



Payments Dispute Management Guide

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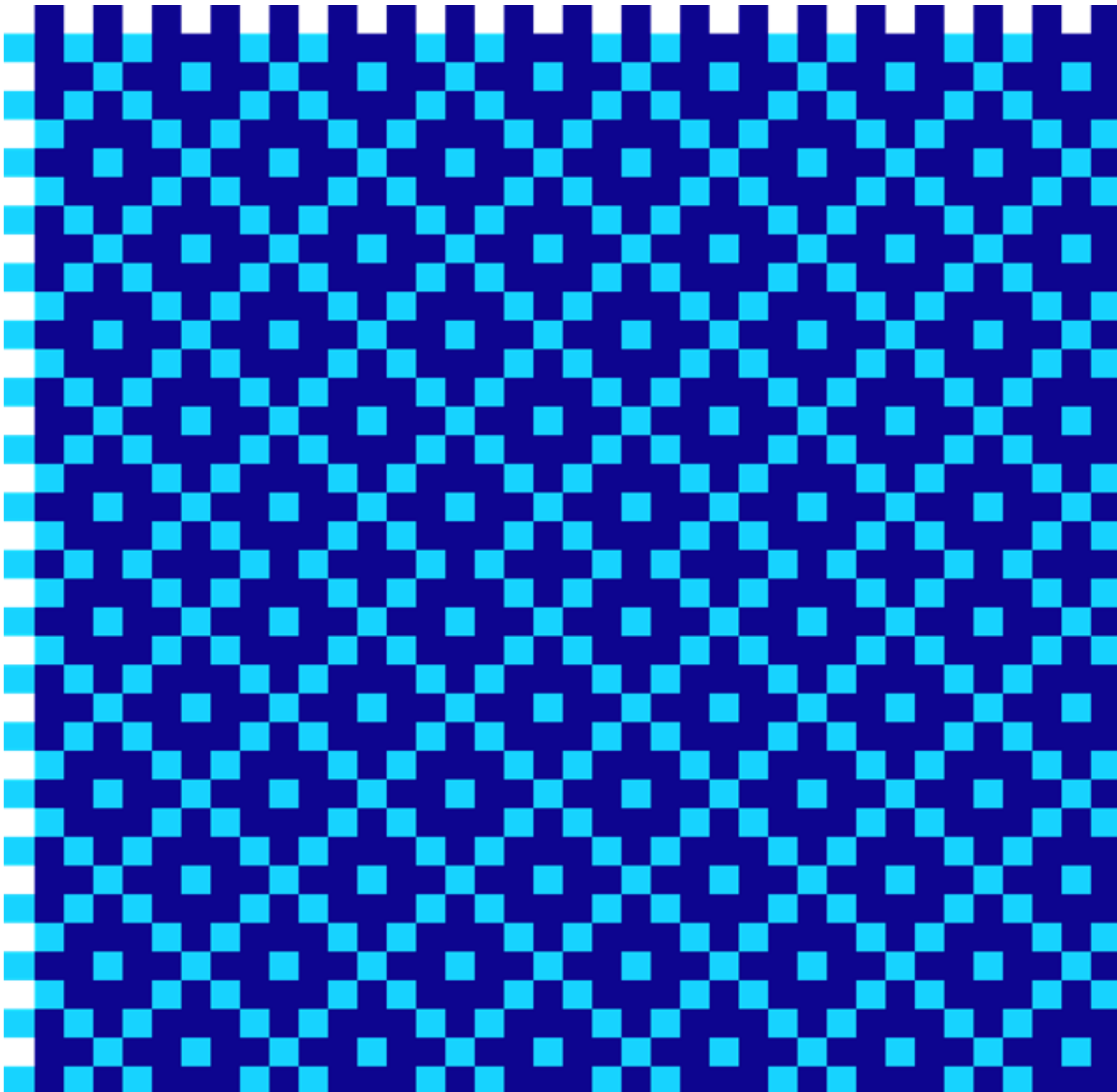
For the latest technical documentation, see the [Documentation Portal](#).

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About This Document

This guide describes the payments dispute management process and howThreddsupports chargeback management. It also describes the new Case Filing process to raise any pre-arbitration or arbitration requests to Mastercard.

Document Scope

This guide describes chargebacks as processed and handled viaThredd, and Case Filing.

Target Audience

This guide is intended forThreddclients (Program Managers) who are interested in managing chargeback transactions and Case Filing.

What’s Changed?

If you want to find out what's changed since the previous release, see the [Document History](#) section.

How to use this Guide

- If you are new to dispute management and want to understand how it works, see the [Overview](#) section.
- To find out about the chargeback management options supported byThredd, see[Chargeback Options](#).
- To find out about how to manage your chargebacks via Smart Client, see [Managing Chargebacks on Smart Client](#).
- To find out about Case Filing and how to manage these via Smart Client, see [Case Filing](#).

Related Documents

Refer to the table below for other documents which should be used in conjunction with this guide.

| Document | Description |
|---|---|
| EHI Guide | Provides details of theThreddExternal Host Interface (EHI). |
| Smart Client Guide | Describes how to use theThreddSmart Client to manage your account. |
| Transaction XML Reporting Guide | Describes the structure and contents of theThreddTransaction XML reports. |



1 Payments Dispute Management Overview

You should provide a means for cardholders to contact you to query any payments taken out of their account (e.g., by providing a call centre number printed on the back of their card or a ticketing system to log issues).

The cardholder may dispute a payment for a number of reasons, for example: they may not recognise the payment, the payment amount may be incorrect or the goods or services they paid for were not received or not as advertised. You can look up payment transaction details in Smart Client, using the transaction date, card number/Thredd public token or other filters to find the transaction you are looking for. See [Showing Transactions for a Card](#).

In all instances, the cardholder should first contact the merchant to attempt to resolve their issue, for example, by asking the merchant to issue a refund or send a replacement. Where the customer and merchant cannot agree on a resolution, the cardholder has the right to contact their card issuer and ask them to raise a chargeback.

1.1 What is a Chargeback?

A chargeback is a type of transaction dispute where a cardholder contacts their card issuer and requests their money back for an item or service purchased using their card. The cardholder can only dispute a charge on their account and request a chargeback where they have a valid reason. For example:

- Goods or services not received
- Goods or services received not as advertised, faulty or of an unsatisfactory quality
- The amount charged is incorrect
- Fraudulent transaction - the cardholder did not make the transaction and their card details were obtained fraudulently

The card schemes (i.e., Visa and Mastercard; also known as card networks) provide rules and processes, as well as systems to handle chargebacks. You can find out more about their rules at the following links:

- [Mastercard Chargeback Rules](#)
- [Visa Chargeback Guidelines for Merchants](#) (see Section 5 for issuer guidelines)



1.2 What is the Chargeback Process?

Figure 1 below provides a summary of the chargeback process.

