

Chargeback Guide 26 April 2022



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Summary of Changes, 26 April 2022

Summary of Changes, 26 April 2022

This is a summary of the changes that have occurred since the previous publication of the manual.

Description of Change Where to Look

Incorporated changes from the following announcements into Chapter 2 Dual Message System Chargebacks:

- AN 5483 Revised Chargeback Standards for Travel or Entertainment Services Not Provided
- AN 5813 Revised Standards for Cardholder Dispute Chargebacks • AN 5817 Revised Chargeback Standards - Merchant-Branded Gift Cards

Incorporated changes from the following announcements into Chapter 3 Single Message System Chargebacks:

- AN 5483 Revised Chargeback Standards for Travel or Entertainment Services Not Provided
- AN 5813 Revised Standards for Cardholder Dispute Chargebacks • AN 5817 Revised Chargeback Standards - Merchant-Branded Gift Cards

Incorporated changes from the following

announcement into new Chapter 5 Compliance Case Filing:

- AN 5900 Revised Standards for Refund Transaction Reversals and Corrections

Incorporated changes from the following announcement into new Chapter 8 Mastercard Merchant Presented QR:

- AN 5813 Revised Standards for Cardholder Dispute Chargebacks Chapter 2 Dual Message System Chargebacks

Chapter 3 Single Message System Chargebacks

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Summary of Changes, 26 April 2022

Description of Change Where to Look

Incorporated changes from the following announcement into Appendix B Chargebacks Maestro POS Transactions:

- AN 5483 Revised Chargeback Standards for Travel or Entertainment Services Not Provided
- AN 5813 Revised Standards for Cardholder Dispute Chargebacks

Corrected the CVM limits as indicated in the following announcements:

- AN 5448 Revised Standards for CVM Limits in New Zealand
- AN 5642 Revised Standards for the Availability of Local Framework to Manage First Ride Risk in Moldova and the Ukraine
- AN 5790 Revised Standards for CVM Limits in Thailand
- AN 5791 Revised Standards for Cardholder Verification Method Limits in Brunei
- AN 6139 Revised Standards for CVM Limits in Bangladesh

Incorporated changes from the following

announcement into Appendix D Domestic Chargebacks, Arbitration Case Filing, and Compliance Case Filing:

- AN 5483 Revised Chargeback Standards for Travel or Entertainment Services Not Provided

Updated Payment Transactions section as indicated in AN 5756 Revised Standards for In-Person Casino Payment Transactions for the U.S. Region.

Appendix B Chargebacks Maestro POS Transactions

Appendix C CVM Limit Changes

Appendix D Domestic Chargebacks,

Updated the contact information. Appendix H Forms

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General Information

Chapter 1 General Information

This chapter provides a high-level overview of the single and dual message system chargeback cycles as well as arbitration and compliance.

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General Information Network Processing

Network Processing

The Single Message System (formerly known as the Mastercard® Debit Switch [MDS]) processes authorization, clearing, and settlement in a single message. Refer to the *Single Message System Specifications* and the *Single Message Transaction Manager User Guide* for detailed information.

The Dual Message System processes authorization messages through the Authorization Platform and clearing/settlement messages through the Global Clearing Management System (GCMS). GCMS uses messages in the Integrated Product Messages (IPM) format. Refer to the *Global Clearing Management System Reference Manual* for detailed information on how to process messages, currency conversion, and edits. Refer to the *IPM Clearing Formats* for message formats and data requirements.

The China Switch (CSW) processes authorization, clearing and settlement in a single message. CSW is only responsible for switching China domestic transactions. Refer to *China Switch Specifications* for detailed information.

Definitions

The terms “Customer” and “Standards” as used in this guide have the meaning set forth in the Definitions chapter of *Mastercard Rules*.

An On-Us transaction is a domestic transaction for which the issuer and acquirer is the same Customer.

Chargeback Cycles and Arbitration Case Filing

The following table provides an overview of the chargeback cycles, pre-arbitration, and arbitration case filing.

Detailed information can be found in each chapter of this manual.

In China, the rules in the Dual Message System Chargebacks chapter apply.

In the European Economic Area (EEA), the chargeback rules apply to all disputed transactions regardless of the processor. Please refer to your chosen processor’s documentation for processing instructions and for equivalent data elements to those referenced in this guide.

Disputes of a Third Party Processed Transaction

In the European Economic Area (EEA), Gibraltar, and the United Kingdom, the chargeback rules apply to all disputed transactions regardless of the processor.

Mastercard facilitates submission of the chargeback cycles, pre-arbitration and arbitration case filing for third-party processed transactions when both Customers are in the EEA, Gibraltar or the United Kingdom and have not agreed to any other dispute resolution procedure as part of their third-party processing arrangement. A third-party processed transaction is a transaction that is not processed through Mastercard Switching Services.

An acquirer has the right to reject a chargeback when the acquirer can provide evidence that another dispute resolution procedure was agreed to between the parties. This must be done within the second presentment cycle.

These dispute procedures are only available when transactions were processed by a registered third-party processor and properly reported as collection-only through the Global Clearing Management System, and the issuer has opted into having its third-party processed transaction data loaded into Mastercom Claims Manager.

In addition to fulfilling the applicable requirements found within this guide, the Customers must provide support documentation with sufficient detail to enable all parties, including Mastercard's Dispute Resolution Management staff, to understand the dispute. This includes, but is not limited to, processing logs, relevant data elements and explanations. Lack of sufficient detail may result in an unfavorable ruling decision. New or updated information will not be accepted in any appeal.

Overview of the Single and Dual Message System Chargeback Cycles and Arbitration Case Filing

First Presentment

The first presentment occurs when the acquirer submits transaction data through the Single or Dual Message System to the issuer for posting to the cardholder's account.

Single Message

In the Single Message System, this is a Presentment/0210 message.

Dual Message

In the Dual Message System, this is a First Presentment/1240 message.

Chargeback The issuer may initiate a chargeback when the circumstances of the transaction meet the requirement of a chargeback reason code described in the Single Message System Chargebacks or Dual Message System Chargebacks chapters.

A chargeback may be for the total transaction amount or a lesser amount. Additionally, one clearing transaction may have multiple chargebacks for partial amounts. The total amount being charged back must not exceed the total transaction amount.

Upon reissuing a Mastercard, Debit Mastercard, or Maestro card with the same primary account number (PAN) and a new expiration date, the issuer must include the expiration date in all chargeback records.

Single Message

In the Single Message System, this is an Advice Reason Code/ 0489 message.

Function codes are not used in the Single Message System, rather the issuer charges back either the full or partial amount.

Dual Message

In the Dual Message System, this is a

First Chargeback/1442 message.

When the total transaction amount is being charged back, DE 24 (Function Code) must include a value of 450 (Full Amount).

When a partial amount is being charged back, DE 24 must include a value of 453 (Partial Amount).

Second Presentment

An acquirer may process a second presentment when the acquirer:

- Believes the issuer's chargeback did not fulfill the requirements of the

chargeback reason code

- Can provide information that addresses the original reason for the dispute

A second presentment must be for the total chargeback amount or a lesser amount.

Single Message

This is an Advice Reason Code/ 0491 message.

Function codes are not used in the Single Message System, rather the acquirer represents either the full or partial amount.

Dual Message

This is a Second Presentment/1240 message.

When the total transaction amount is being second presented, DE 24

(Function Code) must include a value of 205 (Full Amount).

When a partial amount is being second presented, DE 24 must include a value of 282 (Partial Amount).

Arbitration Case Filing

General Information
Compliance Case Filing

completed, the issuer may continue a dispute by using the pre-arbitration and arbitration case filing process. When an arbitration case is not resolved between the issuer and the acquirer, Mastercard will determine responsibility for the dispute.

A case filing must be for the total second presentment amount or a lesser amount.

Refer to the Pre-Arbitration and Arbitration Case Filing chapter for detailed information.

After the chargeback cycles have been

Compliance Case Filing

A compliance case may be filed by either an issuer or an acquirer when:

- A chargeback doesn't exist to address the dispute
- A rule has been violated
- A financial loss has been documented as a direct result of the rule violation Refer to the Compliance Case Filing chapter for detailed information.

Reversals

In the Single Message System (SMS), a chargeback and a second presentment may be reversed as described in the Single Message Systems Chargebacks chapter.

In the Dual Message System (DMS), a chargeback and second presentment may be reversed as described in the *Global Clearing Management System Reference Manual*.

In the China Switch (CSW), a chargeback and a second presentment may be reversed as described in the *China Switch User Guide - Customer Portal*.

Rights and Obligations

The following applies in addition to the rights and obligations described in the Standards:

- An issuer is limited to one chargeback for each presented transaction amount within the time frame applicable for the chargeback reason code. The transaction amount may be charged back one time by the issuer, either as a full amount, a partial amount, or multiple partial amounts not to exceed the original clearing message amount.

- An acquirer must not process a new first presentment for the same transaction after receiving a chargeback with the exception of a “POI Currency Conversion” dispute under the Dual Message System Point-of-Interaction Error chargeback (message reason code 4834).
The “POI Currency Conversion” exception is available when the chargeback is valid and the acquirer accepts the chargeback. The acquirer may process a new First Presentment/1240 message with the correct transaction currency. The new presentment must be processed within 30-calendar days of the Central Site Business Date of the first chargeback in order for the acquirer to be protected from a “Late Presentment” chargeback.
- The issuer, acquirer, merchant, or cardholder must not retain funds, goods, and/or services twice for the same transaction. Issuers and acquirers are responsible to research and identify refunds prior to each chargeback processing cycle. Issues of this nature must be resolved properly during the chargeback and second presentment cycles and within the required time frames. A compliance case filing is invalid. Examples include but are not limited to:
 - When an issuer has billed a transaction to its cardholder’s account for payment and then chooses to exercise a chargeback right, the issuer must credit the cardholder’s account for the amount of the chargeback. An issuer must not allow a cardholder to be credited twice because of a chargeback processed by the issuer and a refund processed by the merchant.
 - When a cardholder is credited twice (once by the issuer as a result of a chargeback and again through a refund processed by the merchant), the acquirer must process a timely second presentment which identified a refund was previously processed. A compliance case is invalid. When a second presentment is not processed within the required second presentment time frame, an acquirer seeking return of the refund amount must do so outside of the chargeback and compliance process. An example of outside of the chargeback and compliance process includes, but is not limited to, a good faith collection letter. In this example, a good faith collection letter is written correspondence from the acquirer to the issuer requesting the return of the refunded amount. When a good faith collection letter is accepted by the issuer in writing the Fee Collection/1740 message must be processed in accordance with chapter 19-Fee Collection of the *Global Clearing Management System Reference Manual*.
For the avoidance of doubt:
 - **Refund properly documented in second presentment and within time frame:**
When a refund was processed before the second presentment and the timely second presentment properly documented the refund, the issuer must not continue the dispute for the refunded amount as the refund resolved the chargeback. Upon completion of all of the chargeback cycles, if a properly documented pre-arbitration/arbitration case is filed, Mastercard will likely rule in favor of the acquirer.
The two exceptions to the above are when:

- The issuer or cardholder can clearly document that the refund applied to a different transaction. With proper documentation from the cardholder, the issuer may continue with the dispute.
- The refund that was processed before the second presentment was for a partial amount of the disputed transaction and the acquirer failed to provide a valid remedy for the remainder of the disputed amount. The issuer may continue with the dispute for the amount that was not refunded, when applicable.
- **Refund before second presentment and within time frame, but not properly documented in second presentment:** A refund is required to be documented in the second presentment and not in the pre-arbitration/arbitration case filing. When the first chargeback is valid and timely, if a case is filed with Mastercard involving a refund that was processed before the second presentment but the second presentment did not properly document the refund, Mastercard will likely hold the issuer responsible for the refunded amount and hold the acquirer responsible for the fines and fees associated with the case.
- **Refund after second presentment:** A refund is required to be documented in a timely manner in the second presentment and not in the pre arbitration/arbitration case filing. When a refund was processed after the second presentment, an acquirer seeking return of the refund amount must do so outside of the arbitration and compliance process. An example of outside of the chargeback and compliance process includes, but is not limited to, a good faith collection letter. In this example, a good faith collection letter is written correspondence from the acquirer to the issuer requesting the return of the refunded amount. When a good faith collection letter is accepted by the issuer in writing the Fee Collection/1740 message must be processed in accordance with chapter 19-Fee Collection of the *Global Clearing Management System Reference Manual*. In the event an arbitration case is submitted concerning the refund, Mastercard will likely rule in favor of the issuer provided the first chargeback was timely and valid.

