EDR Response Guide

Complainant chargeback

This guide has been prepared to assist financial firm in preparing a quality external dispute resolution (EDR) response for complaints about a chargeback by a complainant. This is a **guide only**.

It is important to note the following:

* All issues raised in a complaint should be addressed. If there are multiple issues, please refer to the additional EDR response templates available or consider addressing them in a separate section as it is important that all issues are addressed.
* This is your EDR response. As such it is to be sent to both AFCA and the complainant. It is to the benefit of all parties for the complainant to understand the reason for your position.
* AFCA will generally seek more information if a complaint does not resolve at Registration & Referral. AFCA still expects a response to any subsequent requests for information.

This guide may change over the time to reflect any feedback.

To ensure a comprehensive response for complainant chargeback complaints, an EDR response should include the sections outlined below.

## Complaint details

Name of the complainant(s): [consumer or business name]

Name of the financial firm:

Financial firm reference:

AFCA reference:

## Summary of complaint

List of disputed transaction(s):

|  |  |  |  |
| --- | --- | --- | --- |
| Transaction date | Amount | Reason | Date of notification to financial firm |
|  |  |  |  |

## Account card scheme:

Summarise all issues raised by the complainant: [include necessary background information]

If the financial firm has taken steps to attempt to resolve include details: (eg, the financial firm provided a response to the complainant, offering to [ ]. The complainant rejected the offer and said [ ].)

## Financial firm’s position

Outline how you have considered all of the issues in complaint and set out the financial firm’s reasons for its position, noting what information you have considered to reach this view. It is important you consider your obligations and whether you have met them.

Preferably, the financial firm should set out its position in a logical narrative format, which steps the customer through the chargeback process, and then explains how the process was followed in the present complaint. An example of this format, with potential headings, is provided below.

## Chargebacks

A chargeback is a process of reversing a charge made on a cardholder’s credit card account. The credit card schemes (Visa and MasterCard) have rules which set out the particular reasons for which chargebacks can be claimed.

The rights of a cardholder to dispute a transaction are set out in the credit card conditions of use. The most common reason for charging back a transaction is that the cardholder says it was not authorised. A chargeback can also be raised if the cardholder paid for the goods or services in question “by other means”, such as cash, or if the goods paid for have not been received.

When the cardholder notifies their financial institution of the complaint, the financial institution notifies the merchant’s financial institution of the reason for seeking the chargeback. The merchant’s financial institution can either accept the chargeback or refuse it. To refuse a chargeback, the merchant’s financial institution must show that the chargeback is not valid under the scheme rules. If the chargeback is refused, the charge is “re-presented” to the cardholder’s account.

In complaints about customer chargebacks AFCA will consider whether the financial firm has established that:

* a chargeback was appropriately raised for the disputed transaction(s)
* no chargeback right existed for the disputed transaction(s).

## Chargeback details

Where a chargeback was raised, in respect of each disputed transaction:

* The financial firm raised a chargeback request on [date].
* (If applicable) The financial firm raised a goodwill chargeback request on [date].
* The chargeback right used was [ ] based on [reason the particular chargeback code was selected, and how this was consistent with the relevant scheme rules].
* The merchant responded to the chargeback request on [date].
* Details of any further information requested from the complainant or merchant.
* The merchant’s response was [ ].
* The financial firm’s reasons for accepting the merchant bank’s refusal are [set out reasons].
* The outcome of the chargeback request was [ ] because [give reasons].

Where no chargeback was raised, in respect of each disputed transaction:

* No chargeback was raised because [give reason(s), eg notification was outside chargeback timeframes, no available chargeback under the Scheme Rules].

## Arbitration under the scheme rules

* The claim was referred to arbitration on [date].
* The financial firm made the following submissions at arbitration [summarise].
* The arbitration was determined in favour of the merchant for the following reasons [include supporting documentation].

## Jurisdictional issues?

Include the details of any jurisdictional issues the financial firm wishes to raise. Ensure you refer to the AFCA Operational Guidelines and any relevant approach documents.

Full details of the section of the AFCA Rules must be included to ensure that AFCA and the complainant understand the jurisdictional issue(s) being raised.

## Complainant’s position (optional)

[If necessary, outline the complainant’s position on the financial firm’s decision].

## Proposals to resolve the complaint

Set out any action the financial firm is willing to take/accept to resolve the complaint.

[If you require further information before you can offer a resolution, please provide details of what information is required].

## Supporting information

Provide a list of all the supporting information provided. In relation to a complaint about a chargeback by a complainant, the following information is usually required:

* customer complaint forms completed by the complainant
* terms and conditions applicable to the account on which the transactions were made
* relevant section(s) of the card scheme rules
* correspondence to the complainant about the chargebacks
* correspondence between the financial firm and the merchant’s financial institution
* merchant’s response
* details of any further information requested from the complainant or merchant
* all documentation considered at the arbitration (if applicable)
* arbitration’s decision (if applicable).

If other issues are raised, we offer a range of resources in the member resources section of the Secure Services portal. These include other EDR response guides, specific complaint topic guides and the Complaint Information Documentation guide.