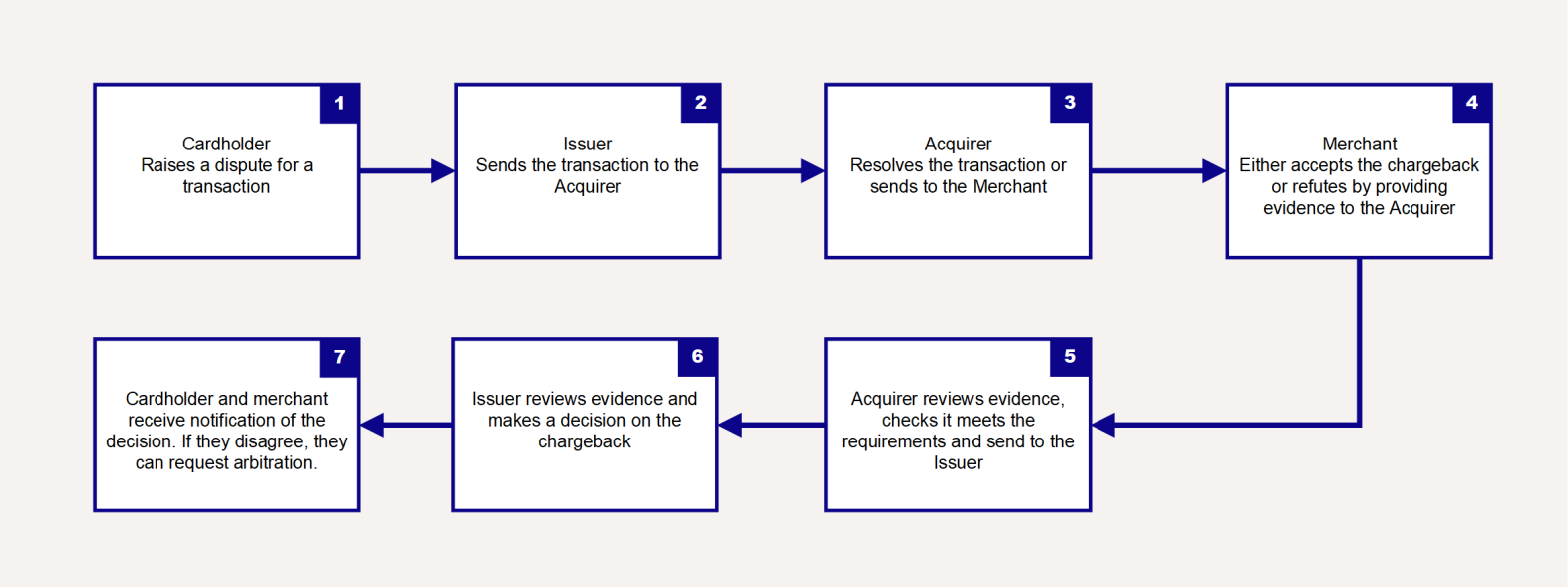


Figure 1: Chargeback Transaction Flow (Simplified)

Note that the communication between issuer and acquirer and the arbitration process is managed via the relevant card scheme (Mastercard or Visa); it is not shown in this figure.

The Thredd Mastercard API development provides support for creating and managing the chargeback process described below, and includes new options such as arbitration and pre-arbitration case filings and bulk chargeback creation.

1. The cardholder disputes a transaction with their issuer (card issuing bank or their Program Manager).
2. Where required by scheme rules the card issuer sends a retrieval request to the merchant’s acquirer (financial institute providing the merchant with a merchant trading account) to obtain additional information.

Note: Mastercard offer a [Collaboration Option](#), where the chargeback first goes directly to the merchant before involving the acquirer.

3. The acquirer and issuer attempt to resolve the dispute if possible (for example, by issuing a refund), otherwise the acquirer sends a chargeback notification to the merchant.
4. The merchant either accepts the chargeback or refutes it. If they refute the chargeback, they must submit the necessary evidence through representment.
5. The acquirer reviews the evidence, checks it meets the requirements and sends to the issuer.
6. The issuer reviews the new evidence and makes a final decision.
7. At this point, any party unhappy with the decision can either request further review, via pre-arbitration or go directly to the arbitration stage. If the acquirer and issuer cannot reach an agreement, the process enters arbitration. The card schemes will examine the evidence and make a final decision.

Note: The arbitration process can last for months and costs hundreds of pounds, which must be paid to the card schemes.

1.3 How does Thredd Support Chargebacks?

As a Program Manager or card issuer, your cardholders should have a means to contact you directly to raise disputes about a transaction on their account. This is typically via a call centre number printed on their card or advertised on your website. When a cardholder queries a transaction, you can use the Thredd Smart Client application to view details of the transaction. Smart Client also provides a facility to enable you to raise and manage chargebacks (Note that this is only available for Mastercard issuers in Europe/UK at present). See [Managing Chargebacks on Smart Client](#).

Chargebacks are also supported via the relevant card scheme (e.g., MasterCard or Visa), which provide online systems where issuers and acquirers can view and respond to chargeback notifications.

If you are a card issuer, you will be able to respond directly to the card schemes. However, most Thredd clients are Program Managers, who use an existing card issuer to provide their card service, and in this case, Thredd can mediate on your behalf with your issuer’s permission.



Note: Some issuers manage all chargebacks for their Program Manager clients, while others want their clients to raise their chargebacks directly with us and have enabled our Mastercom API to facilitate this.

If you are a Program Manager you will not have a direct relationship with the card scheme. You will need your issuer or Thredd to provide you with information to help you manage your chargebacks.



1.4 Payment Authorisation Transaction Process

Figure 2 provides an overview of the transaction process and parties involved in a typical card payment scenario.

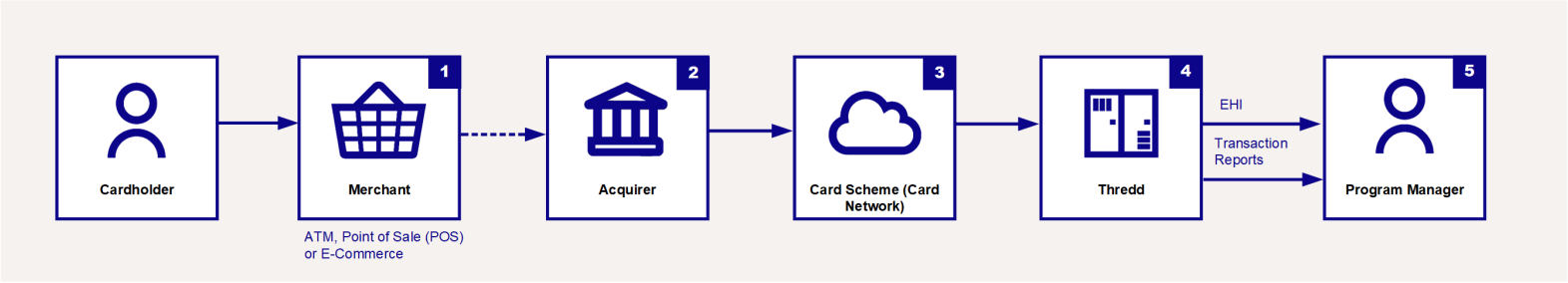


Figure 2: Card Payment Authorisation

Visa and Mastercard distribute Bank Identification Number (BIN) and sub BIN range tables to their customers (acquirers and issuers).

1. When a cardholder uses their card at a merchant store or website, or draws out money from an ATM, the acquirer Point of Sale (POS) terminal or Online PSP forwards the authorisation request to the merchant’s acquirer.
2. The acquirer uses the BIN range tables to determine where to route the transaction.
3. The acquirer routes the transaction to the relevant card scheme (Visa or Mastercard).
4. Using the same BIN range, tables Visa and Mastercard identify the card issuer and route the transaction to the issuer.

Note: If the acquirer and issuer are the same bank, then the transaction is processed internally, and not sent to Mastercard or Visa. In some countries domestic transactions are routed via national switches, but not sent to Mastercard or Visa (e.g. BKM in Turkey).

If you are a Program Manager, the card scheme will route the transaction to Thredd, who then forwards on to your card issuer. Depending on your External Host Interface (EHI) mode, in cases where the Thredd External Host system holds the balance on the card, Thredd may perform the payment authorisation and then forward to the issuer. You will receive real-time transactional data via your EHI data feed or overnight as transactional XML reports. See Figure 3.

