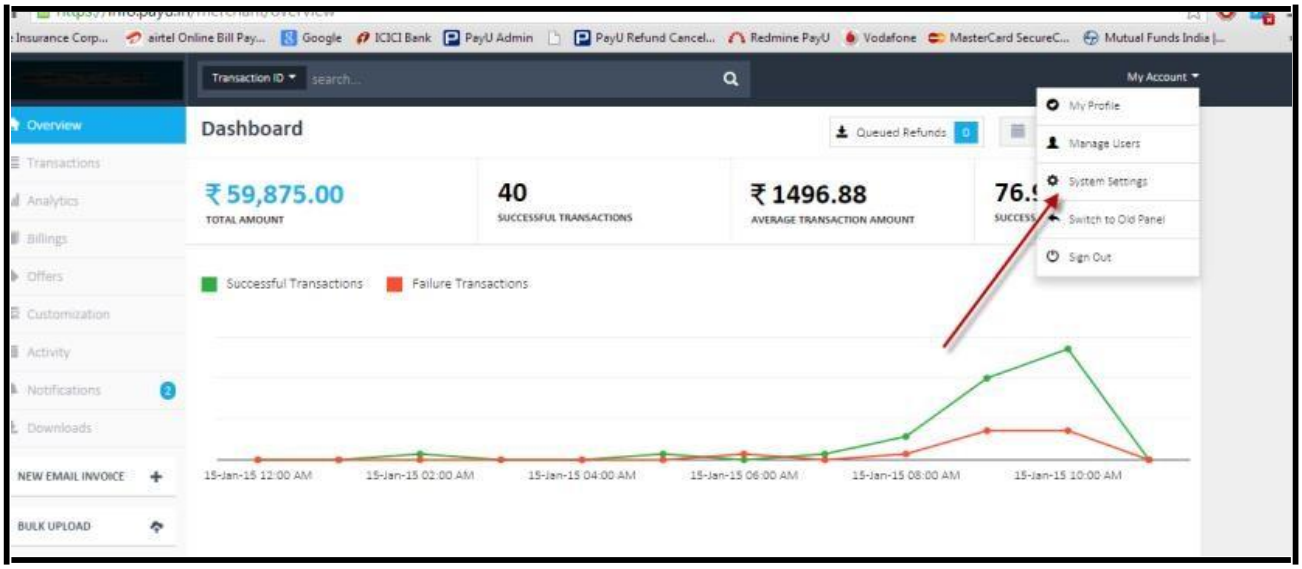
- An automated email shall be sent to the customer notifying him/her of the impending transaction, this can be later presented as a proof.

13. Guideline for merchants on subvention model

Merchant's or biller's who are using the subvention model must clearly advise their customer about the below.

- Your order confirmation/booking page must clearly advise the customer about the additional fee that the customer will be charged by PayU.
- You must also clearly advise the customer in the same page that this "additional service fees" is being charged by PayU to enable the customer pay online. And is non-refundable at any circumstances.