Hardship Variances

A hardship variance is considered when a natural disaster causes severe operational difficulties. A hardship variance removes the GCMS time frame edits in the dual message system for the chargeback cycles of all message reason codes for a specific time period. Removing the time frame edits means that GCMS will not reject a message solely because the message was sent after the time frame for the cycle. All other requirements of the reason code continue to apply. Refer to the *Global Clearing Management System Reference Manual* and *IPM Clearing Formats* for additional information.

Hardship variances are not supported in the Single Message System.

Related Documentation

Refer to the following documents for more information related to the subjects discussed in this document:

- *Account Management System User Manual*
- *Authorization Manual*
- *China Switch Specifications*
- *China Switch User Guide - Customer Portal*
- *Customer Interface Specification*
- *Global Clearing Management System Reference Manual*
- *IPM Clearing Formats*
- *M/Chip Requirements*
- *Mastercard Consolidated Billing System*
- *Mastercard Rules*
- *Mastercom User Guide*
- *Quick Reference Booklet*
- *Reconciliation File and Report - China*
- *Security Rules and Procedures*
- *Settlement Manual*
- *Single Message System Settlement and Reports*
- *Single Message Transaction Manager User Guide*
- *Transaction Processing Rules*

Chapter 2 Dual Message System Chargebacks

This chapter contains information about chargeback processing for the Dual Message System and China Switch. China Switch is only responsible for switching China domestic transactions.

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Dual Message System Chargebacks

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- Cardholder disputes
- Fraud
- Point-of-Interaction Error

Overview

Chargebacks fall into four categories:

- Authorization

Authorization-related Chargeback

Dual Message System Chargebacks Overview

This section provides information in handling an authorization-related chargeback.

The issuer must attempt to honor the transaction before exercising this chargeback right.

An authorization-related chargeback may be submitted when one of the following occurred:

- Authorization was required, but not obtained.
- The primary account number (PAN) does not exist.
- The authorization chargeback protection time period had expired for the presentment (meaning seven days for final or undefined authorizations and 30- calendar days for pre-authorizations) and one of the following:
 - For a transaction occurring at a merchant located in the Europe Region, the account was permanently closed before the chargeback was processed.
 - For a transaction occurring at a merchant located in any other region, the issuer deemed the account not to be in good standing (a “stated” account) before filing the chargeback.
- A card-not-present authorization was declined by the issuer and subsequently approved through Stand-In processing or X-Code with an approval response as specified in the *Authorization Manual* with the following exceptions:
 - The issuer generated a decline response that included a value of 02 (Cannot approve at this time, try again later) in DE 48 (Additional Data-Private Use), subelement 84 (Merchant Advice Code).
 - The issuer generated an approval response after previously declining the transaction.
 - The merchant can prove that the cardholder initiated the authorization request.

An authorization-related chargeback must not be submitted for any of the following:

- A properly identified Emergency Cash Advance transaction. A properly identified Emergency Cash Advance transaction contains a value of “Emergency Cash

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Dual Message System Chargebacks
Authorization-related Chargeback

Advance” in DE 43 (Card Acceptor Name/Location) of the First Presentment/ 1240 message.

- A properly identified contactless transit aggregated transaction when all of the following occurred:
 - An Authorization Request/0100 message was generated for the transaction. – The issuer approved the authorization request.
 - The transaction amount was equal to or less than the contactless transit aggregated transaction CVM limit amount as published in Appendix C, CVM Limit Amounts.
 - There were 14-calendar days or less between the date of the first contactless tap and the date the First Presentment/1240 message was generated. • For Taiwan domestic in-flight transactions, refer to “AN 2491-Revised Standards-Taiwan Domestic In-flight Transactions” regarding Authorization Related Chargeback requirements.

Supporting Documents. Supporting Documents must be in English or accompanied by an English translation unless both the issuer and the acquirer share a common language.

Supporting Documents must provide sufficient detail to enable all parties to understand the nature of the dispute or rebuttal. Mastercard will determine whether the Supporting Documents contain sufficient detail.

The cardholder email, cardholder letter, and/or cardholder message (including through a password-protected website) must come directly from the cardholder or, in the case of a commercial card, the corporate entity. A completed Dispute Resolution Form must be the direct result of a conversation with the cardholder.

Supporting Documents must be provided as follows:

- For China domestic chargeback and second presentment: Supporting Documents must be provided using the China Dispute Resolution Platform. Supporting Documents must be uploaded into the China Dispute Resolution Platform at the time of submitting a chargeback or second presentment.
- For all other disputes: Supporting Documents must be provided using the Mastercom application. Although Supporting Documents can be entered into Mastercom at any time before the next cycle is processed, Supporting Documents must be entered into the Mastercom system within eight-calendar days of generating a chargeback or second presentment requiring Supporting Documents to avoid liability for the disputed transaction solely for failing to provide Supporting Documents (codes 2002 or 4901).

Chargeback

The tables in this section detail the conditions under which an authorization related chargeback may be processed.

Required Authorization Not Obtained

Chargeback Condition. Both of the following:

- Authorization was required.
- Authorization was not properly obtained.

Time Frame.

For China domestic transactions: Between 5 and 90-calendar days of the transaction settlement date.

For all other transactions: Within 90-calendar days of the Central Site Business Date of the transaction.

Message Reason Code. One of the following:

- 4808 (Authorization-related Chargeback) for Dual Message System transactions and China domestic transactions.
- 08 (Authorization-related Chargeback) for Debit Mastercard transactions processed on the Single Message System

The following message reason codes may continue to be used; however, they will eventually be eliminated. The following message reason codes must not be used for China domestic transactions.

- 4807 (Warning Bulletin) and 4812 (Account Number Not on File) for Dual Message System transactions
- 07 (Warning Bulletin) and 12 (Account Not on File) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. None

Message Text. None

Notes.

Multiple Authorizations Records. A transaction may have multiple authorization records. Additionally, several airline ticket transactions may be combined into one authorization record.

Multiple Clearing Records. Multiple clearing records may have been or will be submitted in connection with a single approved authorization.

10% Tolerance to Accommodate Currency Conversion Rates. This chargeback is not available for transactions that were converted to a different currency and the cleared transaction amount exceeds the authorized transaction amount by less than 10%. This tolerance allows for different currency conversion rates that could have been applicable on the authorization and clearing dates.

15% Tolerance. The 15% tolerance does not apply to any transaction.

20% Tolerance. The 20% tolerance for gratuities does not apply to the following types of transactions:

- Chip/PIN transactions
- Contactless transactions
- Card-not-present transactions (see below for a variation relating to U.S. region domestic restaurant transactions)
- Mastercard Consumer-Presented Quick Response (QR) Transaction
- Transactions for which the authorization was not coded as a pre-authorization • China domestic transactions

A 20% tolerance for gratuities will continue to apply to any other transaction types.

20% Tolerance. A 20% tolerance for gratuities will apply to card-not-present transactions conducted with a U.S. region-issued card at a U.S. region merchant and identified with either of the following MCCs:

- MCC 5812 (Eating Places, Restaurants)
- MCC 5814 (Fast Food Restaurants)

20% Tolerances-Partial Approval. This tolerance does not apply when both of the following occurred:

- The Authorization Request/0100 message contained a value of 1 (Merchant terminal supports receipt of partial approvals) in DE 48 (Additional Data-Private Use), subelement 61 (POS Data, Extended Condition Codes), subfield 1 (Partial Approval Terminal Support Indicator).
- The Authorization Response/0110 message contained a value of 10 (Partial Approval) in DE 39 (Response Code) and a partial approval amount in DE 6 (Amount, Cardholder Billing).

Contactless Transit Aggregated Transaction. When the transaction amount of a properly identified contactless transit aggregated transaction exceeds the contactless transit aggregated transaction CVM limit amount, the issuer may charge back only the difference between the transaction amount and the contactless transit aggregated transaction CVM limit amount.

Automated Fuel Dispenser (MCC 5542).

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Dual Message System Chargebacks
 Expired Chargeback Protection Period

The issuer cannot charge back an automated fuel dispenser transaction effected in the U.S. region with:

- A Mastercard Corporate Card®, Mastercard Corporate Executive Card®, Mastercard Corporate Fleet Card®, or Mastercard Corporate Purchasing Card™ for any amount less than or equal to USD 350, if the transaction was identified in the authorization request with MCC 5542 (Fuel Dispenser, Automated), CAT 1, CAT 2, or CAT 6, and authorized by the issuer for USD 1.
 If the transaction amount exceeds USD 350, the issuer may charge back only the difference between the transaction amount and USD 350.
- Any other Mastercard card for any amount less than or equal to USD 125, if the transaction was identified in the authorization request with MCC 5542 (Fuel Dispenser, Automated), CAT 1, CAT 2, or CAT 6, and authorized by the issuer for USD 1. If the transaction amount exceeds USD 125, the issuer may charge back only the difference between the transaction amount and USD 125.

Expired Chargeback Protection Period

Chargeback Condition. One of the following:

- The transaction occurred at a merchant located in the Europe region and the issuer permanently closed the account before processing the chargeback.
- The transaction occurred at a merchant located in any other region and the issuer deems the account not to be in good standing (a “stated” account) before processing the chargeback.

And one of the following:

- The authorization was identified as a preauthorization (DE 61 [Point-of-Service (POS) Data], subfield 7 (POS Transaction Status) contains a value of 4 [Preauthorized request]) and the transaction was presented or completed in more than 30-calendar days after the latest authorization approval date.
- The authorization was not identified as a preauthorization and the transaction was presented more than seven-calendar days after the authorization approval date.

The above time frames do not apply to properly identified acquirer-financed or merchant financed preauthorized installment billing payments or contactless transit aggregated or transit debt

recovery transactions.

Time Frame.

For China domestic transactions: Between 5 and 90-calendar days of the transaction settlement date.

For all other transactions: Within 90-calendar days of the Central Site Business Date of the transaction.

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Dual Message System Chargebacks
Multiple Authorization Requests

Message Reason Code. One of the following:

- 4808 (Authorization-related Chargeback) for Dual Message System transactions and China domestic transactions
- 08 (Authorization-related Chargeback) for Debit Mastercard transactions processed on the Single Message System

The following message reason codes may continue to be used; however, they will eventually be eliminated. The following message reason codes must not be used for China domestic transactions.