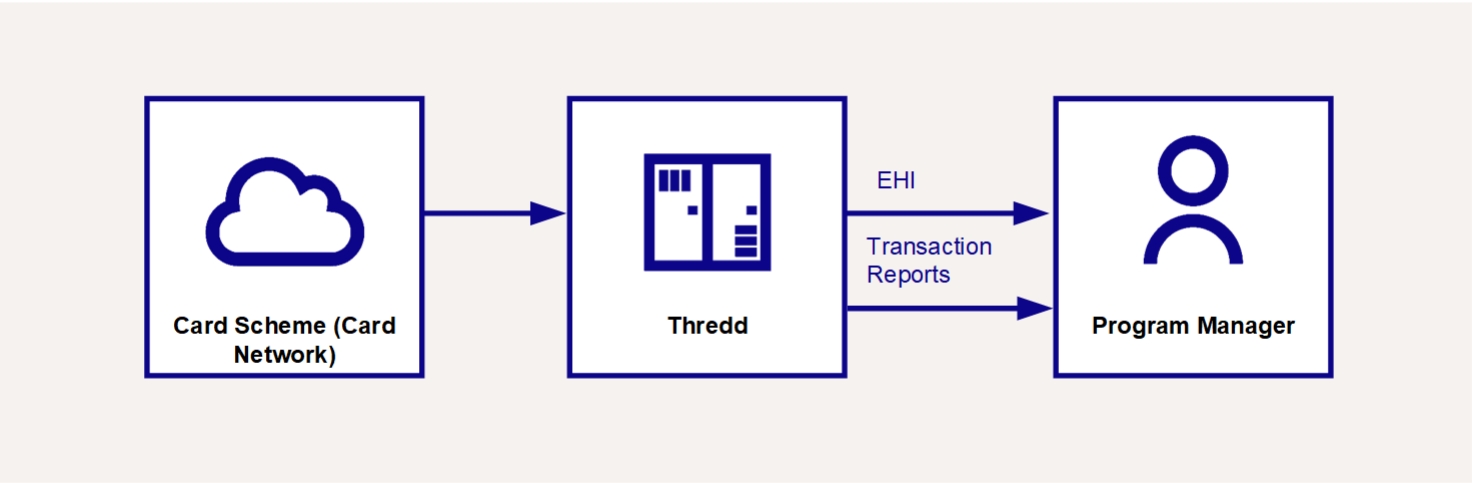


Figure 3: Role of Thredd in Transaction Authorisation

At a transactional level, issuer BINs are routed to Thredd. However, issuers still settle the funds between Mastercard and Visa, as Thredd does not hold the funds on the card.

Mastercard and Visa both provides online systems to enable acquirers and Issuers to raise and manage disputes. Issuers have different preferences as to how they want to manage chargebacks for their Program Managers:

- Some issuers prefer to handle chargebacks on behalf of their Program Managers.
- Some issuers provide their Program Managers with access to Mastercard (Mastercom UI) and Visa (Visa VROL) online systems to enable them to directly raise and respond to chargebacks
- Other issuers want Thredd to manage this at a programme level for the Program Manager, which we do via Smart Client.

Please refer to your issuer in the first instance for details.



1.5 Chargeback Processes - Transaction Status View

Figure 4 below shows the typical transaction status changes during the life cycle of a transaction, from authorisation through to presentment and chargeback. This is a simplified view and does not show all the steps involved.

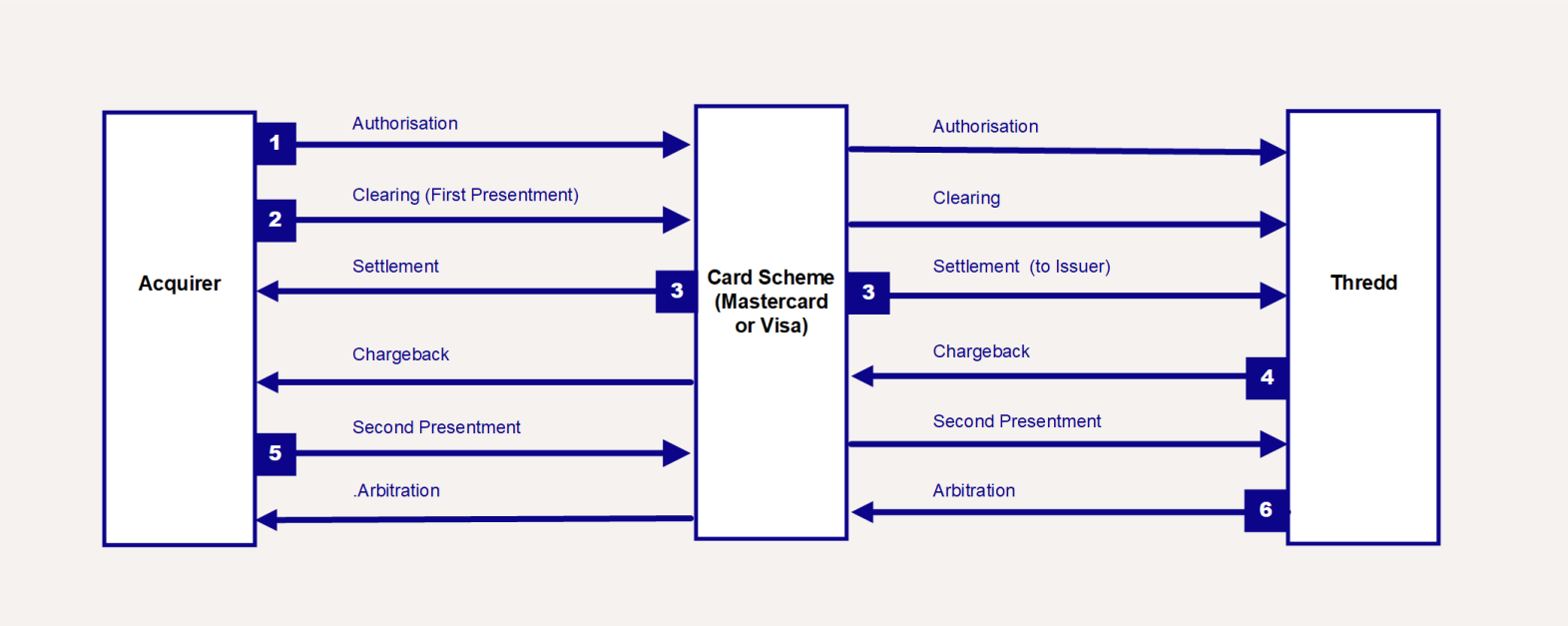


Figure 4: Transaction Life Cycle (Simplified)

1. The cardholder uses their card to make a purchase and the transaction is Authorised. This step involves checking the balance on the account to ensure there are sufficient available funds for the transaction. At this stage the authorised amount may be reserved on the cardholder’s account or the merchant may want to take it immediately.
2. When the merchant is ready to take the funds, the transaction is submitted for clearing, where the authorised amount is debited from the cardholder’s account. This stage is known as Clearing or First Presentment. In Smart Client, this is shown as a Presentment status.
3. Settlement is the process where actual funds are exchanged between the issuer and acquirer (the acquirer implements a separate settlement process with their merchant).

Note: Thredd receive settlement reports from the scheme and pass it to our clients without any checks or additional processing. Actual settlement (funds transfer) is between the schemes and our issuers. This stage is shown in Figure 4 for completeness and is not recorded as a transaction status within Smart Client.

4. A chargeback request can only be initiated on a transaction that has reached the Presentment stage. (Prior to this, you can use a reversal to reverse the authorisation.)
5. Once a chargeback is raised, it is sent to the card scheme (Mastercard or Visa) who forwards it on to the merchant’s acquirer. At this stage the acquirer can accept the chargeback. If the acquirer does not agree with the chargeback, they can refute the chargeback, and the transaction goes into the Second presentment stage.
6. If the chargeback cannot be resolved, the card issuer can decide to proceed with case filing and case the transaction enters the Arbitration stage. The card scheme reviews and make a final decision.

After completion of the chargeback process, the acquirer and issuer can file relevant case documents. They can also raise fee collection requests.

1.5.1 Collaboration Option

Mastercard offer a collaboration option, where the chargeback first goes directly to the merchant (the acquirer is not involved at this stage). If the merchant accepts collaboration, they will need to issue the refund as a separate transaction¹.

By improving communication between the issuer and merchant prior to the formal dispute process taking place, many disputes can be settled without entering the chargeback process.

This service is enabled via Mastercard. Check with your Issuer for details.

¹In this case the chargeback is rejected by Mastercard with Reject reason code 5000 and an email notification is sent to the Issuer. The refund will be received in the normal clearing files from Mastercard.

Note that a 5001 reject code indicates a credit voucher issued by the merchant; this will not generate a refund transaction.



2 MasterCom API

Mastercom API offers Mastercard customers the ability to create and manage dispute claims in Mastercom. Mastercom is a system for dispute management. All activities for any given dispute can be tracked within a single claim using Mastercom, including Retrieval Request and Fulfilment, First Chargeback, Second Presentment, Fraud reporting, Case Filing, and Fee Collection requests. All activities for any given dispute throughout its lifecycle can be tracked within a single claim.

The Mastercom API is available to Program Managers and card issuers to use.

