



# increase your resistance

How businesses providing lodging or accommodation can  
minimise the risk of losing money through chargebacks

# protect yourself

We know that receiving a chargeback can cause concern. We also know that there are certain types of chargeback you're more likely to receive as a hotel or business providing lodging or accommodation.

This guide goes through the issues your business faces and gives useful information about how to minimise the risk of chargebacks. It also tells you what you can do to help us defend you from a chargeback if you do receive one. It could help you save both time and money and help keep your business running smoothly.

## Important note

It should be noted that we can't guarantee Payment on any card transaction, particularly if the card wasn't present at the time of booking and at the time of check-out. Even if you carry out all of the recommendations in this document, you'll still be liable for any transaction should, at a later date, the genuine cardholder state that they neither participated in nor authorised the transaction.

Transactions accepted when the card isn't present are undertaken at your own risk.

## Common chargebacks to businesses like yours

The most common reasons why disputed transactions are charged back to companies like yours are:

- reservations are made using a card obtained by a fraudster who then doesn't arrive at the hotel. Often this is because the fraudster is using your reservation system to only check that the card is valid and that funds are available. They'll then use the card to fraudulently obtain goods from other retailers. The first time the genuine cardholder will be aware that their card has been used fraudulently is when they receive their card statement and they see they have been charged your no-show charge
- not replying to requests for information. Under Card Scheme rules, the Card Issuer is entitled to request details of any transaction. In most instances, they'd only require a copy of the final transaction receipt showing that the card was present at the time of the transaction and that it was authenticated by the cardholder, either by obtaining a signature or the PIN. In some instances, however, the Card Issuer may require a full breakdown of the charge. The request for information form we'll provide you with will give details of exactly what is required. Please make sure you reply to a request for information within 14 days of receipt. Failure to provide what's required may result in the Card Issuer charging the transaction back
- the merchant's Terms and Conditions differ to the Card Scheme rules and the cardholder has been debited with more than one night's no-show charge
- the cardholder didn't receive confirmation of the booking
- the cardholder disputes that they caused any damage to the room.

# what you can do to minimise the risk

## Advanced reservations

Wherever possible, the person requiring the accommodation/lodging should be asked to make the reservation themselves. In practice, however, the Card Schemes recognise that you may wish to accept

reservations from third parties/ agents or from a person acting on behalf of a cardholder, for example a secretary making a reservation for his/her manager.

**When you take reservations and the card isn't present (on the telephone, via your website etc) make sure you capture the following information:**

- the name of the caller
  - their direct dial telephone number (not a mobile number)
  - the name of the person(s) requiring the accommodation/lodging (if not the caller)
  - their expected arrival date and time
  - the number of nights they are expected to stay
  - the card number of the card they'll be paying with
  - the card's expiry date
  - the cardholder's name
  - the cardholder's **billing** address, telephone number and email address (if available).
- In addition, if the booking is for corporate purposes ask for:
- the caller's name and position in the company/organisation
  - the name of the company/organisation
  - the company's/organisation's switchboard telephone number.

# reservations by telephone

We recommend that you request the Card Security Code (the last 3 digits on the signature strip on the back of the card). This is mandatory for the advance deposit service.

If your reservation system allows you to check the Card Security Code then you can do this at the time of reservation. If you're using a terminal that can't check the Card Security Code then just asking for the code may deter potential fraudsters.

Additionally, you should discuss and agree the room rate and your cancellation policy. You must seek the caller's consent in accepting the cancellation policy. Once the caller has confirmed their acceptance then a reservation code should be issued.

If the reservation is made through a third party, for example a travel agent, ensure they advise the customer of your Terms and Conditions.

You should then request the caller confirms the reservation in writing (either by fax or mail – see page 6).

When taking the reservation, listen for any unusual activity, for example long pauses to any question when the answer should be obvious to the genuine caller.

# reservations by fax or mail

When you receive the fax or mail, make sure the reservation request looks genuine – for example if the reservation is for a company then check it's on genuine company headed paper.

The fax/mail should contain the same information as required for a telephone reservation except the Card Security Code shouldn't be quoted. The fax/mail also needs to confirm that the cardholder has accepted your cancellation policy.