- 4807 (Warning Bulletin) and 4812 (Account Number Not on File) for Dual Message System transactions
- 07 (Warning Bulletin) and 12 (Account Not on File) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. None

Message Text. None

Notes. This chargeback is not available for the following transactions:

- Properly identified acquirer-financed or merchant-financed preauthorized installment payments.
- Properly identified Mastercard contactless transit aggregated or transit debt recovery transactions.

Multiple Authorization Requests

Chargeback Condition. A Card-Not-Present authorization was declined by the issuer and subsequently approved in Stand-In or X-Code.

Time Frame. Within 90-calendar days of the Central Site Business Date of the

transaction.

Message Reason Code. One of the following:

- 4808 (Authorization-related Chargeback) for Dual Message System transactions • 08 (Authorization-related Chargeback) for Debit Mastercard transactions processed on the Single Message System

The following message reason codes may continue to be used; however, they will eventually be eliminated.

- 4807 (Warning Bulletin) and 4812 (Account Number Not on File) for Dual Message System transactions
- 07 (Warning Bulletin) and 12 (Account Not on File) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. None

Message Text. Optionally: Include MULTIPLE AUTH REQUESTS in DE 72 (Data Record)

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Dual Message System Chargebacks
CAT 3 Device

Notes. This chargeback is not available for China domestic transactions.

CAT 3 Device

Chargeback Condition. One of the following:

1. The transaction **was not** identified with one of the following MCCs:
 - a. 4784-Bridges and Road Fees, Tolls
 - b. 5499-Miscellaneous Food Stores-Convenience Stores, Markets, Specialty Stores (solely for Contactless-only Transactions)
 - c. 7523-Automobile Parking Lots and Garages
 - d. 7542-Car Washes
2. The transaction was identified with one of the above MCCs and the transaction amount was greater than one of the following:
 - a. The CVM Limit as published in Appendix C (CVM Limit Amounts) for contactless only CAT 3 devices
 - b. HKD 500 for domestic Hong Kong SAR CAT 3 transactions identified with MCC 7523 (Automobile Parking Lots and Garages)
 - c. EUR 50 for CAT 3 transaction occurring in Europe
 - d. USD 40, or its local currency equivalent, for all other CAT 3 transactions
3. The transaction was a magnetic stripe transaction identified with one of the MCCs listed in bullet 1.
4. The PAN was listed in the applicable Local Stoplist or Electronic Warning Bulletin File on the date of the transaction.
5. The PAN was expired or not yet valid.
6. The transaction occurred in the Europe region with a card that had a service code of X2X (Positive Online Authorization Required).

Time Frame. Within 90-calendar days of the Central Site Business Date of the

transaction.

Message Reason Code. One of the following:

- 4808 (Authorization-related Chargeback) for Dual Message System transactions • 08 (Authorization-related Chargeback) for Debit Mastercard transactions processed on the Single Message System

The following message reason codes may continue to be used; however, they will eventually be eliminated.

- 4807 (Warning Bulletin) and 4812 (Account Number Not on File) for Dual Message System transactions
- 07 (Warning Bulletin) and 12 (Account Not on File) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. None

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Include the following in DE 72 (Data Record):
Dual Message System Chargebacks CAT 3
Device

Message Text.

For Local Stoplist or Electronic Warning Bulletin File, one of the following:

- R X
- R X S NN

For Europe region cards with X2X service code: SC X2X

For all others one of the following:

- CAT 3
- CAT LEVEL 3

Notes.

Local Stoplist or Electronic Warning Bulletin File

For R X, replace X with the one-character Electronic Warning Bulletin Region code in which the PAN is listed.

For S NN, replace NN with the two-character subregional code in which the PAN was listed.

- **Unknown Transaction Date.** When the issuer cannot determine the transaction date from DE 12 (Date and Time, Local Transaction), the issuer may assume the transaction date is within 15-calendar days before the Central Site Business Date.
- **Unknown Face-to-Face Merchant Location.** When the issuer cannot determine the merchant location from DE 43 (Card Acceptor Name/Location), subfield 5 (Card Acceptor, State, Province, or Region Code), the issuer may reference any region of the Electronic Warning Bulletin File that listed the PAN on the date of the transaction in DE 72.

- **Unknown Non-Face-to-Face and Non-Fixed Merchant Location.** For non-face-to-face or non-fixed merchant location transactions, the issuer may reference any regional Electronic Warning Bulletin File that listed the PAN on the date of the transaction in DE 72.

- **Subregional.** An issuer must use both the merchant location (DE 43) and the merchant category code (DE 26 [Card Acceptor Business Code (MCC)]) to determine whether the PAN was listed in the applicable subregional Electronic Warning Bulletin File.

For information on the Local Stoplist or Electronic Warning Bulletin File, refer to the *Account Management System User Manual*.

This chargeback is not available for China domestic transactions.

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Chargeback Condition. One of the following:

Dual Message System Chargebacks Transit First
Ride Risk (FRR) Claims

Transit First Ride Risk (FRR) Claims

1. The original transit transaction declined by the issuer was not a properly identified contactless transit aggregated transaction.
2. The issuer declined the original contactless transit aggregated transaction or a subsequent transit debt recovery transaction using a DE 39 (Response Code) value categorized as “Not Claimable”.
3. The acquirer or merchant did not fulfill the criteria for submitting an FRR claim transaction. For example, the merchant submits an ineligible FRR claim to a non domestic issuer, or did not initiate at least nine transit debt recovery attempts in the 45-calendar day period following the issuer’s decline of the contactless transit aggregated transaction, or the issuer approved a transit debit recovery transaction.
4. The FRR claim transaction exceeded the FRR limit amount applicable in the merchant’s country, as specified in Chapter 5 of the *Quick Reference Booklet*.
5. The acquirer previously submitted an FRR claim transaction for the same debt.

Time Frame. Within 90-calendar days of the Central Site Business Date of the transaction.

Message Reason Code. One of the following:

- 4808 (Authorization-related Chargeback) for Dual Message System transactions
- 08 (Authorization-related Chargeback) for Debit Mastercard transactions processed on the Single

Message System

The following message reason codes may continue to be used; however, they will eventually be eliminated.

- 4807 (Warning Bulletin) and 4812 (Account Number Not on File) for Dual Message System transactions
- 07 (Warning Bulletin) and 12 (Account Not on File) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. None

DE 72 (Data Record). One of the following corresponding to the **Chargeback Condition**:

1. FRR INELIGIBLE
2. FRR NOT CLAIMABLE
3. FRR CRITERIA NOT FULFILLED
4. FRR LIMIT EXCEEDED
5. FRR ALREADY CLAIMED

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Dual Message System Chargebacks
Second Presentment

Notes.

An FRR claim transaction is properly identified in the First Presentment/1240 message with:

- A value of 08 (First Ride Risk Claim) in PDS 0210 (Transit Program), subfield 1 (Transit Transaction Type Indicator); and
- An amount in DE 4 (Amount, Transaction) that does not exceed the FRR limit amount applicable in the merchant's country, as specified in Chapter 5 of the *Quick Reference Booklet*.

This chargeback is not available to China domestic transactions.

The China Switch does not currently support contactless transit aggregated transactions.

For more information about transit FRR claim transactions, refer to Rule 5.6.1-Transit First Ride Risk Framework of the *Transaction Processing Rules*.

Second Presentment

The tables in this section detail the conditions under which a second presentment in response to an authorization-related chargeback may be processed.

PAN Mismatch. The Primary Account Number (PAN) in chargeback supporting documentation may differ from the PAN included by the acquirer in the clearing record.

As a result, a difference in PANs must not be the sole reason for an acquirer's second presentment.

Required Authorization Obtained

Second Presentment Condition.

For China domestic transactions: The transaction was preauthorized and completed within the applicable chargeback protection period.

For all other transactions: The transaction was authorized and presented within the applicable chargeback protection period.

Time Frame.

For China domestic transactions: Within 30-calendar days of the chargeback settlement date.

For Nigeria domestic transactions: Within two-business days.

For all other transactions: Within 45-calendar days of the chargeback settlement date.

Message Reason Code. One of the following:

- 2008 (Issuer Authorized Transaction) for Dual Message System transactions and China domestic transactions
- 13 (Representation) for Debit Mastercard transactions processed on the Single Message System

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Message Text.

Dual Message System Chargebacks
Required Authorization Obtained

Supporting Documents. None

For China domestic transactions: When online authorized, include AUTHORIZATION DATE **MMDDYY NNNNNN** in the comment field as documented in the *China Switch User Guide - Customer Portal*.

For all other transactions: Include one of the following in DE 72 (Data Record):

- When online authorized: AUTHORIZATION DATE **MMDDYY NNNNNN**
- When offline EMV authorized and DE 55 not previously provided in the First Presentment/1240 message: DE 55 PROVIDED

Notes.

Replace **MMDDYY** with the date the issuer authorized the transaction.

Replace **NNNNNN** with the actual authorization response code provided by the issuer, its agent, or Mastercard On-Behalf for the cleared transaction.

Offline Approved EMV Transaction

When DE 55 was provided in the First Presentment/1240 message respond with Second Presentment Message Reason Code 2713-Invalid Chargeback.

When DE 55 was not provided in the First Presentment/1240-200 message, DE 55 must be provided in the Second Presentment Presentment/1240-205 message.

China Switch does not support offline transaction.

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Dual Message System Chargebacks
Expired Chargeback Protection Period

Expired Chargeback Protection Period

Second Presentment Condition. One of the following:

1. For China domestic transactions: The transaction was properly identified in authorization as a preauthorization (DE 48, SE 61, subfield 5 = 2), the transaction was presented within 30-calendar days of the preauthorization approval date and was not reversed.
For all other transactions: The transaction was properly identified in authorization as a preauthorization (DE 61, subfield 7 = 4), the transaction was presented within 30- calendar days of the preauthorization approval date, and was not reversed.
2. The transaction was not properly identified in authorization as a preauthorization, the transaction was presented within seven-calendar days of the authorization approval date, and was not reversed.

3. The transaction was properly identified in authorization as acquirer-financed or merchant-financed installment payment.
4. The transaction was properly identified in authorization as a Mastercard contactless transit aggregated or transit debt recovery transaction.
5. The transaction occurred at, one of the following:
 - a. A Europe region merchant location and the issuer has not permanently closed the account
 - b. A merchant located in any other region and the issuer has not “statused” the account (that is, the issuer considered the account to be in good standing at the time of the chargeback)

Time Frame.

For China domestic transactions: Within 30-calendar days of the chargeback settlement date.

For Nigeria domestic transactions: Within two-business days.

For all other transactions: Within 45-calendar days of the chargeback settlement date.

Message Reason Code. One of the following:

- 2713 (Invalid Chargeback) for Dual Message System transactions and China domestic transactions
- 13 (Representment) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. None

Message Text.

For China domestic transactions: Include one of the following corresponding to the **Second Presentment Condition** in comment field as documented in *China Switch User Guide – Customer Portal*:

1. PREAUTH MMDDYY
2. AUTH MMDDYY
3. INSTALLMENT
4. TRANSIT
5. ACCOUNT NOT STATUSED

For all other transactions: Include one of the following corresponding to the **Second Presentment Condition** in DE 72 (Data Record):

1. PREAUTH MMDDYY
2. AUTH MMDDYY

3. INSTALLMENT
4. TRANSIT
5. Either:
 - a. ACCOUNT NOT CLOSED
 - b. ACCOUNT NOT STATUSED

Notes. When the transaction authorization was identified as a preauthorization, use **PREAUTH**.

When the transaction authorization was not identified as a preauthorization, use **AUTH**. Replace **MMDDYY** with the approval date of the disputed transaction.