Thredd provides an interface to Mastercom via Smart Client, which means you do not need to develop your own Mastercom API integration. See [Managing Chargebacks on Smart Client](#).



3 Chargeback Options

There are two options available for managing your chargebacks.

3.1 Option 1: Using the Scheme UI

If you are a card issuer, or you are a Thredd Program Manager who has been provided access via your card issuer, you can use the Mastercard and Visa online systems to raise chargebacks and manage the dispute processes.

- Mastercard offer the Mastercom Claims Manager
- Visa offer the Claims Resolution Visa system, which we refer to as the Visa Resolution Online (VROL) platform

Note: These systems require you to be fully PCI DSS compliant, as full PAN is used. Chargeback details will be available in XML messages.

Notes on using Mastercom Claims Manager

- When you are onboarded to Mastercom Claims Manager, to reduce the need to raise a chargeback claim, you can opt in for their [collaboration option](#). This is enabled by Mastercom.
- Thredd provide an option to automatically credit the chargeback amount to the cardholder. This is configured at Thredd product level. For details, contact your Thredd account manager.

Notes on using the Visa VROL platform

- Visa clients can use VROL to raise a chargeback. After a chargeback is raised in VROL, Thredd obtains the clearing files and processes the chargeback in the Thredd Apex platform and you can view the chargeback details in Smart Client's **Chargeback** screen.

3.2 Option 2: Using Thredd Smart Client

If you do not have access to the Mastercard or Visa systems or are unable or prefer not to use full PAN, Thredd provides a backend integration into these systems to enable receipt of chargeback files, when chargebacks are raised and responded to. You can view chargeback transactions directly in Smart Client (the Thredd application for managing your account).

For Mastercard transactions (currently Europe/UK only), you can raise and respond to chargebacks directly in Smart Client. Support for Visa and additional Mastercard jurisdictions are being added.

How to Implement

You must complete the following prerequisites before the Smart Client Chargeback service can be enabled:

- Please contact your issuer to request they enable Thredd to use the Mastercom API data feed for your BIN codes.
- Costs for the service must be agreed with your Thredd account manager and added as an addendum to your Thredd contract.



4 Managing Chargebacks on Smart Client

Smart Client enables you to view Visa and Mastercard chargebacks.

For Mastercard transactions only you can raise chargebacks requests to Mastercard and manage your charged back transactions. This service uses the Mastercom API and requires that you first sign up for the service and enable the API data feed via your issuer. See [How to Implement](#).

Using Smart Client, you are able to:

- View details of existing chargebacks across your programme or for a specific card. See [Viewing Chargebacks](#)
- View details of the transaction linked to a chargeback. See [Viewing Transaction Details](#).
- View details of the Presentment transaction linked to a chargeback. See [Viewing Presentment Details](#).

Note: Functionality described below is provided for Mastercard only.

- Retrieve information about a disputed transaction from the acquirer (prior to raising a chargeback). See [Creating a Retrieval Request](#).
- Raise a chargeback for a single transaction. See [Creating a Chargeback](#).
- Raise multiple chargebacks in one transaction, using a chargeback bulk upload spreadsheet. See [Creating Bulk Chargebacks](#).
- Attach a file to a chargeback. See [Uploading Chargeback Documentation](#).
- Retrieve documentation previously uploaded for a chargeback case. See [Downloading Chargeback Documentation](#).
- Withdraw a chargeback. See [Reversing a Chargeback](#).
- Re-raise a rejected chargeback. See [Re-raising a Chargeback](#).
- Create a Fee Collection request. See [Managing Fee Collections](#).
- Send a SAFE report to Mastercom for a fraudulent transaction. See [Creating a Mastercom SAFE Report](#).

Note: You may require access to be set up on your account to view some of these options. Please contact Thredd Support for details.

4.1 Creating a Chargeback

Note: Currently supported for Mastercard cards only.

This option enables you to raise a chargeback to Mastercom for a disputed transaction. You can do this with or without attaching documentation.

Note: The transaction must be in the Presentment state in order to create the chargeback (i.e., the transaction has been previously authorised, and the funds have been debited from the cardholder’s account).

1. In the **View Transactions** window, right-click the transaction being disputed by the cardholder and select **Actions > Create Chargeback**.
2. In the **Chargebacks** window, enter the details of the chargeback. Refer to the table below for details.



Create Chargeback

☒ Full ChargeBack

☐ Partial ChargeBack

Chargeback Currency

Amount of chargeback

0.00

Reason for Chargeback

4515 - Cardholder Denies

Select Text Format

Documentation Indicator

Supporting documentation will follow

Days Allowed

120

Days Remaining

-117

Supporting Text DE 72

Note

☐ Edit Exclusion Indicator

☐ Credit to Card

View Chargebacks

Create Chargeback

Cancel

Figure 5: Create a Chargeback

3. To create the chargeback request, click **Create Chargeback**.
- If all the details provided are correct, then a success response is returned from Mastercom.
- If the details provided are not correct, then an error response is returned from Mastercom.

Handling error codes

An error code starting with ‘1’ indicates errors from Mastercom; an error code starting with ‘5’ indicates the error has occurred during Thredd processing of chargeback request. You can try fixing the details and resending the chargeback request or contact Thredd support.

| Option | Description |
|-------------------------|--|
| Full Chargeback | Check this option if you want to dispute the full amount of the transaction. For example, for goods not received or a fraudulent transaction. |
| Partial Chargeback | Check this option to dispute a part amount of the transaction. For example, cardholder disputes the billing amount. |
| Chargeback Currency | Select the chargeback currency. Depending on the card region, options include the local card billing currency (e.g. GBP) or the international scheme currency used by the card scheme (e.g. USD). The Amount of chargeback field is updated based on the selected currency. |
| Amount of Chargeback | Enter the chargeback amount. Up to two decimal places are allowed. If the Full Chargeback option is checked, this field is disabled, and the full amount taken during the Presentment transaction stage is displayed. |
| Reason for Chargeback | Select one of the reasons for the chargeback from the drop-down list. For a full list of chargeback reasons, see Chargeback Reason Codes . If the reason is fraud related, you must create a SAFE Report before issuing the chargeback. ¹ |
| Select text format | The available text format options depend on the Reason for chargeback previously selected. Some chargeback reasons do not provide a default text format. If you are unsure as to which format to select, check with your Account Manager. Depending on the selection, this reason is also populated in the Supporting Text DE 72 field. |
| Documentation Indicator | Select how documentation to support this chargeback will be supplied: |



| Option | Description |
|--------------------------|--|
| | <ul style="list-style-type: none">• Supporting documentation is not required• Supporting documentation will follow Refer to the Mastercard Guide for details of the types of Chargeback Reason Codes that require supporting documentation. |
| Days Allowed | Read-only field indicating the number of days allowed to process the chargeback. This varies between region and chargeback reason code. Typical values are 90 days, 120 days and 540 days. |
| Days Remaining | Read-only field indicating the number of days remaining to process the chargeback. If this number is negative, it indicates the period in which to submit the chargeback has been exceeded. If you submit the chargeback, Mastercom will reject it. |
| Supporting Text DE 72 | Add a description, to be displayed in the DE 72 field of the chargeback message sent to Mastercom. This field can also be populated with a standard message as selected in the Select text format field. |
| Note | Free text field to enable you to add an internal note about the chargeback request. This note is not passed on to Mastercom. |
| Edit Exclusion Indicator | Check this option to indicate to Mastercom they should ignore the Days Allowed/Days Remaining indicator. This enables you to still raise a chargeback, even if the Mastercard default eligibility period has expired. ² This functionality is not yet released. Check with your Account Manager for details. |
| Credit to Card | If you check this option, the chargeback amount will be credited back to the card. ³ |

Notes

1. If the reason for raising the chargeback is fraud related, Mastercard require you to first raise a SAFE report to report the fraud before raising the chargeback. See [Creating a Mastercom SAFE Report](#).
2. In some specific circumstances, it may be possible to extend the chargeback validity period for a specific transaction, even if it has expired. For details, check with your issuer.
3. Some Program Managers and issuers prefer to refund the cardholder immediately on raising a chargeback, since the chargeback process can take several weeks or months to complete. Note that raising a chargeback does not necessarily mean that the acquirer or Mastercard will approve the chargeback. You may prefer to wait for confirmation before crediting the cardholder.

