Chargebacks Explained

Card Not Present:

You may receive a chargeback for card not present disputes for different scenarios – the 2 main reasons are explained below:

Explanation of Card Not Present Chargebacks

By processing a payment when is the card is not present you are unable to carry out the necessary checks on the card that is possible when a card is present. Therefore a payment taken this way will always carry a risk of a chargeback.

In a face to face situation, your terminal is able to carry out the necessary checks on the card and, of course, the transaction will be verified by the input of the cardholder's PIN. When the card is not present, you are unable to confirm whether your customer is the genuine owner of the card details they have given you.

In most instances of CNP fraud, the genuine cardholder is still in possession of their card, and only become aware of the fraudulent activity when they check their account or statement.

Details of accepting CNP transactions and the associated risks can be found in your procedure guide that you would have received on joining Barclaycard Acquiring and can also be found on this website.

Regrettably, any chargebacks are valid under Card Scheme rules and regulations. Under these rules, that all credit card companies have to abide by, if a cardholder disputes a payment as fraud on their statement where the transaction has been processed as card not present, the card issuing company have the right to charge the transaction amount back to the retailer.

Card Not Present (Internet transactions)

Please refer to the Explanation of Card Not Present Chargebacks above and additional information below.

Whilst card not present fraud is difficult to defend, as your business operates in the ecommerce sector you do have the option of processing transactions using 3D Secure Authentication.

Whilst this will not always be able to prevent fraud, it may shift the liability from your business to the card issuer.

Card Present Transactions (Signed & Swiped)

There may be times when you are presented with a PIN enabled card but have had reason to process the transaction as Signed & Swiped through your terminal.

When taking a Chip & PIN enabled card, the PIN should always be entered onto the key pad to verify the card and the transaction. Your terminal will instruct you if you should process the card by an alternative method, however if you do process a PIN enabled card, without the cardholder inputting their PIN, the transaction is processed using the lowest form of technology and therefore there is a risk of chargeback.

However, cards issued in some foreign countries do not have the PIN facility and therefore there is no option other than to swipe the card. If the card is not PIN enabled, we may be able to attempt to defend any fraudulent chargeback on receipt of a copy of the signed & swiped voucher.

If you choose to change the method of processing the card, which contradicts the instruction from your terminal, you are overriding the security features inbuilt to the card and this will allow customers to use fraudulent cards at your terminals.

If a payment card does not process in agreement with your terminal instructions, you should ask the customer for another form of payment.

Whilst we cannot always defend this type of chargeback, if you can provide us with a copy of the signed & swiped voucher we can review each on its own merit.

Authenticated Transactions on Corporate Cards

3D Secure Authentication shifts the liability of fraud chargebacks if the transaction is fully authenticated or authentication has been attempted.

Any transaction on a Visa card issued in the United States must be fully authenticated for the liability to shift to the card issuer.

If our records show that Authentication on this transaction was 'attempted' only and for this type of card, a chargeback may follow as full authentication must be obtained for the fraud liability to shift to the card issuer.

Unfortunately, any chargeback that you have incurred for this reason is valid under Card Scheme rules and regulations.