Multiple Authorization Requests

Second Presentment Condition. One of the following:

1. The issuer-generated decline response included a value of 02 (Cannot approve at this time, try again later) in DE 48 (Additional Data-Private Use), subelement 84 (Merchant Advice Code).
2. The issuer generated an approval response after previously declining the transaction.
3. For a card-not-present transaction, the merchant can prove that the cardholder resubmitted the online order.

Time Frame.

For China domestic transactions: Within 30-calendar days of the chargeback settlement date.

For Nigeria domestic transactions: Within two-business days.

For all other transactions: Within 45-calendar days of the chargeback settlement date.

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Dual Message System Chargebacks
One Authorization with Multiple Clearing Records

Message Reason Code. One of the following:

- 2008 (Issuer Authorized Transaction) for Dual Message System transactions and China domestic transactions
- 13 (Representation) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. One of the following corresponding to the **Second Presentment Condition**:

1. None
2. None
3. Documentation supporting the merchant's claim
Mastercard will not consider in its ruling decision second presentment supporting documentation received on or after a pre-arbitration or an arbitration case filing submission.

Message Text. None

Notes. None

One Authorization with Multiple Clearing Records

Second Presentment Condition. Both of the following:

- One of the following indicators was present in DE 25 (Message Reason Code) of the First Presentment/1240 message
 - 1403 (Previously approved authorization—partial amount, multi-clearing) – 1404 (Previously approved authorization—partial amount, final clearing) • The total of all clearing records submitted in connection with the approved authorization did not exceed the approved amount.

Time Frame. For Nigeria domestic transactions: Within two-business days. For all other transactions: Within 45-calendar days of the chargeback settlement date.

Message Reason Code. One of the following:

- 2713 (Invalid Chargeback) for Dual Message System transactions
- 13 (Representation) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. None

Message Text. Include one of the following, as applicable, in DE 72 (Data Record): •

PREAUTH **MMDDYY** 1403

- AUTH **MMDDYY** 1403
- PREAUTH **MMDDYY** 1404
- AUTH **MMDDYY** 1404

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Dual Message System Chargebacks
CAT 3 Device

Notes. When the transaction authorization was identified as a preauthorization, use **PREAUTH**.

When the transaction authorization was not identified as a preauthorization, use **AUTH**. Replace **MMDDYY** with the approval date of the disputed transaction.

This chargeback is not available for China domestic transactions.

CAT 3 Device

Second Presentment Condition. The transaction was not a magnetic stripe transaction identified

as occurring at a CAT 3 device and the PAN was not listed in the applicable Local Stoplist or Electronic Warning Bulletin File on the date of the transaction and one or both of the following:

- The transaction was properly identified in clearing as a CAT 3 terminal.
- The transaction amount was equal to or less than the applicable maximum transaction amount.

Time Frame. For Nigeria domestic transactions: Within two-business days. For all other transactions: Within 45-calendar days of the chargeback settlement date.

Message Reason Code. One of the following:

- 2707 (No authorization request required or attempted) for Dual Message System transactions
- 13 (Representment) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. None

Message Text. Optionally, include: **CAT 3** in DE 72 (Data Record).

Notes. This second presentment is not available for China domestic transactions.

Credit Previously Issued

Second Presentment Condition. The merchant issued a credit to the cardholder's account.

Time Frame.

For China domestic transactions: Within 30-calendar days of the chargeback settlement date.

For Nigeria domestic transactions: Within two-business days.

For all other transactions: Within 45-calendar days of the chargeback settlement date.

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Dual Message System Chargebacks
Credit Previously Issued

Message Reason Code. One of the following:

- 2011 (Credit Previously Issued) for Dual Message System transactions and China domestic transactions
- 13 (Representment) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. None

Message Text.

For China domestic transactions: Include **MMDDYY NNNNNNNNNNNNNNNNNNNNNNNNN** in

comment field as documented in *China Switch User Guide – Customer Portal*.

For all other transactions: Include **MMDDYY NNNNNNNNNNNNNNNNNNNNNNNNN** in DE 72 (Data Record).

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Dual Message System Chargebacks
Credit Previously Issued

Notes.

Replace **MMDDYY** with the date of the credit transaction.

Optionally, for China domestic transactions replace **NNNNNNNNNNNNNNNNNNNNNNNN** with the Network Reference Number (NRN) of the credit transaction.

Optionally, for all other transactions: Replace **NNNNNNNNNNNNNNNNNNNNNNNN** with the Acquirer Reference Data (ARD) of the credit transaction.

Refunds. When a cardholder is credited twice (once by the issuer as a result of a chargeback

and again through a refund processed by the merchant), the acquirer must process a timely second presentment which identified a refund was previously processed. A compliance case is invalid. When a second presentment is not processed within the required second presentment time frame, an acquirer seeking return of the refund amount must do so outside of the chargeback and compliance process. An example of outside of the chargeback and compliance process includes, but is not limited to, a good faith collection letter. In this example, a good faith collection letter is written correspondence from the acquirer to the issuer requesting the return of the refunded amount. When a good faith collection letter is accepted by the issuer in writing, the Fee Collection/1740 message must be processed in accordance with chapter 19-Fee Collection of the *Global Clearing Management System Reference Manual*. For China Customer, a domestic Fee Collection must be processed as documented in the *China Switch User Guide – Customer Portal*.

For the avoidance of doubt:

- **Refund properly documented in second presentment and within time frame:** When a refund was processed before the second presentment and the timely second presentment properly documented the refund, the issuer must not continue the dispute for the refunded amount as the refund resolved the chargeback. Upon completion of all of the chargeback cycles, if a properly documented pre-arbitration/arbitration case is filed, Mastercard will likely rule in favor of the acquirer.

The two exceptions to the above are when:

- The issuer or cardholder can clearly document that the refund applied to a different transaction. With proper documentation from the cardholder, the issuer may continue with the dispute.
- The refund that was processed before the second presentment was for a partial amount of the disputed transaction and the acquirer failed to provide a valid remedy for the remainder of the disputed amount. The issuer may continue with the dispute for the amount that was not refunded, when applicable.

- **Refund before second presentment and within time frame, but not properly documented in second presentment:** A refund is required to be documented in the second presentment and not in the pre-arbitration/arbitration case filing. When the first chargeback is valid and timely, if a case is filed with Mastercard involving a refund that was processed before the second presentment but the second presentment did not properly document the refund, Mastercard will likely hold the issuer responsible for the refunded amount and hold the acquirer responsible for the fines and fees associated with the case.

- **Refund after second presentment:** A refund is required to be documented in a timely manner in the second presentment and not in the pre-arbitration/arbitration case

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Dual Message System Chargebacks
Additional Second Presentment Options

filing. When a refund was processed after the second presentment, an acquirer seeking return of the refund amount must do so outside of the arbitration and compliance process. An example of outside of the chargeback and compliance process includes, but is not limited to, a good faith collection letter. In this example, a good faith collection letter is written correspondence from the acquirer to the issuer requesting the return of the refunded amount. When a good faith collection letter is accepted by the issuer in writing, the Fee Collection/1740 message must be processed in accordance with chapter 19-Fee Collection of the *Global Clearing Management System Reference Manual*. For China Customer, a domestic Fee Collection must be processed as documented in the *China Switch User Guide - Customer Portal*.

In the event an arbitration case is submitted concerning the refund, Mastercard will likely rule in favor of the issuer provided the first chargeback was timely and valid.

Additional Second Presentment Options

Second Presentment and Message Reason Codes Conditions. One of the following:

- One of the following for Dual Message System and China domestic transactions: –
 - 2001-Invalid Acquirer Reference Data; Documentation was Received or was Not Required**
This message reason code is not available for China domestic transactions.

The combination of Primary Account Number and Acquirer Reference Data contained in the chargeback record does not match the information contained in the first presentment record.
 - **2004-Invalid Acquirer Reference Data on Chargeback; Documentation was Received** The combination of Primary Account Number and Acquirer Reference Data contained in the chargeback record does not match the information contained in the first presentment record.

This message reason code is not available for China domestic transactions. –
 - 2701-Duplicate Chargeback**
The issuer processed a first chargeback for the same transaction more than once.

Mastercard recommends that the acquirer provides the processing date and chargeback reference number of the original chargeback with its second presentment.
 - **2702-Past Chargeback Time Limit**
The issuer's first chargeback is processed past the time frame specified for the chargeback.
 - **2713-Invalid Chargeback**
The first chargeback does not meet the prerequisites for the message reason code. • 13 (Representment) for Debit Mastercard transactions processed on the Single Message System

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Dual Message System Chargebacks
Cardholder Dispute Chargeback

Time Frame.

For China domestic transactions: Within 30-calendar days of the chargeback settlement date.

For Nigeria domestic transactions: Within two-business days.

For all other transactions: Within 45-calendar days of the chargeback settlement date.

Supporting Documents. None

Message Text. None

Notes. Not available for ATM transactions.

Cardholder Dispute Chargeback

This section provides information in handling a cardholder dispute chargeback. Use of the cardholder dispute chargeback requires that the cardholder engaged in the transaction.

A Cardholder Dispute chargeback may be submitted when the cardholder contacted the issuer alleging one of the following:

- Goods or services were either not as described or defective, including shipped merchandise was received damaged or not suitable for its intended purpose as well as the merchant didn't honor the terms and conditions of a contract.
- Goods or services were not provided.
- Digital goods were purchased totaling USD 25 or less and did not have adequate purchase controls.
- Credit not processed.
- Counterfeit goods alleged to be authentic were purchased.
- Recurring transaction canceled prior to billing.
- Addendum dispute or "no-show" hotel charge was billed.
- Purchase transaction did not complete.
- Timeshare agreement or similar service provision was canceled within Mastercard time frame, regardless of the contractual terms.
- Credit posted as a purchase.

A Cardholder Dispute chargeback must not be submitted for any of the following:

- Payment Transactions and MoneySend Payment Transactions.
- The cash back amount or any portion of the cash back amount.
- Mastercard Commercial Payments Account transaction. A Mastercard Commercial Payments Account transaction occurs when PDS 0002 (GCMS Product Identifier) was MAP (Mastercard Commercial Payments Account) in the First Presentment/1240 message.

- Failure to credit shipping or handling charges for buyer's remorse cancellations or returns.
- A retail sale processed as a cash disbursement. Customers must accept these transactions and collect the difference in the interchange fee and cash directly from the acquirer. When an issuer's attempt to collect the difference directly from the acquirer proves unsuccessful, the issuer should contact Global Customer Service.
- **Colombia only** – The transaction was a Colombia domestic transaction addressed by Reversion of Payments Regulation (RP-Reg) disputed as a Law 1480 2011, Article 51, and Decree 587 of 2016 claim, specifically:

- Goods or Services Were Either Not as Described or Defective
- Goods or Services Not Provided
- Counterfeit Goods

Gambling and Investment Chargebacks. Chargebacks are available to the issuer for transactions in which value or assets are purchased for gambling, investment, or similar purposes and they are not provided according to the contractual terms and conditions agreed to between the cardholder and the merchant.

Additionally, chargebacks are available when the value or assets are made inaccessible for use in violation of the contractual terms and conditions. This may include, but is not limited to, when the value or assets are unable to be withdrawn by the cardholder or are transferred to an account outside the cardholder's control without the cardholder's authorization.

An issuer has no chargeback rights related to the use or authorized transfer of such value or assets, or on any winnings, gains or losses resulting from the use of such value or assets. An example includes, but is not limited to, when the value or assets are subsequently exchanged or otherwise utilized in a separate, non Mastercard transaction.