4.2 Viewing Chargebacks

Note: Supported for both Mastercard and Visa cards.

1. From the Smart Client menu, select **Card Activity > Chargebacks**.
2. In the **Chargebacks** window, you can view raised chargeback details for a specific card or for all cards:
 1. To query chargebacks for a specific card, in the **Token** field enter the public token number of the card you want to query.
 2. To list chargebacks within a specified date range and status, select the Status and date range and click **List**.

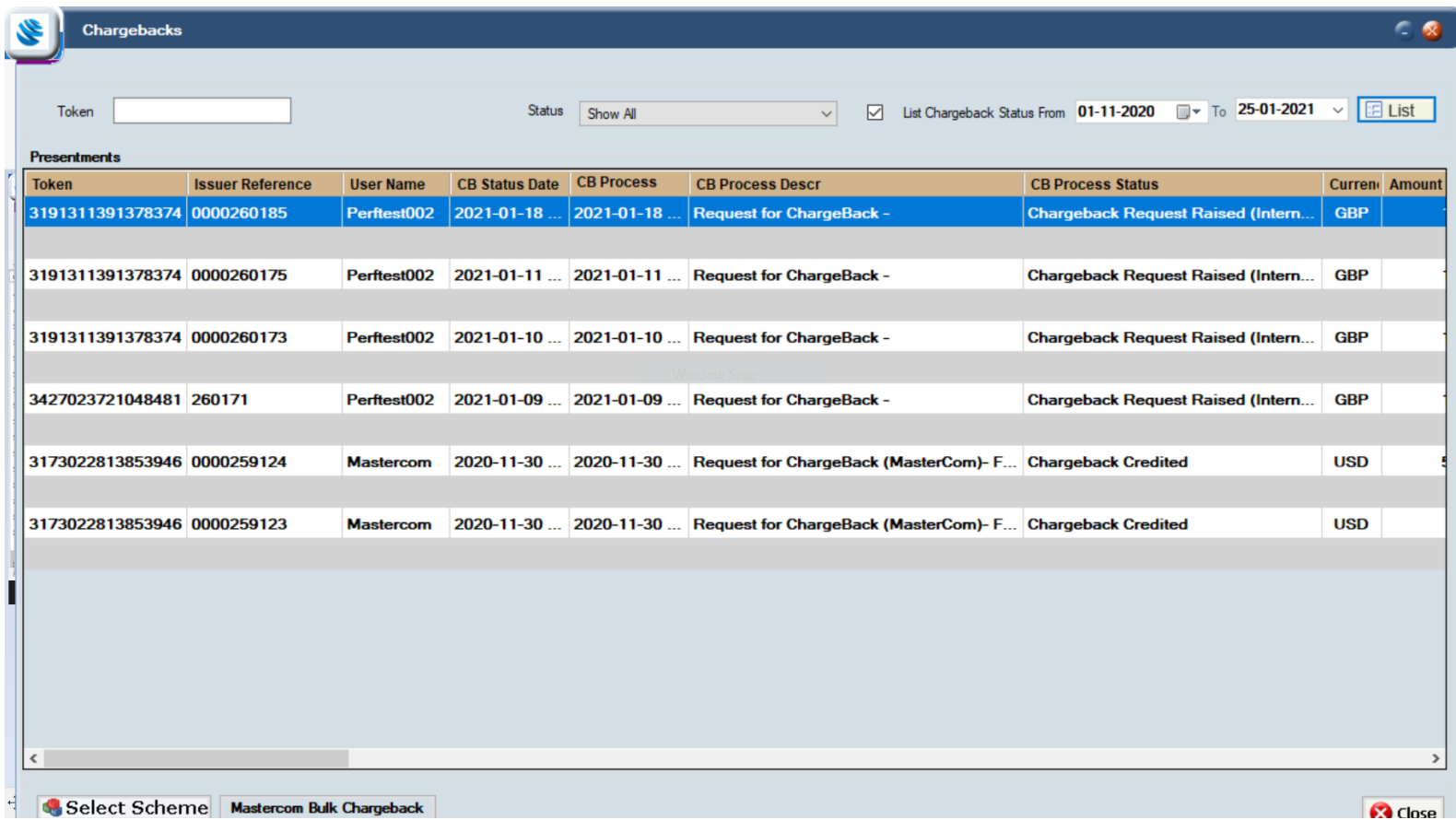


Figure 6: Chargeback Window on Smart Client

- 3. To view details of the chargeback, use the scrollbar at the bottom-left corner of the window to scroll through the chargeback transaction table.
- 4. To perform further actions related to the chargeback, right-click the transaction row. The options displayed depend on the type of card and chargeback status. See the examples below:

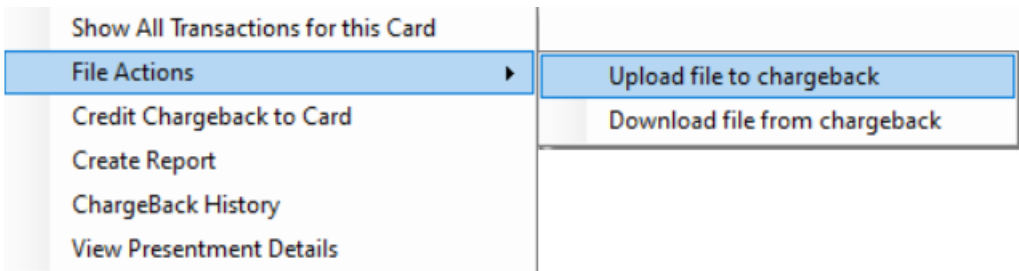


Figure 7: Chargeback File Actions Menu

Note: To display details for the specific the card issuer scheme used by your programme, click the **Select Scheme** button (Bottom-left of window), click **Clear All** and then check the relevant Card Processing Scheme. This option is only relevant if your programme supports multiple card schemes.

4.3 Chargeback Transaction Options

This section provides details of options you can use to view and manage the transaction and card that is linked to a chargeback.

4.3.1 Showing all Transactions for a Card

- 1. To view all transactions linked to the card, in the Chargebacks window, right-click the required transaction and select **Show All Transactions for this Card**.

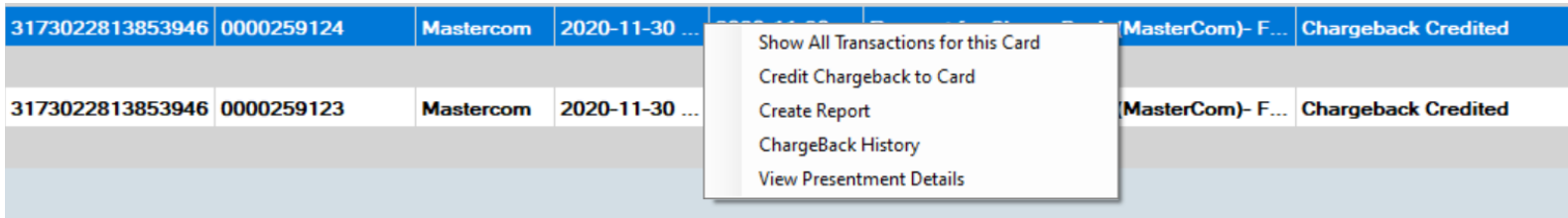


Figure 8: Transaction Right-Click Menu



2. The **View Transactions** window appears, with the card’s public token preselected and displaying a list of transactions linked to the card.

4.3.2 Crediting a Chargeback to a Card

This option enables you to manually credit the charged back amount to the cardholder’s account. It is typically used once you have confirmation from the card scheme that the chargeback was successful.

1. To credit the chargeback amount back to the card, in the Chargebacks window, right-click the required transaction and select **Credit Chargeback to Card**.
2. A popup message is displayed, asking you to confirm. Click **Yes**.
The chargeback amount is credited back to the cardholder’s account.

Note: When creating a chargeback, you can also tick the credit to card option to automatically credit the card. See [Creating a Chargeback](#).

4.3.3 Viewing Linked Transaction Details

This option enables you to view details of the transaction being charged back.

1. To view further details about the transaction on which you have raised the chargeback, in the **Chargebacks** window, right-click the required transaction and select **Create Report**.