14. Update your contact details (Email ID) to receive chargeback notification.



- Go to My Account
- Click on System Settings

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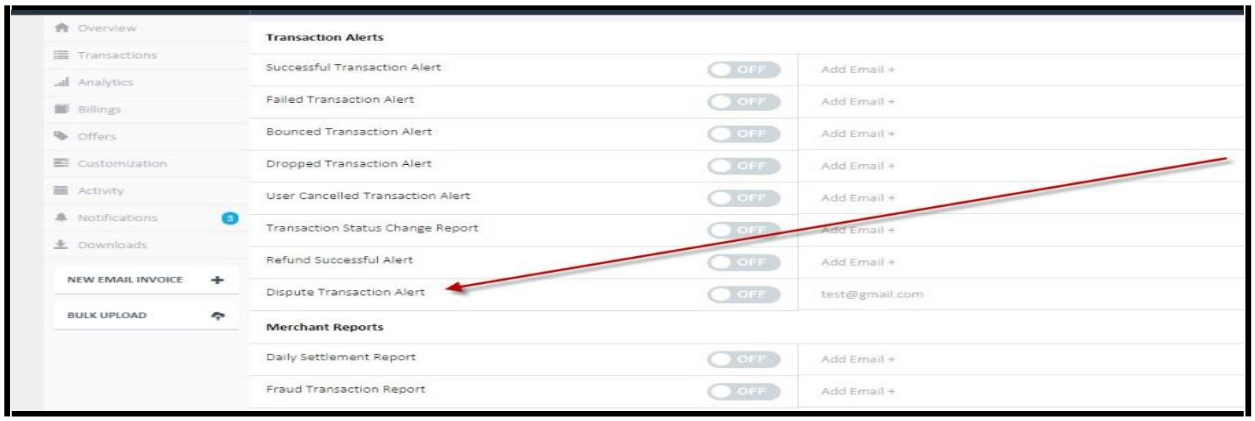
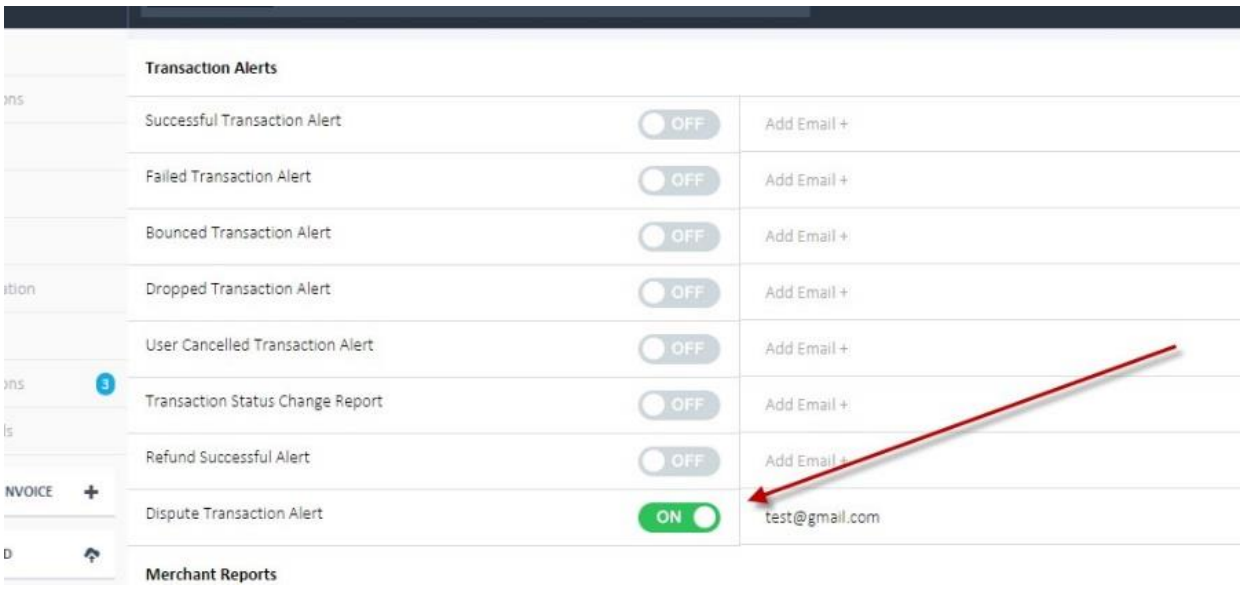


- Scroll down to Dispute Transaction Alert.
- Update your email ID and enable the alert.
- PayU will share all email related to chargeback, dispute and fraud alert to this email id, you may provide more than one email id separated by comma.



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MERCHANT CHARGEBACK FAQ

1. How to Prevent Chargeback.
   To reduce the risk of disputes and chargebacks for ecommerce transactions, it is important to follow the right practices. Some of the practices that can be followed to receiving the risk of disputes are stated below:

   - **Describe items accurately**

     Include a detailed description of the product/ services being sold that consist of their specifications, capabilities, and limitations. Photos, video, or audio depicting the correct information (color, quality etc.) might help avoid to confusions over related the product/ service.