Intra-European and Inter-European Transactions Only

For Polish National Post Office transactions completed in Poland for the purpose of transferring funds to pay bills, such as utilities or phone bills, or for payment of goods on delivery, this chargeback right is available for disputes relating to failure to transfer the funds, and is not available for any dispute relating to the quality or delivery of the services provided or goods purchased. Such transactions are identified with MCC 9402 (Postal Services-Government Only). For the purchase of the goods and services sold by the Polish National Post Office itself, such as stamps, the preceding limitation does not apply.

Staged Digital Wallet.

- A transaction to fund a Staged Digital Wallet (SDW) may be charged back if the funds did not appear in the SDW. Chargeback rights are not available for any subsequent purchase of goods or service from an SDW. SDW transactions are identified with a wallet identifier in DE 48 (Additional Data-Private Use),

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Dual Message System Chargebacks
Cardholder Dispute Chargeback

subelement 26 (Wallet Program Data), subfield 1 (Wallet Identifier) and in PDS 0207 (Wallet Identifier) of the First Presentment/1240 Message.

- **Intra-European and Inter-European Transactions Only.** This chargeback right is also available for purchases of goods or services (excluding gambling, investments, and similar provision of services) made using an SDW, when the SDW funding transaction occurred during the consumer's purchase. Such funding transactions are further identified with the SDW Operator name in conjunction with the retailer name present in DE 43, subfield 1 (Card Acceptor Name) and the MCC that most closely describes the

primary business of the retailer in DE 18 (Merchant Type) of the Authorization Request/0100 message and in DE 26 (Card Acceptor Business Code [MCC]) of the First Presentment/ 1240 message.

The issuer or the cardholder must have contacted or attempted to contact the SDW Operator or retailer to resolve the dispute before raising the chargeback. The result of this attempt must be explained in the support documentation.

Supporting Documents. Supporting Documents must be in English or accompanied by an English translation unless both the issuer and the acquirer share a common language.

Supporting Documents must provide sufficient detail to enable all parties to understand the nature of the dispute or rebuttal. Mastercard will determine whether the Supporting Documents contain sufficient detail.

The cardholder email, cardholder letter, and/or cardholder message (including through a password-protected website) must come directly from the cardholder or, in the case of a commercial card, the corporate entity. A completed Dispute Resolution Form must be the direct result of a conversation with the cardholder.

Supporting Documents must be provided as follows:

- For China domestic chargeback and second presentment: Supporting Documents must be provided using the China Dispute Resolution Platform. Supporting Documents must be uploaded into China Dispute Resolution Platform at the time of submitting a chargeback or second presentment.
- For all other disputes: Supporting Documents must be provided using the Mastercom application. Although Supporting Documents can be entered into Mastercom at any time before the next cycle is processed, Supporting Documents must be entered into the Mastercom system within eight-calendar days of generating a chargeback or second presentment requiring Supporting Documents to avoid liability for the disputed transaction solely for failing to provide Supporting Documents (codes 2002 or 4901).

Chargeback

The tables in this section detail the conditions under which a Cardholder Dispute chargeback may be processed.

Goods or Services Were Either Not as Described or Defective

Chargeback Condition. The cardholder contacted the issuer claiming all of the following:

- The cardholder engaged in the transaction.
- The cardholder contacted the merchant, or attempted to contact the merchant, to resolve

the dispute.

- Merchant contact is optional when the cardholder is a corporate entity with a contractual relationship with the merchant and the transaction is for an amount in excess of what is specified in the contract. In such event the chargeback may be only for the amount of the excessive charge.
- The merchant refused to adjust the price, repair, or replace the goods or other things of value, or issue a credit.
- For disputes involving goods: The cardholder returned the goods or informed the merchant the goods were available for pickup.

And one of the following:

- When delivered from the merchant, the goods arrived broken or could not be used for the intended purpose.
- Goods and services did not conform to their description. Examples include, but are not limited to:
 - The cardholder claims that the quality or workmanship of the product is not as described.
 - The cardholder claims that the specified color, size, or quantity is not as described.
- The merchant did not honor the terms and conditions of the contract with the cardholder including, but not limited to, 100 percent money back guarantee, written promises, or return policy.

Time Frame.

For China domestic transactions, one of the following:

- Within 90-calendar days from when the services ceased with a maximum of 540- calendar days from the transaction settlement date for issues of interruption of ongoing services.
- Between 15 and 90-calendar days from the transaction settlement date.
- Between 15 and 90-calendar days from the delivery/cancellation date of the goods or services.

For all other transactions, one of the following:

- Within 120-calendar days from when the services ceased with a maximum of 540- calendar

days from the transaction settlement date for issues of interruption of ongoing services.

- Between 15 and 120-calendar days from the transaction settlement date.
- Between 15 and 120-calendar days from the delivery/cancellation date of the goods or services.

Message Reason Code. One of the following:

- 4853 (Cardholder Dispute) for Dual Message System transactions and China domestic transactions
- 53 (Cardholder Dispute-Defective/Not as Described) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. Cardholder email, letter, message or completed *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) describing the cardholder's complaint in sufficient detail to enable all parties to understand the dispute. This means that the cardholder email, letter, message or completed *Dispute Resolution Form Cardholder Dispute Chargeback* (Form 1221) must document how each **Chargeback Conditions** was met.

When the cardholder is a corporate entity with a contractual relationship with the merchant and the transaction is for an amount in excess of what is specified in the contract, the contract must be provided when the merchant wasn't contacted in an effort to resolve the dispute.

Optionally, documentation from an expert or professional that supports the cardholder's dispute about the level of quality or misrepresentation.

Optionally, documentation that supports the cardholder's dispute including, but not limited to, the original receipt, invoice, work order, brochure, contract, or appraisal.

Message Text. None

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Dual Message System Chargebacks
Goods or Services Not Provided

Notes. This chargeback is not available when proper disclosure of the conditions of the goods is made at the time of the sale, such as when goods are sold in "as is" condition.

This chargeback is not available for transactions identified with one of the following MCCs: 3000 through 3999, 4411, 4511, 4722, 6513, 7011, 7512, 7519, or 7922 and the merchant provided a voucher for future use and that provision of voucher was properly disclosed in the merchant's terms and conditions. Refer to the **Travel/Entertainment Services Not Provided/Not as Described and Merchant Voucher Issued** section for a possible chargeback.

Goods or Services Not Provided

Chargeback Condition. One of the following:

- The cardholder contacted the issuer claiming both of the following:
 - The cardholder engaged in the transaction.
 - The purchased goods or services were not received.
- Travel services arranged through an online travel agency or tour operator were not received and the travel agency or tour operator is no longer in business.

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For China domestic transactions:
Dual Message System Chargebacks
Goods or Services Not Provided

Time Frame.

- In cases involving delayed delivery of goods or services and the delivery or performance date was not specified by the merchant: The issuer must wait 30-calendar days from the transaction date before submitting a chargeback and not to exceed 90-calendar days from the transaction settlement date.
However, the issuer may charge back the transaction immediately (and not wait the 30-calendar days) upon learning the merchant will not provide the goods or services because, for example, for the merchant is no longer in business.

- In cases involving delayed delivery of goods or services and the delivery or performance date was specified by the merchant and the latest anticipated delivery or performance date was specified by the merchant has passed: Within 90-calendar days of the latest anticipated delivery or performance date specified by the merchant.
However, the issuer may charge back the transaction immediately (and not wait until the latest anticipated delivery or performance date has passed) upon learning the merchant will not provide the goods or services because, for example, for the merchant is no longer in business.
- In cases involving interruption of ongoing services: Within 90-calendar days of the date the cardholder becomes aware that the service ceased. A chargeback must not be processed after 540-calendar days from the transaction settlement date.
- In cases involving the purchase of a merchant-branded prepaid gift card without an expiration date printed on the card and that merchant subsequently goes out of business: Within 540-calendar days from the transaction settlement date.
- In cases involving the purchase of a merchant-branded prepaid gift card with an expiration date printed on the card and that merchant subsequently goes out of business: Within 120-calendar days from the expiration date printed on the card. • In all other cases: Within 120-calendar days from the transaction settlement date.

For all other transactions:

- In cases involving delayed delivery of goods or services **and** the delivery or performance date was **not** specified by the merchant: The issuer must wait 30-calendar days from the transaction date before submitting a chargeback and not to exceed 120-calendar days from the transaction settlement date.
However, the issuer may charge back the transaction immediately (and not wait the 30-calendar days) upon learning the merchant will not provide the goods or services because, for example, for the merchant is no longer in business.
- In cases involving delayed delivery of goods or services **and** the delivery or performance date was specified by the merchant **and** the latest anticipated delivery or performance date was specified by the merchant has passed: Within 120-calendar days of the latest anticipated delivery or performance date specified by the merchant.
However, the issuer may charge back the transaction immediately (and not wait until the latest anticipated delivery or performance date has passed) upon learning the merchant will not provide the goods or services because, for example, for the merchant is no longer in business.
- In cases involving interruption of ongoing services: Within 120-calendar days of the date the cardholder becomes aware that the service ceased. A chargeback must not be processed after 540-calendar days from the Central Site Business Date of the first presentment.

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Dual Message System Chargebacks
Goods or Services Not Provided

- In cases involving the purchase of a merchant-branded prepaid gift card without an expiration date printed on the card and that merchant subsequently goes out of business one of the following:
 - For transactions completed using a card issued in either Canada, the United States, or one of the U.S. Territories at a merchant located in either Canada, the United States, or one of the U.S. Territories: Within 120-calendar days of the Central Site Business Date of the first presentment
The U.S. Territories consist of American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.
 - For all other transactions: Within 540-calendar days from the Central Site Business Date of the first presentment.

- In cases involving the purchase of a merchant-branded prepaid gift card with an expiration date printed on the card and that merchant subsequently goes out of business: Within 120-calendar days from the expiration date printed on the card. • In all other cases: Within 120-calendar days from the transaction settlement date.

Message Reason Code. One of the following:

- 4853 (Cardholder Dispute) for Dual Message System transactions and China domestic transactions
- 53 (Cardholder Dispute-Defective/Not as Described) for Debit Mastercard transactions processed on the Single Message System

The following message reason codes may continue to be used; however, they will eventually be eliminated. The following message reason codes must not be used for China domestic transactions.

- 4855 (Goods or Services Not Provided) for Dual Message System transactions • 55 (Non-receipt of Merchandise) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. Cardholder email, letter, message or completed *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) must include both of the following:

- A description of the cardholder's complaint in sufficient detail to enable all parties to understand the dispute. This means that the cardholder email, letter, message or completed *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) must document how each of the **Chargeback Conditions** was met.
- A reasonably specific description of the goods/services purchased.

For disputes involving a transaction performed by an online travel agency or tour operator that is no longer in business at the time of the chargeback: an email, letter, or completed *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) provided by the individual or corporate entity requesting the travel arrangements from the online travel agency or tour operator that includes all of the following:

- A description of the complaint in sufficient detail to enable all parties to understand the dispute. This means that the cardholder email, letter, message or completed *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) must document how each of the **Chargeback Conditions** was met.
- A reasonably specific description of the goods/services purchased.

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Dual Message System Chargebacks
Goods or Services Not Provided

Message Text. None

Notes.