Once you've made all these checks, you should telephone the sender of the fax/mail to confirm the reservation and card details. At the same time ask for the Card Security Code.

Ideally your acceptance of the reservation should also be sent in writing (either by fax or mail) to the organisation/company or individual together with a copy of your Terms and Conditions which should include your cancellation policy.

## **We recommend you think about the following:**

- does it look genuine?
- does it contain the organisation's/company's logo? If you received the reservation by mail, is the logo in the correct corporate colours?
- does it contain a switchboard telephone number? Call the sender on this number and ask for them to check it's genuine. The switchboard operator should announce the company name on answering
- does it contain a registered address (for Ltd and PLC companies)?
- is it signed by someone in authority?

# reservations via the internet

If you're taking reservations through the internet then we strongly recommend you obtain the same information as listed in the 'Reservations made by telephone' section.

You should make sure your Terms and Conditions are clearly displayed and that the cardholder has to accept the Terms and Conditions before they proceed to Payment, by clicking in a tick box, for example. We also suggest that you email the cardholder with confirmation at the time that the booking is made.

We strongly recommend that you make sure your website allows 3D Internet Authentication. This additional service available from us allows you to confirm that the reservation is being made by the genuine cardholder. We can either make the service available as part of your existing website or alternatively you can use our own ePDQ product as your Payment service provider (PSP). For more details on ePDQ, please visit our website at

[www.barclaycard.co.uk/business/existing-customers](http://www.barclaycard.co.uk/business/existing-customers)

**To make sure the reservation is from a genuine customer, we also recommend you:**

- set-up your reservation system (or invest in a standalone PC solution) to check out the billing and company address by comparing it to the Royal Mail address. Visit Royal Mail's website at [www.royalmail.com](http://www.royalmail.com) for details of products
- check the electoral roll. Companies like Equifax can do this and will charge for each search. Alternatively, you can buy electoral roll software
- check the Yellow Pages or BT Telephone Directory to see if the customer is listed and ring the customer.

# reservations made through a third party

You're still responsible for all reservations made through a third party.

A reservation can be cancelled directly through your hotel, or through the third party agent. It's your responsibility to

make sure that all cancellations made through a third party agent are provided to you by the agent.

# advanced lodging deposit

If an advanced lodging deposit is taken, then, under the Visa and MasterCard rules, this is the only amount you're allowed to debit the customer. You will also forfeit your right to charge for one night's no-show Payment.

If you operate a no-refund policy then this must be made clear to the cardholder at the time of the reservation. If you agree to a refund then you must ensure you make the refund to the same card used for the original booking. Under no circumstances must you make the refund by cash, cheque or any other Payment means.

A Maestro card can be accepted for Payment only when the cardholder is present as the card must be processed electronically using the magnetic stripe or embedded chip.

Telephone reservations may be permitted for domestic transactions in the UK, France and ROI.

# cancellation policy

Any cancellation policy your business has must be clearly communicated at the time of the reservation. The customer must be asked whether they accept the policy and asked to confirm that they do.

Your cancellation deadline should be no earlier than 72 hours before the guest is expected to arrive.

If a reservation has been made within 72 hours of the expected arrival time, the cancellation deadline will be 6.00pm on the arrival date. If you require cancellation before 6.00pm, you must mail your cancellation policy to the cardholder.

If the cardholder cancels the reservation within the time frame detailed in your cancellation policy then you should issue the cardholder with a cancellation code and keep a note of this for your records.

If your cancellation policy differs from the above, you're at risk of receiving a chargeback.

Please note that you can only enforce the cancellation policy when the customer has used a Visa, MasterCard or JCB card to make the booking. Visa Electron cards don't allow charges to be made for hotel cancellation charges.

# arrivals/check-in

When your guest arrives you should ask to see their card and ask them to complete a Hotel Registration Form.

If your policy is to allow for additional items to be charged to the room at departure (e.g newspaper charges and restaurant bills) then the Hotel Registration Form should stipulate this. You should check the signature on the Hotel Registration Form to make sure it matches the signature on the reverse of the card.