The **Transaction Details** window is displayed.

The screenshot shows the 'Transaction Details' window with the following fields and values:

- Transaction ID: 6150584240
- Token: 3173022813853946
- Date Expiry (YYMM): 2011
- POS Entry Mode (DE022): D11401B99000
- BN Ref (DE063): DLL784896
- Transaction Date: 2020-11-30 13:49:24.723
- Advice Reason Code: (empty)
- Response Status (DE039): Cleared
- STAN (DE011): (empty)
- Processing Code: Debits (goods and services) - 000000
- POS Data (DE061): (empty)
- Track2 Data (DE035): (empty)
- Private Data (DE112): (empty)
- Additional Amounts (DE054): (empty)
- Card Acceptor Identification Code (DE042): test1234AAAAAA
- Card Acceptor Name Location (DE043): test 123456 luulu koc\\n\\
- Additional Response Data (DE044): (empty)
- PIN Data (DE052): (empty)
- Till Time: 201130134357
- Card Acceptor Terminal Identification (DE041): test1234
- Response Source: (empty)
- Response Reason: (empty)
- Transaction Amount (DE004): 1.00 - EUR
- Settlement Amount (DE005): 1.00 - EUR
- Billing Amount (DE006): 1.00 - EUR
- Amounts, Transaction Fee (PDS0146): (empty)
- Merchant Category Code (MCC): 3000 - 3000-3299
- Retrival Reference Number (DE037): 000000764724
- Acquirer Reference Data (DE031): 02807190335000007650100
- AID (DE032): 280719 -
- FID (DE033): 456321
- Authorisation Code: 198181
- New PIN (DE125): (empty)
- GPS ARC: (empty)
- DE053: (empty)
- Script Received: (empty)
- Tran.Orig.Institution ID Code(DE094): 280719
- ICC Data (DE055 - 0100): (empty)
- Additional Data (DE048): 0002003 0003003
- Fees Detail Note:
 - Auth Amount : 1
 - Total : 1
 - Available Amount : 188.94 ==> Settled!

Buttons at the bottom right: View PAN, Related Auth, Show Card Details, Close.

Figure 9: Transaction Details Window

2. Use the buttons at the bottom right of the window to view further details.

Note: Options displayed on this window may vary, depending on your version of Smart Client and the fields enabled for your account.



4.3.4 Viewing Chargeback History

1. To view the Chargeback history of a chargeback transaction, in the **Chargebacks** window, right-click the required transaction and select **Chargeback History**.

The **Chargeback History** window is displayed.

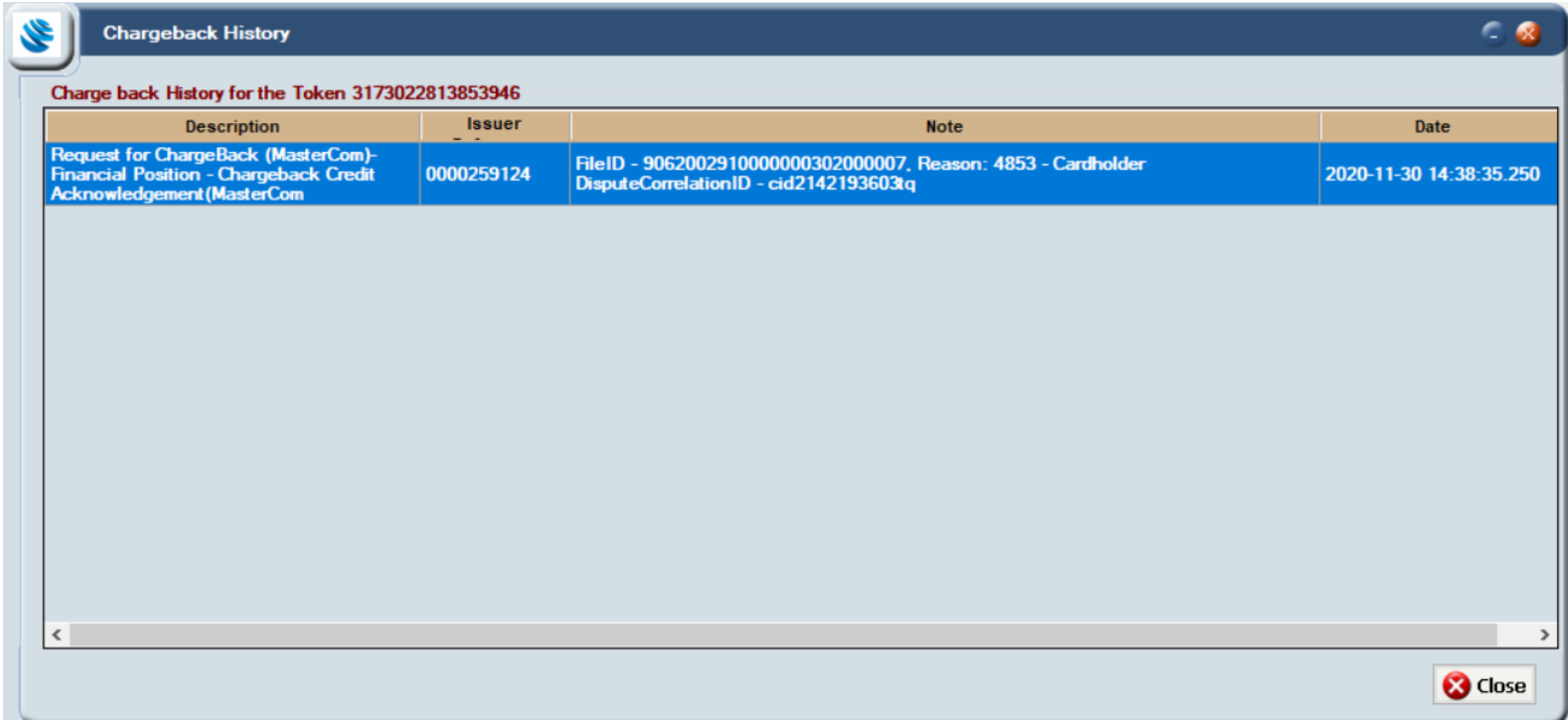


Figure 10: Chargeback History Window

4.3.5 Viewing Presentment Details

You can use this option to view details of the presentment linked to the chargeback.

1. To view details of the presentment transaction linked to the chargeback, in the **Chargebacks** window, right-click the required transaction and select **View Presentment Details**.

Note: If there is a second presentment, to view details right-click the chargeback and select **View Sec Presentment Details**.

The **View Transactions - Presentments** window is displayed, showing details of the linked presentment transaction.

4.3.6 Creating a Retrieval Request

A retrieval request occurs after a cardholder communicates with their issuer to question or dispute a transaction. You can use Smart Client to create a retrieval request from the acquirer for documentation related to a disputed transaction. The acquirer fulfils a retrieval request by sending documentation through Mastercom.

After receiving the retrieval request documentation from the acquirer, you can proceed with the chargeback if required.

Note: Retrieval requests are optional. You can proceed to create a chargeback even if you have not created a retrieval request.

To raise a retrieval request:

1. In the **Transactions** window, right-click the required transaction and select **Create Retrieval Request**.

The **Create Retrieval Request** window is displayed.



Create Retrieval Request

Retrieval Request Reason Code:

6305 - Cardholder does not agree with amount billed

Document Required:

1 - Hard copy original document

Submit

Cancel

Figure 11: Retrieval Request Window

2. In the **Retrieval Request Reason Code** field, select an appropriate reason for the retrieval request. For details, see the table below.
3. In the **Document Required** field, select the format required. Options are:

1. Hard copy of the original document

2. Copy or image of the original document

3. Substitute draft
4. Click **Submit**.

A confirmation message is displayed, indicating if the retrieval request was successfully registered with Mastercom. In this case a **Request ID** and **Claim ID** are returned, which you can use to track the status of the request.

If the retrieval request failed, a message box is displayed, providing details of the error. For example, a request has already been submitted. Please resolve the error and try again or contact Thredd support.