This chargeback is not available for transactions identified with one of the following MCCs: 3000 through 3999, 4411, 4511, 4722, 6513, 7011, 7512, 7519, or 7922 and the merchant provided a voucher for future use and that provision of voucher was properly disclosed in the merchant's terms and conditions. Refer to the **Travel/Entertainment Services Not Provided/Not as Described and Merchant Voucher Issued** section for a possible chargeback.

This chargeback applies when the cardholder receives an empty box or a box containing

worthless items, such as a brick or a stack of paper.

Interruption of ongoing services

The issuer must only charge back an amount representing the services not received by the cardholder.

When an end date was not defined, then the issuer must calculate the prorated amount based upon 18 months.

For example, the cardholder purchased a lifetime membership for USD 1,000. The merchant goes out of business after three months. The amount to be charged back is USD 833 (USD 1,000 divided by 18 months = USD 55 for each month. 18 months minus 3 months = 15. USD 55 * 15 = USD 833.)

This chargeback does not apply when

- The cardholder has taken possession of the merchandise from the merchant and subsequently makes arrangements to have the merchandise shipped by a third party. • The goods are being held in customs for unpaid duty or customs fees. The cardholder is obligated to pay the appropriate fees.
- The merchant delivered the merchandise and the cardholder refused to accept delivery. • The cardholder signed a waiver absolving the merchant from responsibility when the merchandise is not received.

For example: A cardholder purchases vases and arranges with the merchant to have the vases shipped to the United States. At the time of purchase, the cardholder signs a waiver form that states: "PROOF OF DISPATCH OF THE MERCHANDISE WILL BIND THE CARDHOLDER." The vases never arrive, and the cardholder contacts the merchant. The merchant provides documentation to show that the merchandise was shipped. By signing the waiver, the cardholder absolved the merchant of liability for merchandise that the cardholder did not receive.

- The cardholder declined insurance.

For example: The merchant provides the cardholder with an opportunity to purchase insurance on the merchandise to be delivered. Normally, such insurance stipulates that the cardholder must initiate claims that limit the merchant responsibility to the presenting documentation that verifies shipment or dispatch. The merchant should provide a signed waiver of liability obtained from the cardholder when the cardholder declined to purchase insurance, along with documentation that shows that the merchant shipped the merchandise.

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Dual Message System Chargebacks

Travel/Entertainment Services Not Provided/Not as Described and Merchant Voucher Issued

Travel/Entertainment Services Not Provided/Not as Described and Merchant Voucher Issued

Chargeback Condition. Both of the following:

1. The cardholder contacted the issuer claiming all of the following:
 - The cardholder engaged in the transaction.
 - The purchased goods or services were not received due to merchant cancellation. – The merchant provided a voucher for future use in lieu of a refund and that provision of voucher was properly disclosed in the merchant's terms and conditions. – The merchant is unable or

unwilling to honor the voucher in violation of the voucher terms and conditions.

2. The transaction was identified with one of the following MCCs:

- Airlines and Air Carrier (MCCs 3000 through 3350, 4511)
- Car Rental Agencies (MCCs 3351 through 3500, 7512)
- Cruise Lines (MCC 4411)
- Lodging-Hotels, Motels, Resorts (MCCs 3501 through 3999, 7011)
- Motor Home and Recreational Vehicle Rental (MCC 7519)
- Real Estate Agents and Managers—Rentals (MCC 6513)
- Theatrical Producers, Ticket Agencies (excluding Motion Picture) (MCC 7922) –
Travel Agencies and Tour Operators (MCC 4722)
- Real Estate Agent and Broker (MCC 7013) – **Limited to China domestic transactions**
- Scenic Spot Ticketing (MCC 4733) – **Limited to China domestic transactions**

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Dual Message System Chargebacks

Travel/Entertainment Services Not Provided/Not as Described and Merchant Voucher Issued

Time Frame.

For China domestic transactions, both of the following:

- Within 90-calendar days from the latest anticipated delivery or performance date specified by the merchant.

For cases involving merchant-provided vouchers for future use, the voucher expiration date is considered the latest anticipated delivery or performance date specified by the merchant.

- Within 365-calendar days from the original expected delivery or performance date specified by the merchant.

For transactions completed using a card issued in either Canada or the United States at a merchant located in either Canada or the United States, both of the following:

- Within 120-calendar days from the original delivery or performance date specified by the merchant.
- Within 540-calendar days from the Central Site Business Date of the original transaction.

For all other transactions, both of the following:

- Within 120-calendar days from the latest anticipated delivery or performance date specified by the merchant.
For cases involving merchant-provided vouchers for future use, the voucher expiration date is considered the latest anticipated delivery or performance date specified by the merchant.
- Within 365-calendar days from the original expected delivery or performance date specified by the merchant.

Message Reason Code. One of the following:

- 4853 (Cardholder Dispute) for Dual Message System transactions and China domestic transactions
- 53 (Cardholder Dispute-Defective/Not as Described) for Debit Mastercard transactions processed on the Single Message System

The following message reason codes may continue to be used; however, they will eventually be eliminated. The following message reason codes must not be used for China domestic transactions.

- 4855 (Goods or Services Not Provided) for Dual Message System transactions • 55 (Non-receipt of Merchandise) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. Cardholder email, letter, message or completed *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) must include both of the following:

- A description of the cardholder's complaint in sufficient detail to enable all parties to understand the dispute. This means that the cardholder email, letter, message or completed *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) must document how each of the **Chargeback Conditions** was met.
- A reasonably specific description of the goods/services purchased.

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Dual Message System Chargebacks
Failed Travel Merchant-Intra-EEA and Domestic European Transactions Only

Message Text. None

Notes.

This chargeback does not apply to Intra-EEA and domestic European disputes for failed travel merchants. Refer to the **Failed Travel Merchant-Intra-EEA and Domestic European Transactions Only** section.

Failed Travel Merchant-Intra-EEA and Domestic European Transactions Only

Chargeback Condition.

For Intra-EEA and domestic European transactions, when the cardholder contacted the issuer claiming a travel service has not, or will not, be provided, and when the merchant is seeking protection from creditors, insolvent, bankrupt or in liquidation, at least one of the following conditions must be met:

1. The travel service was covered by a bonding authority or similar scheme according to local law, and one of the following:
 - The cardholder (or traveler) requested reimbursement from the bonding authority or similar scheme and did not receive it, or the claim was declined.
 - For Swedish domestic transactions: no additional requirement. The cardholder (or traveler) is not obligated to request reimbursement from a bonding authority or similar scheme prior to the issuer raising a chargeback.
The cardholder (or traveler) does not need to request reimbursement from the bonding authority, or similar scheme if the merchant, bonding authority, or similar scheme publicly states that the bond is insufficient prior to the chargeback.
2. The travel service was not covered by a bonding authority or similar scheme according to local law, or neither the issuer nor the cardholder after reasonable effort can determine whether the travel service was covered by a bonding authority or similar scheme according to local law.

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Dual Message System Chargebacks
Failed Travel Merchant-Intra-EEA and Domestic European Transactions Only

Time Frame. One of the following corresponding to the **Chargeback Condition**:

1. Within 150-calendar days from the latest expected service date, whether the bonding authority or similar scheme responded or not. The issuer must wait at least 30- calendar days from the date the request was sent prior to processing a chargeback, unless a negative response was received, in which case, the chargeback may be processed upon receipt of the negative reply.
The following exceptions apply:
 - For German domestic transactions: Within 240-calendar days from the latest expected service date, whether the bonding authority or similar scheme responded or not. The

issuer must wait at least 60-calendar days from the date the request was sent prior to processing a chargeback, unless a negative response was received, in which case, the chargeback may be processed upon receipt of the negative reply.

- For Polish domestic transactions: Within 540-calendar days from the Central Site Business Date, whether the bonding authority or similar scheme responded or not. The issuer must wait at least 60-calendar days from the date the request was sent prior to processing a chargeback, unless a negative response was received, in which case, the chargeback may be processed upon receipt of the negative reply.
- For Swedish domestic transactions: Within 120-calendar days from the latest expected service date.

2. Within 120-calendar days after from the latest expected service date.

In addition to both of the above (with the noted exceptions for German domestic, Polish domestic transactions, and Swedish domestic transactions), when the transaction was identified with one of the following MCCs, the maximum time frame is 365-calendar days from the original expected delivery or performance date specified by the merchant:

- Airlines and Air Carrier (MCCs 3000 through 3350, 4511)
- Car Rental Agencies (MCCs 3351 through 3500, 7512)
- Cruise Lines (MCC 4411)
- Lodging-Hotels, Motels, Resorts (MCCs 3501 through 3999, 7011)
- Motor Home and Recreational Vehicle Rental (MCC 7519)
- Real Estate Agents and Managers—Rentals (MCC 6513)
- Theatrical Producers, Ticket Agencies (excluding Motion Picture) (MCC 7922) • Travel Agencies and Tour Operators (MCC 4722)

In all cases, the issuer does not have to wait for the latest expected service date before processing the chargeback. A chargeback may be processed immediately upon learning the travel services will not be provided to the cardholder (or traveler). The issuer is still obliged to meet all other applicable chargeback requirements, such as a request for reimbursement from the bonding authority or similar scheme.

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Dual Message System Chargebacks
Failed Travel Merchant-Intra-EEA and Domestic European Transactions Only

Message Reason Code. 4853 (Cardholder Dispute-Defective/Not as Described) for Dual Message System transactions.

The following message reason codes may continue to be used; however, they will eventually be eliminated.

- 4855 (Goods or Services Not Provided) for Dual Message System transactions • 4859 (German Domestic Rule-Card Acceptor Unwilling or Unable to Render Services) for Dual Message System transactions

Supporting Documents.

Cardholder email, letter, message or completed *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) must include all of the following:

- A description of the cardholder's complaint in sufficient detail to enable all parties to understand the dispute.
- A reasonably specific description of the travel services purchased. For example, for flights: relevant airlines, flight numbers, origin/destination details, dates/times, passenger names, ticket/confirmation numbers, and so on.
- If Chargeback Condition 1 is applicable (except Swedish domestic transactions): evidence of the bonding authority or similar scheme's response to the cardholder's (or traveler's) claim, or proof of bond insufficiency. If the cardholder (or traveler) requested reimbursement and did not receive a response, then a copy of the request for reimbursement. A detailed cardholder (or traveler) explanation is permitted if such documentation is not available.

Message Text. None

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Dual Message System Chargebacks
Digital Goods Purchase of USD 25 or Less

Notes.

When the transaction is neither Intra-EEA nor domestic European, the applicable global rules apply. Bonding authority requirements do not apply to such chargebacks.

If partial travel services have already been provided, the chargeback amount should be prorated to reflect only the travel services not provided. If the cardholder (or traveler) has received partial reimbursement from a bonding authority or similar scheme, the chargeback should also be prorated to reflect the reimbursement.

If the acquirer provides specific evidence of bond coverage in a second presentment, the issuer

must instruct the cardholder (or traveler) to request reimbursement prior to a pre arbitration case. The pre-arbitration case is permitted if the reimbursement claim is declined or there is no reimbursement after 30-calendar days from the date the request was sent. The reimbursement request does not extend the pre-arbitration timeframe, so the issuer should make a good-faith effort to determine bond coverage prior to the initial chargeback.

For the avoidance of doubt, Mastercard does not consider the following the equivalent of a bonding authority or similar scheme: 1) reimbursement that an issuer is legally required to provide to their cardholder, 2) a cardholder's (or traveler's) personal or corporate travel insurance policy, and/or 3) legally required compensation already paid or due to the cardholder (or traveler) by the merchant that is separate from the purchase price. This list is not exhaustive.

