



# increase your resistance

How vehicle rental companies 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 which you're most likely to receive as a vehicle rental company.

This booklet 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 keep your business running smoothly.

## Common chargebacks to businesses like yours

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

- the cardholder states they didn't authorise or participate in the original rental
- the cardholder disputes repair costs or that any damage was made to the vehicle
- the cardholder doesn't accept liability for a congestion charge or parking fine.

To help protect yourself from chargebacks like these, follow the processes on the next page. You'll then have the best defence against any chargebacks.

# how you can minimise the risk of chargebacks

## Reservations

### 1. Take as much information as you can

When you take reservations and the card isn't present, e.g. on the telephone or via your website, make sure you capture the following information:

- the name of the caller
- their direct telephone number (not a mobile number)
- the name of the person(s) requiring the vehicle (if not the caller)
- the number of days they will hire the vehicle for
- the expected collection date and time
- the card number of the card they'll be paying with
- the 'valid from' date of the card
- the card's expiry date
- the cardholder's name
- the cardholder's billing address, telephone number and email address (if available).

We'd also recommend you:

- set up your reservation system (or invest in a standalone PC solution) to check 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.

# how you can minimise the risk of chargebacks

## 2. Provide the cardholder with written vehicle rental information

To reduce the risk to your business, you should inform the cardholder in writing (even if the transaction is taken via the internet) of the following:

- reserved car rental rate
- the currency of the transaction
- the exact name and physical address of the location from where the car is to be collected
- the expected collection date and time
- the number of days they're expected to hire the vehicle.

You should also post them a copy of the rental agreement including the Terms and Conditions.

Note: If a vehicle guaranteed under the Visa car rental reservation service is unavailable, you must provide the cardholder with an equivalent vehicle or an upgrade to a superior vehicle at no extra charge.

## 3. Explain your cancellation and no-show policy

Make sure you inform the cardholder, in writing, of your cancellation and no-show policy and procedures when they make a reservation. Specifically, that they'll be billed a no-show transaction up to the value of one day's rental at the reserved rental rate if they haven't:

- collected the car within 24 hours of the collection time or
- cancelled the reservation properly in accordance with your company's cancellation policy, which you will have communicated to them as part of the reservation confirmation.

You must also tell the cardholder, in writing, the value and currency of the fee that will be billed to them in the event of a no-show.

#### **4. Explain your policy on confirmation receipts**

You should advise the cardholder when they make a reservation that they can request a confirmation receipt when they return the vehicle during the outlet's hours of business.

This receipt confirms the condition of the vehicle and is mutually agreed between your staff and the cardholder when they return the vehicle. As part of the reservation, you must provide the cardholder with written confirmation about whether they've opted to receive a confirmation receipt when they return the vehicle.

#### **5. Provide the cardholder with written confirmation of their reservation**

Always provide the following, in writing, to the cardholder:

- the account number
- the card's expiry date
- the cardholder's name as it appears on the card
- the confirmation code (the cardholder should be advised to keep this code for reference and in case of any queries or disputes)
- the exact physical address of the location from where the car is to be collected
- the hours the collection and return outlet operates, the cancellation policy and procedures.

# how you can minimise the risk of chargebacks

## Recommendations for telephone reservations

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

## Recommendations for internet reservations

Transactions made through the internet are effectively card not present transactions and so they're more likely to result in a chargeback. Because of this, it's in your own interests to process transactions with the card present, where possible.

If you do take online Payments you should make sure that 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 also 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, [www.barclaycard.co.uk/business/existing-customers](http://www.barclaycard.co.uk/business/existing-customers)

# cancellation policy

As you probably know, you can't require cancellation notification more than 72 hours prior to the scheduled collection time and date of booking.

And if the cardholder makes a reservation within 72 hours of the scheduled pick-up date, the cancellation deadline must be no earlier than 18.00 hours on the scheduled pick-up date.

If a cardholder makes a reservation through a third-party agent, they may cancel the reservation either directly through you, or through the third-party agent. It's your responsibility to make sure that all cancellations made through a third-party agent are supplied to you.

## Follow the process below if a cardholder cancels a car rental reservation:

### 1. Give the cardholder the cancellation code

When you contact the cardholder you should:

- provide the cancellation code
- advise the cardholder to keep the code in case of any queries or disputes.

