Global chargeback volume reached 615 million in 2021, according to Mastercard. For merchants, chargebacks mean hefty fees, lost merchandise and increased overhead. Card-not-present transactions present a particular challenge, as there’s no opportunity to resolve issues in person when a sale is made. But there are steps you can take to minimize and effectively manage chargebacks.

1. **Be recognizable and accessible**
   - Make your billing descriptor easy to recognize so customers won’t think it’s a fraudulent charge when they look at their statement
   - Ensure that people know how to contact you: Put customer service number, website and social media channels on receipts

2. **Ensure that people know your policies before they buy**
   - Chargebacks are sometimes seen as an easy way to return a product, so make cancellation/return information readily understandable and prominent
   - Communicate terms and conditions for services, and use “I agree” or “Acknowledgment” checkboxes to ensure your customer sees them
   - Set out your guarantee policy
   - Have clear steps that customers should take if they are dissatisfied, and make sure you have an internal process set up

3. **Communicate with customers — and document that you did**
   - Provide prompt billing confirmation
   - Give clear expectations about delivery time frames
   - Send updates when an order has shipped or if there is a delay in shipping
   - Send updates when the order has been delivered, and who it was delivered to, if possible
   - Be available: Answer the phone and emails, and check social media accounts

4. **Be consistent, fast and fair**
   - Issue refunds and credits quickly
   - Educate staff on complaint procedures
   - If you’re not issuing a refund, provide a detailed explanation of your decision
   - For damaged or defective merchandise, ensure that repairs or exchanges are done quickly and to the customer’s satisfaction

75% of eCommerce merchants saw an increase in fraud attempts in 2021

Source: Statista.
7 TIPS FOR PREVENTING CHARGEBACKS: BEST PRACTICES FOR CARD-NOT-PRESENT TRANSACTIONS

5 Protect against fraud
- Use standard cardholder information, available to everyone, to verify transactions
- Ask for enhanced cardholder information like Card Verification Codes (CVV)
- Use Address Verification (AVS) services, as well as services like 3D Secure and Enhanced Authorization
- Verify any transactions that seem out of the ordinary or are over a preset amount

6 Devise processes that make it easier to challenge chargebacks
- Agree on a set of rules. For example, you may decide to write off amounts under $250 (reflecting the fees involved in contesting a chargeback) and focus on larger sales
- Consider whether you need specific rules for different chargeback categories, directing resources to areas where there’s the best chance of recovering money

7 Use all the tools at your disposal
- Talk to your banking partner and credit card providers about tools and software to help automate and manage chargebacks
- Treat chargebacks like any other fraud, looking for patterns and staying vigilant