If the travel service was paid for by a travel agency or tour operator as the cardholder, a cardholder (or traveler) request for reimbursement from a bonding authority or similar scheme is still required if a bond exists.

Digital Goods Purchase of USD 25 or Less

Digital goods are goods that are stored, delivered, and used in electronic format, such as, by way of example but not limitation, books, newspapers, magazines, music, games, game pieces, and software (excludes gift cards).

The delivery of digital goods purchased in a transaction may occur on a one-time or subscription basis.

Chargeback Condition. The cardholder contacted the issuer alleging both of the following:

- Digital goods were purchased in an e-commerce transaction that was less than or equal to USD 25 (or the local currency equivalent).
- The merchant did not offer the cardholder purchase control settings.

In addition, all of the following:

- The cardholder's account is not closed.

- The cardholder's account is in good standing with no associated fraudulent transactions.
- The issuer must determine, based on a challenge of the cardholder, that prior to the date(s) of the disputed transaction(s), the cardholder had provided card information to the merchant in order to establish an account that could be used for future digital goods purchases, but the merchant did not offer or establish the following minimum purchase controls in connection with the use of that account:
 - The option, enabled as a default setting, for the cardholder to disable all digital goods purchases;
 - The time period during which a digital goods purchase can be made on the cardholder's account with the merchant (the "account open" period) must not exceed 15 minutes from the time at which the cardholder enters account authentication credentials; and
 - Allowing the cardholder to confirm or to cancel the clearly displayed total transaction amount of each pending digital goods purchase before completion of the transaction.

The issuer is advised to ask the following questions when challenging the cardholder and to educate the cardholder on the use of purchase control settings:

1. Was the cardholder given the option to disable all digital goods purchases on the account?
2. Did the cardholder agree (such as by checking a box) to permit digital goods purchases to be made without the entry of a password or other form of authentication?
3. When the cardholder was required to enter authentication credentials to use the account, was the cardholder prompted to re-enter the credentials after a period of inactivity? When known, did that period exceed 15 minutes?
4. Did the merchant site afford the cardholder the option to confirm or to cancel each purchase?
5. Did the cardholder receive notification (such as using email, text, or other means) promptly after each purchase was completed?

Time Frame.

For China domestic transactions: Within 90-calendar days of the transaction settlement date.

For all other transactions: Within 120-calendar days of the transaction settlement date.

Message Reason Code. One of the following:

- 4853 (Cardholder Dispute) for Dual Message System transactions and China domestic transactions
- 53 (Cardholder Dispute-Defective/Not as Described) for Debit Mastercard transactions processed on the Single Message System

The following message reason codes may continue to be used; however, they will eventually be eliminated. The following message reason codes must not be used for China domestic transactions.

- 4841 (Canceled Recurring or Digital Goods Transactions) for Dual Message System transactions
- 41 (Canceled Recurring Transaction) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. Cardholder email, letter, message or completed *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) describing the cardholder's purchase control complaint in sufficient detail to enable all parties to understand the dispute. This means that the cardholder email, letter, message or completed *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) must document how each **Chargeback Conditions** was met.

Message Text.

For China domestic transactions, include DIGITAL GOODS in comment field as documented in *China Switch User Guide – Customer Portal*.

For all other transactions, include DIGITAL GOODS in DE 72 (Data Record).

Notes. This chargeback is not available for fraud disputes.

Credit Not Processed

Chargeback Condition. The cardholder contacted the issuer claiming one of the following:

- The merchant agreed to provide a refund and failed to process that refund.
- The merchant failed to disclose its refund policy at the time of the transaction and is unwilling to accept a return or cancellation of goods or services.
- The merchant has not responded to the return or the cancellation of goods or services.
- The merchant posted a credit for a reduced amount without proper disclosure.
- The merchant failed to issue a Value Added Tax (VAT) credit.

Time Frame.

- Between 15 and 90-calendar days from the date on the credit documentation, or the date the service was canceled, or the goods were returned.
When waiting the 15-calendar days would cause the issuer to exceed the 90-calendar day time frame, the issuer may chargeback the transaction earlier than 15-calendar days.

When the credit documentation is dated, the 90-day chargeback time frame counts the date on the credit documentation as day zero.

When the credit documentation is undated, the 90-day time frame counts the date on the cardholder letter, email, message, or *Dispute Resolution Form—Cardholder Dispute Chargeback* (Form 1221) as day zero.

When the cardholder letter is undated, the chargeback time frame counts the receipt date of the documentation by the issuer as day zero.
- The issuer can immediately charge back the transaction upon receiving one of the following forms of credit documentation:
 - A letter from the merchant advising the issuer to obtain credit using a chargeback – Proof of an improperly disclosed in-store credit
 - A TID voided by the merchant

For all other transactions, one of the following:

- Within 120-calendar days of the transaction date for a VAT credit.
- Between 15 and 120-calendar days from the date on the credit documentation, or the date the service was canceled, or the goods were returned.
When waiting the 15-calendar days would cause the issuer to exceed the 120-calendar day time frame, the issuer may chargeback the transaction earlier than 15-calendar days.

When the credit documentation is dated, the 120-day chargeback time frame counts the date on the credit documentation as day zero.

When the credit documentation is undated, the 120-day time frame counts the date on the cardholder letter, email, message, or *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) as day zero.

When the cardholder letter is undated, the chargeback time frame counts the receipt date of the documentation by the issuer as day zero.
- The issuer can immediately charge back the transaction upon receiving one of the following forms of credit documentation:
 - A letter from the merchant advising the issuer to obtain credit using a chargeback – Proof of an improperly disclosed in-store credit
 - A TID voided by the merchant

Message Reason Code. One of the following:

- 4853 (Cardholder Dispute) for Dual Message System transactions and China domestic transactions
- 53 (Cardholder Dispute-Defective/Not as Described) for Debit Mastercard transactions processed on the Single Message System

The following message reason codes may continue to be used; however, they will eventually be eliminated. The following message reason codes must not be used for China domestic transactions.

- 4860 (Credit Not Processed) for Dual Message System transactions
- 60 (Credit Not Processed) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. One of the following:

- A cardholder letter, email, message, or *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) describing the cardholder's complaint in sufficient detail to enable all parties to understand the dispute. This means that the cardholder email, letter, message or completed *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) must document how each **Chargeback Conditions** was met.
- Merchant documentation to support a credit is due to the cardholder.
- Proof of an improperly disclosed in-store credit and cardholder explanation.

Message Text.

For improperly disclosed partial credit only:

- For China domestic transactions: Include NNNNNNNNNNNNNNNNNNNNNNNNN in comment field as documented in *China Switch User Guide – Customer Portal*.
- For all other transactions: Include NNNNNNNNNNNNNNNNNNNNNNNNN in DE 72 (Data Record).

For all others: None

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Dual Message System Chargebacks
Credit Not Processed

Notes.

For China domestic transactions, replace **NNNNNNNNNNNNNNNNNNNNNNNNNNNNNN** with the Network Reference Number (NRN) of the credit transaction.

For all other transactions, replace **NNNNNNNNNNNNNNNNNNNNNNNNNNNNNN** with the Acquirer Reference Data (ARD) of the credit transaction.

This chargeback is not available transactions identified with one of the following MCCs: 3000 through 3999, 4411, 4511, 4722, 6513, 7011, 7512, 7519, or 7922 and the merchant provided a voucher for future use and that provision of voucher was properly disclosed in the merchant's terms and conditions. Refer to the **Travel/Entertainment Services Cancelled/Returned and Credit Not Processed** section for a possible chargeback.

Proper Disclosure

Merchants that are unwilling to accept buyer's remorse returns and cancellations or that want to have special terms including (but not limited to) restocking fees or in-store credits, must disclose these terms at the time of the transaction. The cardholder must be informed of the refund policy as described in the *Transaction Processing Rules*, section 3.11 Specific Terms of Transaction. Failure to disclose a refund policy will result in the merchant's requirement to accept the goods for return and issue a credit.

When the merchant informed the cardholder of its refund policy at the time of purchase, the cardholder must abide by that policy. For example, the cardholder's sales slip clearly indicates that the refund policy is "in-store credit only" or "no refunds."

Travel/Entertainment Services Cancelled/Returned and Credit Not Processed

Chargeback Condition.

The cardholder contacted the issuer claiming one of the following:

- The merchant agreed to provide a refund and failed to process that refund.
- The merchant failed to disclose its refund policy at the time of the transaction and is unwilling to accept the cardholder's return or cancellation of goods or services.
- The merchant has not responded to the cardholder's return or cancellation of goods or services.
- The merchant posted a credit for a reduced amount without proper disclosure. In

addition, the transaction was identified with one of the following MCCs:

- Airlines and Air Carrier (MCCs 3000 through 3350, 4511)
- Car Rental Agencies (MCCs 3351 through 3500, 7512)
- Cruise Lines (MCC 4411)
- Lodging-Hotels, Motels, Resorts (MCCs 3501 through 3999, 7011)
- Motor Home and Recreational Vehicle Rental (MCC 7519)
- Real Estate Agents and Managers—Rentals (MCC 6513)
- Theatrical Producers, Ticket Agencies (excluding Motion Picture) (MCC 7922)
- Travel Agencies and Tour Operators (MCC 4722)

- Real Estate Agent and Broker (MCC 7013) – **Limited to China domestic transactions** •
- Scenic Spot Ticketing (MCC 4733) – **Limited to China domestic transactions**

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Dual Message System Chargebacks
Travel/Entertainment Services Cancelled/Returned and Credit Not Processed **Time**

Frame.

For China domestic transactions both of the following time frames:

1. Between 15 and 90-calendar days from the date on the credit documentation, or the date the service was canceled, or the goods were returned.
 - When waiting the 15-calendar days would cause the issuer to exceed the 90- calendar day time frame, the issuer may chargeback the transaction earlier than 15-calendar days.
 - When the credit documentation is dated, the date on the credit documentation is counted as day zero.
 - When the credit documentation is undated, the date on the cardholder letter, email, message, or *Dispute Resolution Form—Cardholder Dispute Chargeback* (Form 1221) is counted as day zero.
 - When the cardholder letter is undated, the receipt date of the documentation by the issuer is counted as day zero.
 - The issuer can immediately charge back the transaction upon receiving one of the following forms of credit documentation:
 - A letter from the merchant advising the issuer to obtain credit using a

- chargeback
 - Proof of an improperly disclosed in-store credit
 - A TID voided by the merchant
- 2. Within 365-calendar days from the original expected delivery or performance date specified by the merchant.

For all other transactions, both of the following time frames:

1. Between 15 and 120-calendar days from the date on the credit documentation, or the date the service was canceled, or the goods were returned.
 - When waiting the 15-calendar days would cause the issuer to exceed the 120- calendar day time frame, the issuer may chargeback the transaction earlier than 15-calendar days
 - When the credit documentation is dated, the date on the credit documentation is counted as day zero
 - When the credit documentation is undated, the date on the cardholder letter, email, message, or *Dispute Resolution Form—Cardholder Dispute Chargeback* (Form 1221) is counted as day zero
 - When the cardholder letter is undated, the receipt date of the documentation by the issuer is counted as day zero
 - The issuer can immediately charge back the transaction upon receiving one of the following forms of credit documentation:
 - A letter from the merchant advising the issuer to obtain credit using a chargeback
 - Proof of an improperly disclosed in-store credit
 - A TID voided by the merchant
2. For transactions completed using a card issued in either Canada or the United States at a merchant located in either Canada or the United States: Within 540-calendar days from the Central Site Business Date of the original transaction.