### 2. Provide the cardholder with the necessary information

Provide confirmation of the cancellation, in writing, to the cardholder within five business days of the cancellation.

If your cancellation policy differs from the above, you're at risk of receiving a chargeback, so it's worth your while to align your policy with what we've outlined here.

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 and Maestro cards do not allow charges to be made for vehicle rental cancellation charges.

# handling unclaimed or no-show rentals

If a cardholder has not claimed the car or cancelled the car rental reservation by the specified time, you must keep the car available according to the reservation for 24 hours from the collection time.

**If the car remains unclaimed by the cardholder, you can process a no-show transaction as detailed below:**

**1. Complete the sales draft**

Complete all the sections of the sales draft, write "no-show" on the signature line of the transaction receipt and complete an electronic keyed transaction.

**2. Obtain electronic authorisation**

Obtain electronic authorisation if the amount exceeds their floor limit, or if a Visa Electron card is used.

**3. Keep the terminal receipt**

Attach the terminal receipt to the rental agreement and keep them for your records.

**4. Send the cardholder a copy of the terminal receipt**

A copy of the receipt showing the no-show transaction should be sent to the cardholder for their records.

# authorisation

Authorisation confirms that the cardholder's account is valid and has sufficient funds available at that time. Authorisation also helps protect you against fraudulent card use.

It's in your best interests to authorise every transaction. Please be aware that unfortunately authorisation doesn't guarantee Payment.

# estimated authorisation

The estimated authorisation procedure allows you to estimate the final transaction amount and receive the protection of an authorisation when the cardholder collects the vehicle.

## Estimating the final transaction amount

When the cardholder collects the car, estimate the amount required for authorisation.

This may be based on one or more of the following:

- the cardholder's intended car rental period
- your rental rate
- the applicable tax
- your mileage rates.

# estimated authorisation

## Important note

The Card Schemes don't allow any charges for damage or loss of the vehicle to be included in estimated authorisations. Nor do they allow car rental companies to place a charge or deposit against the cardholder for potential damage or loss of the vehicle.

The final transaction amount can be up to 15% more than the sum of the estimated authorisations. For example, an estimated amount of £1,000 at vehicle collection is valid for a final transaction amount of £1,150. You don't need to seek authorisation for the additional £150, providing that £1,150 is still below your floor limit. If in doubt, you're advised to seek authorisation.

Estimated amounts may be updated as often as necessary, up to and including the date the vehicle is returned. Each additional authorisation request must not include previously authorised amounts.

This procedure isn't supported on Maestro cards. If you accept these cards for Payment, we recommend you get full Payment when the vehicle is collected for the expected value of the hire. In these circumstances always take Payment by completing the 'Customer Present' procedure, making sure that all the necessary checks are made. If the customer then unexpectedly decides to reduce the length of hire, you should refund the difference immediately.

# extended hire

We recommend that you don't allow your customer to hire the vehicle for more than two weeks without settling their bill.

Hirers who want to extend the lease after they've had the vehicle for two weeks should be asked to pay the current total due. Ideally, you should take the Payment when the cardholder is present and can hand over their card

for Payment, or failing that by using the card details provided at the time of the original booking – although there is a risk that this amount could be disputed at a later date if no signature or PIN is obtained.

# processing an express return

**In order to offer an express return option to customers, you must:**

- have a valid express return contract with your acquirer
- have a valid express return agreement with each participating cardholder
- honour all cards that you're required to accept in accordance with your express return contract.

# processing an express return

## At the time of vehicle collection/pick-up

### 1. If the cardholder requests an express return option, make sure you get the following information:

- the card number
- the card's expiry date
- the cardholder's name as it appears on the card
- the cardholder's postal address (so you can send them a copy of the bill).

### 2. Provide the cardholder with the necessary information

Give the cardholder a copy of the express return agreement and inform the cardholder in writing of your policy regarding any charges discovered after they return the vehicle.

### 3. Check the agreement

Once the cardholder has completed and returned the express return agreement, check that:

- the agreement is signed
- the card number on the agreement matches that on the authorisation
- the cardholder's billing address is included.

## At the time of vehicle return

### 1. Calculate the final total bill amount

After the cardholder has returned the car, calculate the total charges incurred during the rental period, including any permitted additional charges. Complete the sales draft.