You should also carry out the usual visual checks of the card to ensure it's genuine, for example check the hologram, make sure the signature strip has not been tampered with.

You may then wish to carry out the pre-authorisation procedure (see page 12).

## Overbooking

If the guaranteed accommodation is not available when the guest arrives, you must at least provide the following at your own expense:

- comparable accommodation at a hotel of at least equal quality for one night
- transportation to that establishment
- forwarding of all messages and calls to the establishment
- a three-minute telephone call.

# no-show

If the cardholder doesn't cancel the reservation and doesn't arrive at your hotel or guest house on the stipulated day then at the normal check-out time the following day you may charge one night's stay to the card given at the time of the reservation.

You should send a copy of the transaction receipt together with a copy of your Terms and Conditions to the cardholder at the billing address given. The words 'No-show' must be clearly written in the space where the cardholder would normally sign the transaction receipt. The transaction receipt should also clearly show the card number, expiry date and cardholder's name.

It must be noted, however, that if the genuine cardholder later claims that they never made the original reservation then the transaction may still be charged back. We would be unable to defend such chargebacks regardless of whether it related to a 'No-show' charge or not.

Although you can still offer to hold a room for a customer who is paying with a Maestro card, you can't debit the card for one night's lodging if the customer doesn't arrive.

# pre-authorisations

Pre-authorisation allows you to estimate the final bill and reserve those funds on the card account while the guest is staying with you.

Pre-authorisation isn't supported on Maestro cards. Instead we recommend you get full Payment for the expected number of nights' stay from the guest when they check in. If the customer then unexpectedly decides to check out early, you should refund the difference.

- The Operating Guide for your terminal has instructions on how to perform pre-authorisation. Please note that this can include undertaking a pre-authorisation using a Chip and PIN-compliant card. The cardholder will be required to input their PIN number at the time of the pre-authorisation to authenticate they are the genuine cardholder.
- Estimate the final amount and obtain authorisation.
- Advise the guest how much you have pre-authorised as this will reduce the funds they have available on their card. Explain to the guest that no charge has actually been made at this point.

It's unlikely that the final bill will be exactly the same as the pre-authorised amount.

## departures/check-out

If the final bill is within 15% of the pre-authorized amount, you can process the transaction using the authorisation code provided during the pre-authorisation procedure.

If the final bill has increased by more than 15% of the pre-authorized amount, you'll need to obtain another authorisation code for the difference.

Always make sure that you keep an accurate record on the guest's files of all authorisation codes obtained including dates and amounts.

## express check-out/priority check-out service

If your hotel operates an Express Check-out service then please be aware that we may be unable to defend you from a chargeback should, at a later date, the genuine cardholder deny making any/some of the final bill.

# extended stays

We strongly recommend that you don't allow your guests to stay for more than two weeks without settling their bill.

Guests staying for more than two weeks should be asked to pay the current total due. Ideally, this should be by handing over their card for Payment or, failing that, by obtaining Payment using the card details provided at the time of check-in (although there's a risk that this amount could be disputed at a later date if no signature or PIN is obtained).

If the current bill is more than 15% of the pre-authorized amount obtained at check-in, you'll need to obtain a further pre-authorization code for the remainder of the stay.



# processing delayed or amended charges

You may charge a cardholder for additional charges levied after the cardholder has checked out, for example room charges, mini bar charges and breakfast on the last day. However, the cardholder must have given prior consent to incur such charges.

Delayed or amended charges must be processed to the cardholder's account within 90 calendar days of the date of the previous transaction to which these delayed or amended charges relate.

Please send a copy of the transaction receipt with the words 'Signature on file' in the cardholder signature box. In addition, please send a copy of the Hotel Registration Card clearly showing the cardholder's signature and showing that they accepted any additional charge may be charged to a specific credit card account.

**Please note:** You may not process charges for damage to the room. Also, to apply additional charges to a MasterCard, a separate cardholder-signed authority must be obtained by processing a card present transaction. If the charge is disputed later, this will be required as proof that the cardholder knowingly authorised the additional charge.

**Important:** We recommend that additional charges are processed separately, with the cardholder's authority. This will help safeguard you from the total bill, including accommodation, being charged back.