   - **Avoid duplicate billing**
     Be sure that your customer pays for the quantity of the product/ services intended to be bought. If you find multiple orders from a single buyer requesting the same product/ services, PayU encourage you to verify with the customer that whether it was intentional decision to place order for all those quantities before you start processing them.

   - **Keep your order status up to date**
     Make sure that your customers get timely update reflecting their order status. To help buyers set realistic expectations, merchants are recommended to keep the shipping methods/ delivery date on the products on the site up to date. Merchants are expected to keep shipment tracking number & Proof of delivery (POD) with them so that if the order later disputed by the customer, the shipment tracking number and POD could be used as a proof. Please provide your shipping policy/method on your website.

   - **Process refunds promptly**
     Mention your refund/return policies clearly on your website. If you are unable to process any order, please refund the order through PayU panel and inform the customer accordingly.
     Mention your refund/return policies clearly on your website. Address any requests for cancellations and refunds promptly, and if an order qualifies for a refund, process the refund in a timely fashion through PayU Panel and inform the customer accordingly. Please be advised that your refunds will be adjusted against the present sales, in case you do not have enough sale amounting to the value of the refund for a particular day, the refund will not go through to the customer.

   - **Work with buyers to resolve disputes**
     Please try to resolve any issues with the customer before they contact their bank to initiate a chargeback. You should always keep your current contact details displayed on your website, so

the customer can directly contact you in case of any issues. This will reduce any unwarranted chargeback that may have caused due to communication lapse between the merchant and the customer.

- What should you do when the chargeback against a transaction has been received but you are yet to process the order?
- If you receive a notification from PayU regarding a chargeback on a transaction and the order has not been processed, then please do not process the order. Cancel the order and accept the chargeback.

2. Merchant not able to process refund through PayU Admin Panel if chargeback received.
   I am unable to refund a transaction which is marked as "Chargeback" in the PayU panel.
   You cannot refund a transaction which already been disputed by the customer. This is to prevent duplicate credit issued to the customer against that chargeback (Chargeback + Refund).
   Please make sure to not process refund through any mode against any transaction over which chargeback has been raised.

3. I have provided all the information required to PayU, how quick the chargeback will get reversed.
   PayU will shared all the documents to acquiring bank. However, the reversal solely depends on final decision from bank.

4. How I will know about the chargeback reversal.
   We will credit merchant account for the chargeback amount and the credit will appear in merchant statement as "Chargeback reversal ".

5. Why it is critical to respond to the chargeback notification email.
   Failing to provide the requested evidence within this timeframe would be deemed as your acceptance of the validity of the chargeback. Once PayU receives a chargeback from the Acquiring bank, the chargeback team will review the details available with us, and if the order is already fully refunded to customer by merchant through PayU admin panel, we will directly notify the refund details to the bank. In that case you will not receive any notification from us. However, if our chargeback team determines that they need additional supporting evidence from you, they will send you a notification and you need to respond to that email within reply before date.

6. Can a merchant request the original copy of chargeback notice from PayU (CDF).
   PayU is not obligated to share any/all information it receives from the bank. As the original notices may contain sensitive information like credit card information, PayU will only share the information which include -

   - PayU transaction ID.
   - Transaction Date.
   - Transaction/chargeback Amount.
   - Reason of chargeback.
   - Reply date to provide reply.

7. Why it is important to deliver items through a traceable means?
   PayU always encourage merchants to deliver items through a traceable means which should be signed