### 2. Determine whether further authorisation is needed

Compare the final total bill amount with the total amount of authorised estimates.

- If the final bill amount is less than the sum of all authorised amounts plus 15%, no further authorisation is required.
- If the final bill amount is more than 15% of the total of all previous authorised amounts, authorisation is required for the difference.
- If no authorisation was previously obtained, authorisation is needed for the full amount.

### **3. Process the card Payment**

If authorisation is needed, enter the card details using the key pad. The request is then either:

- approved – the authorisation code is printed on the terminal receipt
- declined – contact the cardholder at the address provided to request another form of Payment.

Attach the terminal receipt to the express return agreement and keep it for your records.

### **4. Mail the receipt to the cardholder**

If the cardholder has used the express return facility, you should mail the following items to them

within three days from the date that the car was returned:

- a completed sales draft showing the final amount with the words 'signature on file' on the signature line, or a printout of the Visa billing
- the itemised bill
- a copy of the signed express return agreement
- a confirmation receipt confirming the condition of the car, including any damages. This must be sent to the cardholder within five days from the date that the car was returned.

### **5. File your copy of the documentation**

Keep a copy of the itemised billed and signed express return agreement for a minimum of eighteen months after the transaction date, or longer if your acquirer contract or local law dictates, in case of customer queries or disputes.

# processing delayed or amended charges

You may charge a cardholder for additional costs discovered after the vehicle has been returned – for example parking tickets or damage. 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.

It's important that you adhere to the requirements set out in this section to prevent customer queries and disputed transactions.

**Important:** We recommend that additional charges, such as those to cover damages, are processed separately, with the cardholder's authority. This will help to safeguard you from the total vehicle rental costs being charged back.



# processing delayed or amended charges for damage

## At the time of reservation

### 1. Provide the cardholder with the necessary information

Explain your policy on confirmation receipts when the cardholder makes a reservation.

Specifically, you must advise the cardholder when they make a reservation that they can request a confirmation receipt when they return the vehicle during the outlet's hours of business. This receipt confirms the

condition of the vehicle and is mutually agreed between your staff and the cardholder when they return the vehicle.

Additionally, as part of the reservation, you must provide the cardholder with written confirmation about whether or not they've chosen to receive a confirmation receipt when they return the vehicle.

## At the time of vehicle collection/pick-up

### 2. Obtain consent from the cardholder for delayed or amended charges

Get prior consent from the cardholder to incur delayed or amended charges as part of the car rental agreement.

# processing delayed or amended charges for damage

## At the time of vehicle return

### 3. Provide the cardholder with a written confirmation receipt

When the cardholder returns the vehicle during your outlet's hours of operation, your staff must be able to provide the cardholder with written confirmation of all of the following on request:

- The visible damage status of the rented car when it's returned

If there is no visible damage to the rental vehicle upon return, this must be clearly stated on the written confirmation receipt. You cannot then process a delayed or amended charge for any visible damage to the rented car.

- The fuel status of the rented car when it's returned

If there are no extra fuel charges upon return, this must be clearly stated on the written confirmation receipt. You can't then process a delayed or amended charge for extra fuel.

- The date and time of the return

If there are no extra charges as a result of extended rental time, this must be clearly stated on the written confirmation receipt. You can't then process a delayed or amended charge for extra rental time.

#### **4. If damage to a rental vehicle is discovered after the cardholder has left the rental location**

If you later find a vehicle is damaged you'll need to provide the following in writing to the cardholder within ten business days of the return date of the vehicle:

- details of the damage
- an estimate of the cost of the damage from the company carrying out the repairs
- the currency in which the cost of the damage will be charged to the cardholder.

The cardholder can provide written confirmation of an alternative estimate for the cost of the damage, and has ten business days from receipt of the original cost estimate from your organisation to do this.

You must wait 20 business days from the date your original written confirmation for the cost of damages was provided to the cardholder before processing a delayed or amended charge relating to the damage specified. This 20-day period allows for the completion of both cost estimate stages (of ten days each) detailed above.

#### **5. Decide whether you can agree the cost of the damage**

You may come to an agreement with the cardholder on the cost of the damage before the delayed or amended charge is made to their card. If no such agreement is reached and you process a delayed or amended charge for the cost of the damage, the cardholder retains the rights to dispute the charge.