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Dual Message System Chargebacks
Travel/Entertainment Services Cancelled/Returned and Credit Not Processed

For all other transactions: Within 365-calendar days from the original expected delivery or performance date specified by the merchant.

Message Reason Code. One of the following:

- 4853 (Cardholder Dispute) for Dual Message System transactions and China domestic transactions
- 53 (Cardholder Dispute-Defective/Not as Described) for Debit Mastercard transactions processed on the Single Message System

The following message reason codes may continue to be used; however, they will eventually be eliminated. The following message reason codes must not be used for China domestic transactions.

- 4860 (Credit Not Processed) for Dual Message System transactions
- 60 (Credit Not Processed) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. One of the following:

- A cardholder letter, email, message, or *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) describing the cardholder’s complaint in sufficient detail to enable all parties to understand the dispute. This means that the cardholder email, letter, message or completed *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) must document how each **Chargeback Conditions** was met. • Merchant documentation to support a credit is due to the cardholder.
- Proof of an improperly disclosed in-store credit and cardholder explanation.

Message Text.

For improperly disclosed partial credit only:

- For China domestic transactions: Include **NNNNNNNNNNNNNNNNNNNNNNNN** in comment field as documented in *China Switch User Guide – Customer Portal*. • For all other transactions: **NNNNNNNNNNNNNNNNNNNNNNNN** in DE 72 (Data Record).

For all others: None

Notes.

For China domestic transactions: Replace **NNNNNNNNNNNNNNNNNNNNNNNN** with the Network Reference Number (NRN) of the credit transaction.

For all other transactions: Replace **NNNNNNNNNNNNNNNNNNNNNNNN** with the Acquirer Reference Data (ARD) of the credit transaction.

Proper Disclosure

Merchants that are unwilling to accept buyer’s remorse returns and cancellations or that want to have special terms including (but not limited to) restocking fees or in-store credits, must disclose these terms at the time of the transaction. The cardholder must be informed of the refund policy as described in the *Transaction Processing Rules*, section 3.11 Specific Terms of Transaction. Failure to disclose a refund policy will result in the merchant’s requirement to accept the goods for return and issue a credit.

When the merchant informed the cardholder of its refund policy at the time of purchase, the cardholder must abide by that policy. For example, the cardholder’s sales slip clearly indicates that the refund policy is “in-store credit only” or “no refunds.”

Counterfeit Goods

“Counterfeit” means that the goods were not produced by an authorized manufacturer of the goods and therefore infringe on intellectual property rights.

Chargeback Condition. The cardholder contacted the issuer claiming both of the following:

- The cardholder engaged in the transaction.
- The cardholder claims that the goods were purported to be genuine, but were counterfeit.

Time Frame.

For China domestic transactions, one of the following:

- Within 90-calendar days of transaction settlement date.
- When the transaction involved delayed delivery: Within 90-calendar days of the date the goods and services were received.

For all other transactions, one of the following:

- Within 120-calendar days of the Central Site Business Date.
- When the transaction involved delayed delivery: Within 120-calendar days of the date the goods and services were received.

Message Reason Code. One of the following:

- 4853 (Cardholder Dispute) for Dual Message System transactions and China domestic transactions
- 53 (Cardholder Dispute-Defective/Not as Described) for Debit Mastercard transactions processed on the Single Message System

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Dual Message System Chargebacks
Cardholder Dispute of a Recurring Transaction

Supporting Documents. A cardholder letter, email, message or completed *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) describing the cardholder’s complaint in sufficient detail to enable all parties to understand the dispute and the disposition of the goods. This means that the cardholder email, letter, message or completed *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) must document how each **Chargeback Conditions** was met.

Examples of disposition include but are not limited to:

- The goods are in the possession of a governmental agency, such as customs.
- The goods are in the possession of the cardholder.
- The cardholder discarded the goods.
- The cardholder returned the goods to the merchant.

Message Text. Optionally:

For China domestic transactions, include COUNTERFEIT in comment field as documented in

For all other transactions, include COUNTERFEIT in DE 72 (Data Record).

Notes. None

Cardholder Dispute of a Recurring Transaction

A recurring transaction allows for continuous billing without a specified end date.

Chargeback Condition. The cardholder contacted the issuer claiming one of the following:

- The cardholder notified the merchant to cancel the recurring transaction and the merchant continued to bill the cardholder.
- The cardholder was not aware that the cardholder was agreeing to a recurring transaction.

Time Frame.

For China domestic transactions: Within 90-calendar days of transaction settlement date.

For all other transactions: Within 120-calendar days of the transaction settlement date.

Message Reason Code. One of the following:

- 4853 (Cardholder Dispute) for Dual Message System transactions and China domestic transactions
- 53 (Cardholder Dispute-Defective/Not as Described) for Debit Mastercard transactions processed on the Single Message System

The following message reason codes may continue to be used; however, they will eventually be eliminated. The following message reason codes must not be used for China domestic transactions.

- 4841 (Canceled Recurring or Digital Goods Transactions) for Dual Message System transactions

- 41 (Canceled Recurring Transaction) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. A cardholder letter, email, message, or completed *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) describing the cardholder's complaint in sufficient detail to enable all parties to understand the dispute. This means that the cardholder email, letter, message or completed *Dispute Resolution Form Cardholder Dispute Chargeback* (Form 1221) must document how each **Chargeback Conditions** was met.

Message Text. None.

Notes.

Proper Disclosure of Terms and Conditions

Terms and conditions for recurring transactions must be clearly detailed to the cardholder. Recurring transaction terms and conditions must be separate and distinct from general terms and conditions of sale.

Issuer Dispute of a Recurring Transaction

Chargeback Condition.

For China domestic transactions, one of the following:

1. The issuer previously charged back a disputed recurring transaction with the same PAN and merchant.
2. The issuer previously notified the merchant or acquirer to cancel the recurring transaction prior to the disputed transaction occurring.

For all other transactions, one of the following:

1. The issuer listed the account in the Payment Cancellation Service (PCS) prior to the disputed transaction occurring.
2. The issuer previously charged back a disputed recurring transaction with the same PAN and merchant.
3. The issuer previously notified the merchant or acquirer to cancel the recurring transaction prior to the disputed transaction occurring.

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Dual Message System Chargebacks
Issuer Dispute of a Recurring Transaction

Time Frame.

For China domestic transactions: Within 90-calendar days of transaction settlement date.

For all other transactions: Within 120-calendar days of the transaction settlement date.

Message Reason Code. One of the following:

- 4853 (Cardholder Dispute) for Dual Message System transactions and China domestic transactions
- 53 (Cardholder Dispute-Defective/Not as Described) for Debit Mastercard transactions processed on the Single Message System

The following message reason codes may continue to be used; however, they will eventually be eliminated. The following message reason codes must not be used for China domestic transactions.

- 4841 (Canceled Recurring or Digital Goods Transactions) for Dual Message System transactions
- 41 (Canceled Recurring Transaction) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents.

For China domestic transactions, one of the following correspond to the **Chargeback Condition**:

1. One of the following:
 - A new cardholder letter, email, message, or *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) stating that the merchant was notified of the cancellation before the disputed transaction.
 - The original cardholder letter, email, message, or *Dispute Resolution Form Cardholder Dispute Chargeback* (Form 1221) from the original chargeback disputing a recurring transaction stating that the merchant was notified of the cancellation before the disputed transaction.
2. Issuer certification letter stating that the merchant was notified of the cancellation before the disputed transaction.

For all other transactions, one of the following correspond to the **Chargeback Condition**:

1. None
2. One of the following:
 - A new cardholder letter, email, message, or *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) stating that the merchant was notified of the cancellation before the disputed transaction.
 - The original cardholder letter, email, message, or *Dispute Resolution Form Cardholder Dispute Chargeback* (Form 1221) from the original chargeback disputing a recurring transaction stating that the merchant was notified of the cancellation before the disputed transaction.
3. Issuer certification letter stating that the merchant was notified of the cancellation before the disputed transaction.

Message Text.

For China domestic transactions, include one of the following corresponding to the **Chargeback Condition** in comment field as documented in *China Switch User Guide – Customer Portal*:

1. CB **MMDDYY** NRN **XXXXXXXXXXXXXXXXXXXXXXXXXX**
2. None

For all other transactions, include one of the following corresponding to the **Chargeback Condition** in DE 72 (Data Record):

1. RPCS **MMDDYY**
2. CB **MMDDYY** ARD **XXXXXXXXXXXXXXXXXXXXXXXXXX**
3. None

Notes.

One of the following correspond to the **Chargeback Condition**:

1. Replace **MMDDYY** with the date the PAN was listed in the Payment Cancellation Service (PCS).
2. Replace **MMDDYY** with the date of the original chargeback for Cardholder Dispute of a Recurring Transaction (refer to the previous table) which contained the cardholder's letter, email, message or completed *Dispute Resolution Form* describing the cardholder's dispute. For China domestic transactions: Replace **XXXXXXXXXXXXXXXXXXXXXXXXXX** with the Network Reference Number (NRN) of the original chargeback for Cardholder Dispute of a Recurring Transaction.

For all other transactions: Replace **XXXXXXXXXXXXXXXXXXXXXXXXXX** with the Acquirer Reference Data (ARD) of the original chargeback for Cardholder Dispute of a Recurring Transaction (refer to the previous table titled **Cardholder Dispute of a Recurring Transaction**) which contained the cardholder's letter, email, message or completed *Dispute Resolution Form* describing the cardholder's dispute.

3. None

Addendum Dispute

An addendum dispute is the dispute of a separate transaction that occurs after a valid transaction involving the same merchant and the same cardholder.

Chargeback Condition. The cardholder contacted the issuer claiming all of the following:

- The cardholder engaged in a valid transaction with the merchant.
- A subsequent transaction occurred with that same merchant without the cardholder's consent.
- The cardholder contacted the merchant, or attempted to contact the merchant, to resolve

the dispute.

Merchant contact is optional when the cardholder is a corporate entity with a contractual relationship with the merchant and the transaction is for an amount in excess of what is specified in the contract. In such event the chargeback may be only for the amount of the excessive charge.

Time Frame.

For China domestic transactions: Within 90-calendar days of transaction settlement date of the disputed subsequent transaction.

For all other transactions: Within 120-calendar days of the Central Site Business Date of the disputed subsequent transaction.

Message Reason Code. One of the following:

- 4853 (Cardholder Dispute) for Dual Message System transactions and China domestic transactions
- 53 (Cardholder Dispute-Defective/Not as Described) for Debit Mastercard transactions processed on the Single Message System

The following message reason codes may continue to be used; however, they will eventually be eliminated. The following message reason codes must not be used for China domestic transactions.

- 4859 (Addendum, No-show, or ATM Dispute) for Dual Message System transactions • 59 (Services Not Rendered) for Debit Mastercard transactions processed on the Single Message System

Supporting Documents. A cardholder letter, email, message, or completed *Dispute Resolution Form-Cardholder Dispute Chargeback* (Form 1221) describing the cardholder's complaint in sufficient detail to enable all parties to understand the dispute. This means that the cardholder email, letter, message or completed *Dispute Resolution Form Cardholder Dispute Chargeback* (Form 1221) must document how each **Chargeback Conditions** was met.

When the cardholder is a corporate entity with a contractual relationship with the merchant and the transaction is for an amount in excess of what is specified in the contract, the contract must be provided when the merchant wasn't contacted in an effort to resolve the dispute.

Message Text. None