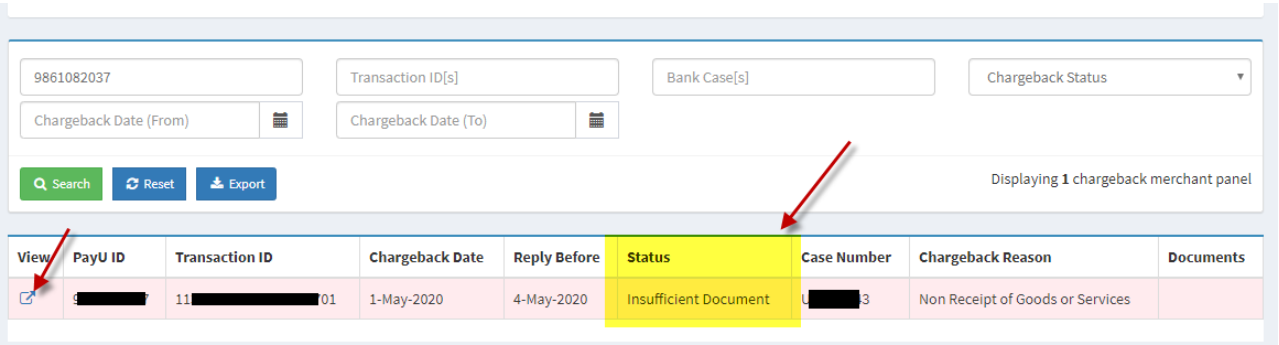
by the customer. Because if the customer raises a chargeback claiming that they never received the item, the "Signed Proof of Delivery" provided by a 3rd party courier company is the only evidence the banks will accept to reverse the chargeback.

Please ensure the scan copy of the delivery proof is clear and indicate the customer name clearly. Along with the product/package weight. Complete delivery address of the customer shall be printed on the proof of delivery sheet which was returned to you by the courier company.

8. Merchant unable to see Chargeback Dashboard on PayU admin panel.
   Chargeback Dashboard can be access by those users who have access provided by super admin user of the organization. User need to check the credentials and access with Super admin user first.

9. I have logged in to Chargeback dashboard but not able to see the specific said case in chargeback Dashboard.
   There may be multiple MIDs live with PayU for same merchant. Hence, merchant should check whether the said transaction belongs to same MID that they have logged in or not or else need to log in to correct MID to see and respond to chargeback transaction.

10. How merchant come to know that provided documents by merchant is correct/ sufficient or not?
    After submitting the chargeback response by merchant, PayU chargeback team review the document and if find the response is insufficient/ incorrect, PayU team reject the merchant response with specific comments for merchant (Reason of rejection or details that additional response requires). At the same time email will be sent to merchant with subject line- Your Chargeback Reply was insufficient for PayU ID – XXXXXXXXX and same case status would reflect as below screenshot.



PayU chargeback team comment and if any supporting documents (CDF) received from bank for reason of dispute would be reflect as per screen shown below after opening the case.

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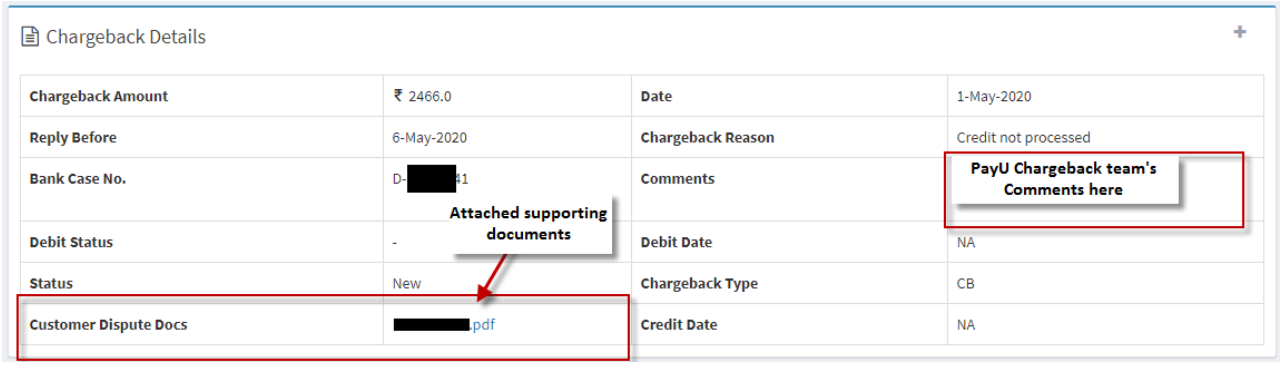


Chargeback Details

Chargeback Amount	₹ 2466.0	Date	1-May-2020
Reply Before	6-May-2020	Chargeback Reason	Credit not processed
Bank Case No.	D-[redacted]41	Comments	PayU Chargeback team's Comments here
Debit Status	-	Debit Date	NA
Status	New	Chargeback Type	CB
Customer Dispute Docs	[redacted].pdf	Credit Date	NA