# processing delayed or amended charges for damage

## 6. Process the delayed or amended charge

When you process the transaction you'll need to keep the documentation. If there's a dispute we'll need all the following:

- a copy of the rental agreement
- an estimate of the cost of the damage from an organisation that can legally provide reports
- the relevant civil authority's accident report (if applicable)
- documentation showing that the cardholder has consented to the delayed or amended charge transaction to cover damages to a rental vehicle. This consent must be shown either:
  - by the cardholder's signature on the same page as, and close to, the description of the charges that may be covered by the delayed or amended charge transaction
  - by the cardholder's signature on the agreement and the cardholder's initials on each page

of the agreement where the cardholder's signature isn't set out on the same page as the description of the charges which may be covered by the delayed or amended charge transaction

- any other documentation demonstrating the cardholder's liability for the damage
- a copy of your organisation's insurance policy (if your organisation requires the cardholder to pay an insurance deductible for damages) and a copy of the car rental agreement showing that the cardholder consents to be responsible for the insurance deductible.

### Important note

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.

# 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.

## chargeback reason codes and how they can be defended

### Reason codes Visa 75 and MasterCard 63

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

We'll need you to provide us with evidence of all the details of the transaction and all documents relating to the rental will need to be provided. This includes:

- a copy of the signed/imprinted rental agreement
- a breakdown of the rental charges
- a breakdown of the repair costs from the company that carried out the damage repairs (if applicable)
- the accident or police report (if applicable)
- the local authority notification or traffic offence documentation (if applicable)
- for international cases, an English translation of each of the above.

## Reason code Visa 83

This code means the cardholder denies participating in or authorising a transaction that's been processed to their account.

You'll need you to provide us with evidence that the cardholder participated in and/or is accountable for the charge. You'll need to send us:

- a copy of the signed/imprinted rental agreement
- a breakdown of the rental charges
- a breakdown of the repair costs from the company that carried out the damage repairs (if applicable)
- the accident or police report (if applicable)
- the local authority notification or traffic offence documentation (if applicable)
- for international cases, an English translation of each of the above.

## Reason code MasterCard 37

This code means the cardholder denies participating in or authorising a transaction that's been processed to their account.

You'll need to provide us with evidence that the cardholder participated in and/or is accountable for the charge, including:

- a copy of the signed/imprinted rental agreement
- a breakdown of the rental charges
- a breakdown of the repair costs from the company that carried out the damage repairs (if applicable)
- if theft, loss or damage charges have occurred, you must also provide a separate signed and swiped or imprinted voucher
- the accident or police report (if applicable)
- the local authority notification or traffic offence documentation (if applicable)
- for international cases, an English translation of each of the above.

## Reason code MasterCard 59

This code means that the cardholder is stating that they didn't authorise an addendum charge, you'll need to send us evidence that the cardholder is liable for any additional charges relating to the rental. We'll also need:

- a copy of the signed/imprinted rental agreement
- a breakdown of the rental charges
- a breakdown of the repair costs from the company that carried out the damage repairs (if applicable)
- should theft, loss or damage charges have occurred, you must also provide a separate signed and swiped or imprinted voucher
- the accident or police report (if applicable)
- the local authority notification or traffic offence documentation (if applicable)
- for international cases, an English translation with each of the above.

## 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 send us evidence that the cardholder did receive the services. This would include:

- a copy of the signed/imprinted rental agreement
- a breakdown of the rental charges
- a breakdown of the repair costs from the company that carried out the damage repairs (if applicable)
- the accident or police report (if applicable)
- the local authority notification or traffic offence documentation (if applicable)
- for international cases, an English translation of each of the above.

## Reason codes Visa 82 and MasterCard 34

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

To defend these codes we'll need evidence that each of the transactions processed to the cardholder's account were valid. We would require the following for each of the transactions:

- a copy of the signed/imprinted rental agreement
- a breakdown of the rental charges
- a breakdown of the repair costs from the company that carried out the damage repairs (if applicable)
- the accident or police report (if applicable)
- the local authority notification or traffic offence (if applicable)
- for international cases, an English translation of each of the above.



## 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 614012\*** 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). The price on non-BT phone lines may be different.

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