5. To close the message box, click **OK**.

| Codes | Description |
|-------|---|
| 6305 | Cardholder does not agree with amount billed. |
| 6321 | Cardholder does not recognize transaction. |
| 6322 | Request Transaction Certificate for a chip transaction. |
| 6323 | Cardholder needs information for personal records. |
| 6341 | Fraud investigation. |
| 6342 | Potential chargeback or compliance documentation is required. |
| 6343 | IIAS Audit (for healthcare transactions only). |
| 6390 | Identifies a syntax error return. |

Tracking the Status of the Request

Once the request has been successfully registered, you can track the status of the request as follows:

- You can view the new retrieval request raised in the Chargeback window.
- Once the acquirer responds to the retrieval requests, to download the documentation, right-click the retrieval request in the Chargeback window and select **File Actions > Get Documentation**. For details, see [Download Chargeback Documentation](#).



4.3.7 Uploading Chargeback Documentation

You can use this option to upload documentation to support a chargeback. The documents will be sent to Mastercom and made available to the acquirer.

Note: If you subsequently upload another file, this will overwrite any previous file uploaded to Mastercom.

1. To upload supporting documentation for the chargeback, in the **Chargebacks** window, right-click the required transaction and select **File Actions > Upload file to chargeback**.

The following window is displayed:

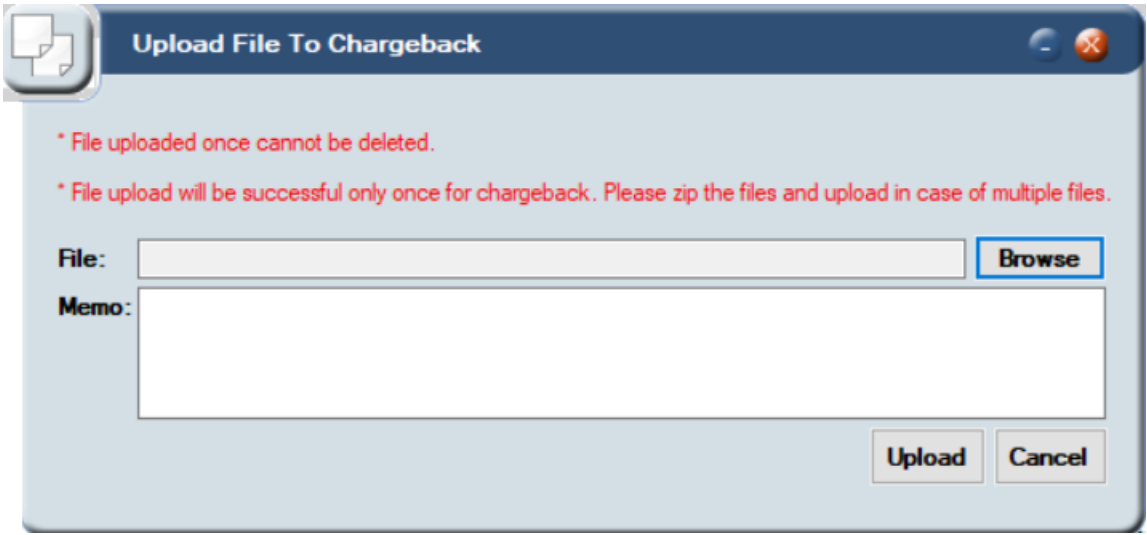


Figure 12: Upload File to Chargeback Window

If you have multiple files to upload, please add these to a zipped file and upload a single zip file. Examples of files you can include are items such as scanned documents, images and transaction receipts. Make sure that all documents scanned are clear and legible, and not truncated, or these may be rejected by Mastercard.

Note: You can only upload documentation once (single upload only). Therefore, please ensure you have all the documents you need before using this option.

2. To select a file to upload, click **Browse**.
3. You can use the **Memo** field to provide further details of the file being uploaded.
4. To upload your supporting case documentation to Mastercom, click **Upload**.
The uploaded file is sent to Mastercom.

Note: Once the file is uploaded, it cannot be deleted. However, you can replace this file with another one using the upload option. The uploaded file is end-to-end encrypted; Thredd does not have access to the details in the file.

4.3.8 Downloading Chargeback Documentation

You can use this option to view any case documentation which you previously submitted to Mastercom.

1. To download documentation linked to the chargeback, in the **Chargebacks** window, right-click the required transaction and select **File Actions > Download file from chargeback**.

The following window is displayed:

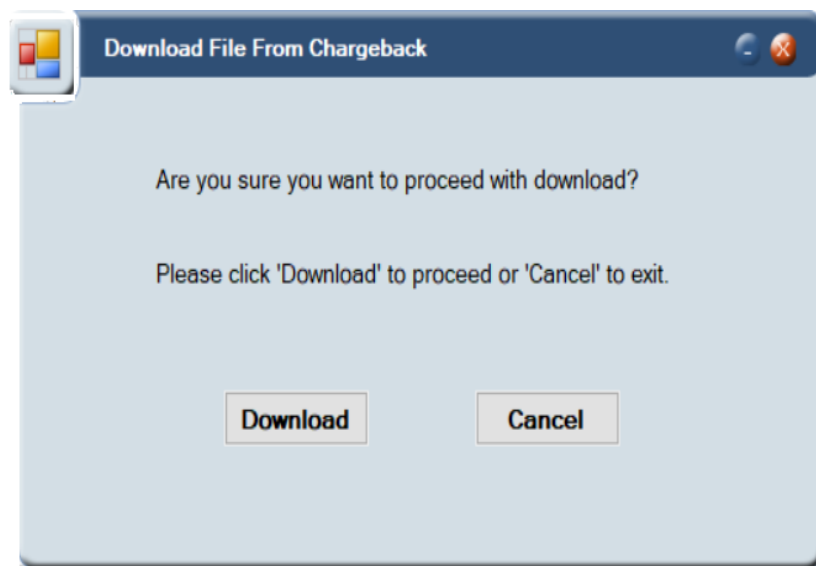


Figure 13: Download File from Chargeback Window

2. To continue with the download, click **Download**. The file is downloaded to your computer.

Note: the downloaded file is end-to-end encrypted; Thredd does not have access to the details in the file.

4.3.9 Reversing a Chargeback

You can use this option reverse a chargeback that has been previously successfully raised and approved by Mastercard. This can be used if you do not want to proceed with the chargeback.

1. To reverse a chargeback, in the Chargebacks window, right-click the required transaction and select **Reverse Chargeback**.
2. A popup message is displayed, asking you to confirm. Click **Yes**.

A confirmation message is displayed, indicating if the chargeback was successfully reversed or if the chargeback reversal failed.

3. To close the message box, click **OK**. A chargeback reversal message is sent to Mastercom.

4.3.10 Re-raising a Chargeback

You can use this option re-raise a chargeback request that has been rejected. You should try and fix the issue before re-raising the chargeback. There is no limit to the number of re-raise chargeback requests.

1. To re-raise a chargeback, in the **Chargebacks** window, right-click the rejected chargeback transaction and select **Re-Raise Chargeback**.

The following window is displayed:

Figure 14: Re-Raise Chargeback Window



2. Provide all the details as per the instructions in the [Creating a Chargeback](#) section and click **Save**.
The re-raised chargeback request is sent to Mastercom. A confirmation message is displayed, indicating if the re-raised chargeback was successful or if the request failed.

4.3.11 Managing Fee Collections

Mastercom supports the ability of issuers to send and receive fee collections related to disputes. For more information about fee collection messages and the fee collection cycle, refer to the Mastercard [Global Clearing Management System Reference Manual](#). (Note: you need a Mastercom account to access this link).

To create a fee collection:

1. In the **Transactions** window, right-click the required transaction and select **Create Mastercom fee collection message**.

The **Mastercom Fee Collection** window is displayed.

Figure 15: Mastercom Fee Collection Window

2. Provide all the details as per the instructions in the table below and click **Submit**.

A confirmation message is displayed, indicating if the Fee collection request was successfully registered with Mastercom. In this case a **Fee ID** and **Claim ID** are returned, which you can use to track the status of the request.

If the fee collection request failed, a message box is displayed, providing details of the error. For example, a request has already been submitted. Please resolve the error and try again or contact Thredd support.