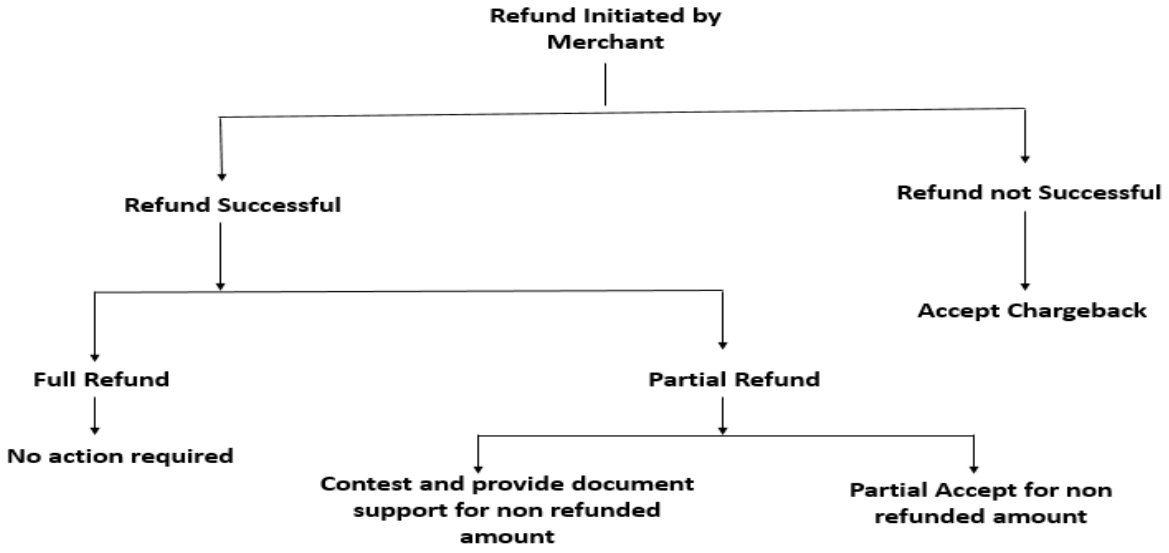
Attached supporting documents

11. How can I contest chargeback if customer is denying of any dispute raised from their end?

    The customer's dispute withdrawal email copy addressed to his card issuing bank with respective transaction details, should be shared by merchant over chargeback dashboard along with service proof documents.

12. I have accepted the chargeback however customer has not received the credit in his account.
    Customer account will be credited as per the chargeback process, advise customer to contact with their issuing bank.

13. I have already refunded the transaction, still I receive the chargeback even refund is successful.



14. I want to accept chargeback for which earlier I have contested it.
    Chargeback action (Accept/ contest) can be taken within its specified timeframe hence chargeback response should be validated before providing final response merchant.
    In case merchant has wrongly contested the case by providing document and later on want to process credit, merchant should advice card holder to contact with issuing bank to raise re-dispute Pre-

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arbitration chargeback. Once it is raised, bank would notify PayU, PayU to merchant and merchant should provide revised response accordingly.

15. Transaction status at PayU panel is Chargeback Reversed, can I refund through Pay panel
    Most of the bank do not process refund post chargeback is raised on transaction. Merchant should contact to PayU chargeback team for further action.

16. I have received the chargeback for which I have already refunded to customer through other mode (NEFT/ IMPS etc.)
    ALWAYS INITIATE REFUND BACK TO SOUCRCE (On the same mode). In case merchant has refunded to customer directly not though the PayU panel and chargeback is raised by issuing bank, to defend the chargeback, bank would need card holder's written email acknowledgement letter mentioning PayUID/ Transaction ID/ other Transaction identifiers etc. that he has received the credit and want to withdraw the chargeback.

17. Can I submit chargeback response on email?
    Please share all your chargeback response on PayU chargeback dashboard. To avoid any miss out in tracking your response.

THANK YOU

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