# defending you against chargebacks

If you do find you receive a chargeback, we may be able to defend you against it if you can give us the appropriate evidence.

## Reason codes Visa 83, MasterCard M37 and Maestro 37

These codes mean the cardholder denies participating in or authorising a transaction that's been processed to their account.

We'll need you to provide us with evidence that the cardholder participated in the transaction and/or is accountable for the charge. This includes:

- transaction details to show that the customer name matches the cardholder name
- an invoice of the transaction and signed Hotel Registration Form to show the booking was fulfilled
- if it was a card present transaction, a signed and swiped voucher or imprinted and signed voucher with the keyed receipt if the card was present
- details of a refund processed to the cardholder's account (do not refund the cardholder after a chargeback notification).

## Reason code Visa 30 MasterCard 55

This code means the cardholder hasn't received goods or services that they've paid for.

You'll need to provide us with evidence that the goods or services were received by the cardholder.

We'll need:

- evidence that the accommodation booking was fully utilised
- comments which address the cardholder's issues, supported by Terms and Conditions
- any correspondence between your hotel and the cardholder
- the confirmation invoice of booking
- the signed Hotel Registration Form
- evidence to show that the cardholder gave prior consent to additional charges.

If the booking was a no-show or wasn't cancelled, please provide the following:

- proof the booking was confirmed and not cancelled
- your Terms and Conditions which state your cancellation and no-show policy
- details of a refund processed to the cardholder's account (do not refund the cardholder after a chargeback notification).

# defending you against chargebacks

## Reason code MasterCard 59

The issuer may dispute a chargeback under this code because:

- the cardholder is disputing additional charges not appearing on the final bill
- the cardholder has been charged a no-show fee.

We'll need evidence that the goods or services were received by the cardholder. You'll need to show us:

- comments which address the cardholder's issues, supported by Terms and Conditions
- any correspondence between your hotel and the cardholder
- the confirmation invoice of booking
- a copy of your cancellation policy
- for additional charges, evidence that the cardholder agreed to additional charges being processed to their account
- details of a refund processed to the cardholder's account (do not refund the cardholder after a chargeback notification).

## Reason codes Visa 82 and MasterCard 34

These codes mean that the cardholder's account has been debited twice for one transaction.

To defend these codes we'll need evidence that there was no duplication and two separate transactions did take place. You'll need to give us the following:

- full details of both transactions
- proof of two separate bookings
- two signed and swiped vouchers
- details of a refund processed to the cardholder's account (do not refund the cardholder after a chargeback notification).

## Reason code Visa 75 and MasterCard 63

These codes mean that the cardholder doesn't recognise all or part of the transaction details.

We'll need evidence of all the details of the transaction so the cardholder can see if they recognise it. This includes:

- full details of the transaction including the merchant name, merchant location, the date of the transaction and the amount of the transaction
- a signed and swiped voucher or an imprinted voucher
- details of a refund processed to the cardholder's account (do not refund the cardholder after a chargeback notification).

# in conclusion

If a transaction is disputed at a later date, it's imperative that you provide all of the information you hold on your records as detailed in this document. We'll do everything we can to defend chargebacks on your behalf if you provide us with the necessary compelling evidence.

For more information, please take a look at our booklet, 'Your introduction to chargebacks and retrievals', call us on **01604 614 012\*** or visit **[www.barclaycard.co.uk/business/existing-customers/chargebacks](http://www.barclaycard.co.uk/business/existing-customers/chargebacks)**

Please ensure that all card data is protected in accordance with the Payment Card Industry Data Security Standard (PCI DSS). For further information see: [www.barclaycard.co.uk/pcidss](http://www.barclaycard.co.uk/pcidss) or [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)

This information is available in large print,  
Braille or audio format by calling **0844 811 6666.\***

\*Calls may be monitored and/or recorded to maintain high levels of security and quality of service. Calls to 0844 numbers will cost no more than 5.5p per minute, minimum call charge 6p (current at December 2011).

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Registered No. 1026167. Registered Office: 1 Churchill Place, London E14 5HP.  
BCD111605BROB6. Updated: 12/11. 24366BD.