3. To close the message box, click **OK**. The created fee collection message is displayed in the **Chargeback** Window:

| | | | | | | | |
|------------------|------------|-------------|----------------|----------------|--------------------------------------|-------------------------------|-----|
| 1133804018876801 | 0000007526 | Perftest002 | 2021-01-14 ... | 2021-01-14 ... | Request for Mastercom fee collection | Fee Collection Request Raised | NOK |
|------------------|------------|-------------|----------------|----------------|--------------------------------------|-------------------------------|-----|

You can view details of any chargeback fees raised in the **Fee Collection** window. See [Viewing Fee Collections](#).

| Option | Description |
|-------------------------|---|
| Fee Collection Type | Select the type of fee collection. Options include: <ul style="list-style-type: none">700 - Fee Collection780 - Fee Collection Return781 - Fee Collection Return Resubmission782 - Fee Collection Arbitration Return |
| Fee Collection Amount | Enter the fee collection amount. Up to two decimal places are allowed. Tick one of the following options to indicate who to credit the fee to: <ul style="list-style-type: none">Credit sender – fee will be credited to your accountCredit receiver – fee will be credited to the receiver. |
| Fee Collection Currency | Select the currency of the fee. |



| Option | Description |
|-----------------------|---|
| Fee Collection Reason | Select the reason for the fee collection (DE 25 Message Reason Code values that apply to the fee collection). For a list, see Fee Collection Reason Codes . |
| Message Text | Free text field to enable you to add a short message about the fee. |
| Fee Date | Select the date on which the fee collection is requested. |
| Country | Select the country where the fee collection applies. |

4.3.12 Viewing Fee Collections

This option enables you to view details of all Mastercom fee collection requests.

- 1. From the Smart Client menu, select **Card Activity > Fee Collection**.

The **Fee Collection** window is displayed.

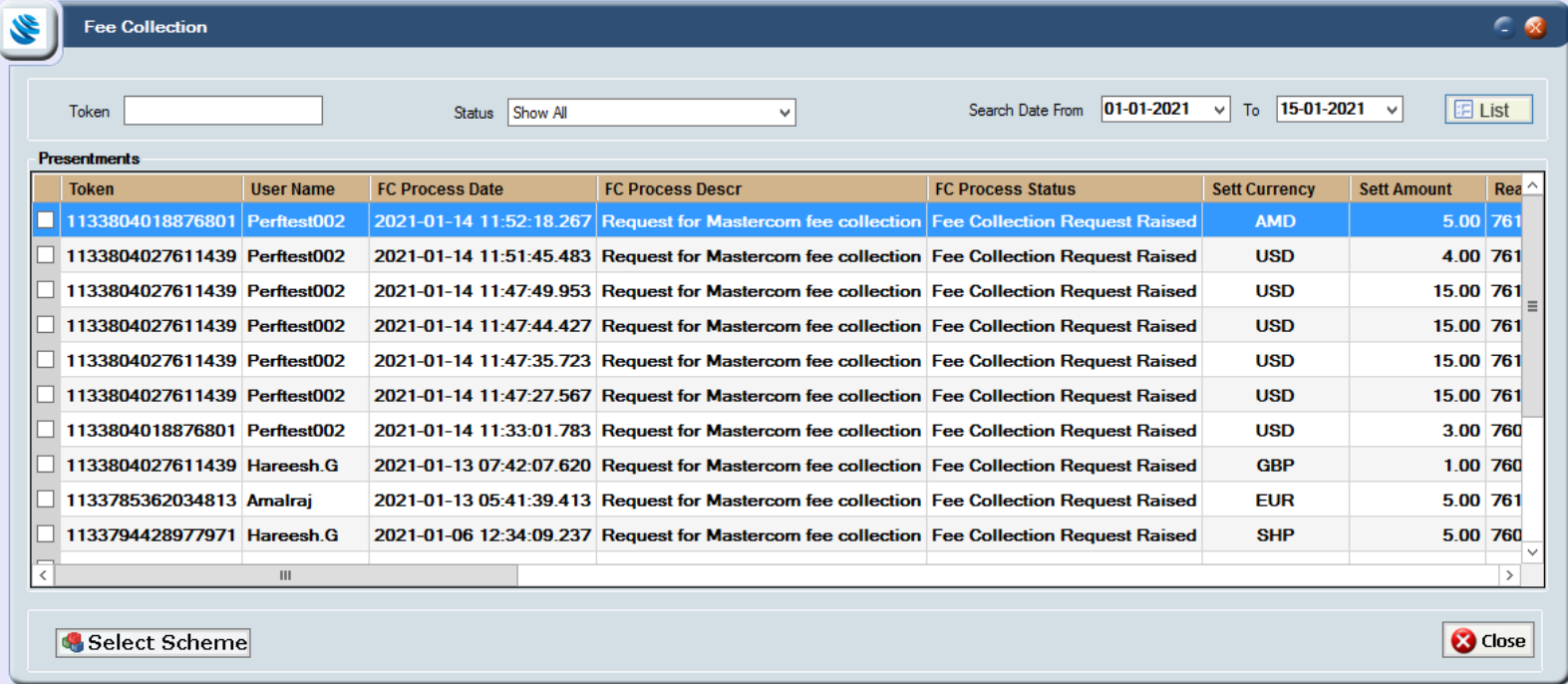


Figure 16: Fee Collection Window

- 2. To filter the list of fee collection transactions, enter the transaction **Token** number, select the **Status** and/or select the **Date** range.
- 3. Click **List**.

4.3.13 Creating a Mastercom SAFE Report

Mastercard require all card issuers to report fraudulent transactions, and you should always do this before raising a chargeback in instances where the reason code is related to a fraudulent transaction.

You can report fraudulent transactions to Mastercard by creating a new fraud event in Mastercom, using their SAFE reporting facility (now referred to as the Mastercard Fraud and Loss Database).

To create a SAFE report:

- 1. In the **Transactions** window, right-click the required transaction and select **Create Mastercom SAFE report**.The **Create Mastercom SAFE report** window is displayed.



Create Mastercom SAFE report

Token

8066274973628085

Date/Time

2020-07-01 08:22:39.913

Account device type

Card validation code

Amount

0.00

Fraud Type Code

Account Takeover Fraud

Sub Fraud Type Code

Convenience or Balance Transfer check transaction

IssuerID

13287

☐ Chargebacked

☐ Account Closed

Save

Close

Figure 17: Create Mastercom SAFE Report Window

2. Provide all the details as per the instructions in the table below and click **Save**.
A confirmation message is displayed, indicating if the SAFE Report request was successfully registered with Mastercom. In this case a **Claim ID** and **Fraud ID** are returned, which you can use to track the status of the request.
If the SAFE Report request failed, a message box is displayed, providing details of the error. For example, an invalid claim ID. Please resolve the error and try again or contact Thredd support.
3. To close the message box, click **OK**.
The created SAFE message is displayed in the SAFE Report Details Window. See [Viewing SAFE Report Details](#).

| Option | Description |
|----------------------|---|
| Token | Displays the unique token linked to the card PAN on which the transaction was made. |
| Date/Time | Displays the date-time stamp of the transaction. |
| Account device type | Select an option. |
| Card validation code | Select an option. |
| Amount | Displays the transaction amount. |
| Fraud Type Code | Select a fraud type option. <div><div>Account Takeover Fraud</div><div>Bust-out Collusive Merchant</div><div>Card Not Present Fraud</div><div>Counterfeit Card Fraud</div><div>Fraudulent Application</div><div>Lost Fraud</div><div>Multiple Imprint Fraud</div><div>Never Received Issue</div><div>Stolen Fraud</div></div> |
| Sub Fraud Type Code | Select a sub-fraud type code. Options include: <ul style="list-style-type: none">Convenience or Balance Transfer check transactionPIN not used in transactionPIN used in transaction |



| Option | Description |
|----------------|---|
| | <ul style="list-style-type: none">Unknown |
| Issuer ID | Displays the card issuer ID. |
| Charged Back | Tick this option if the transaction is Charged Back. |
| Account Closed | Tick this option if the account has been closed. |

4.3.14 Viewing SAFE Report Details

This option enables you to view details of all SAFE reports submitted to Mastercom.

- From the Smart Client menu, select **Card Activity > Safe Report Details**.

The **Safe Report Details** window is displayed.

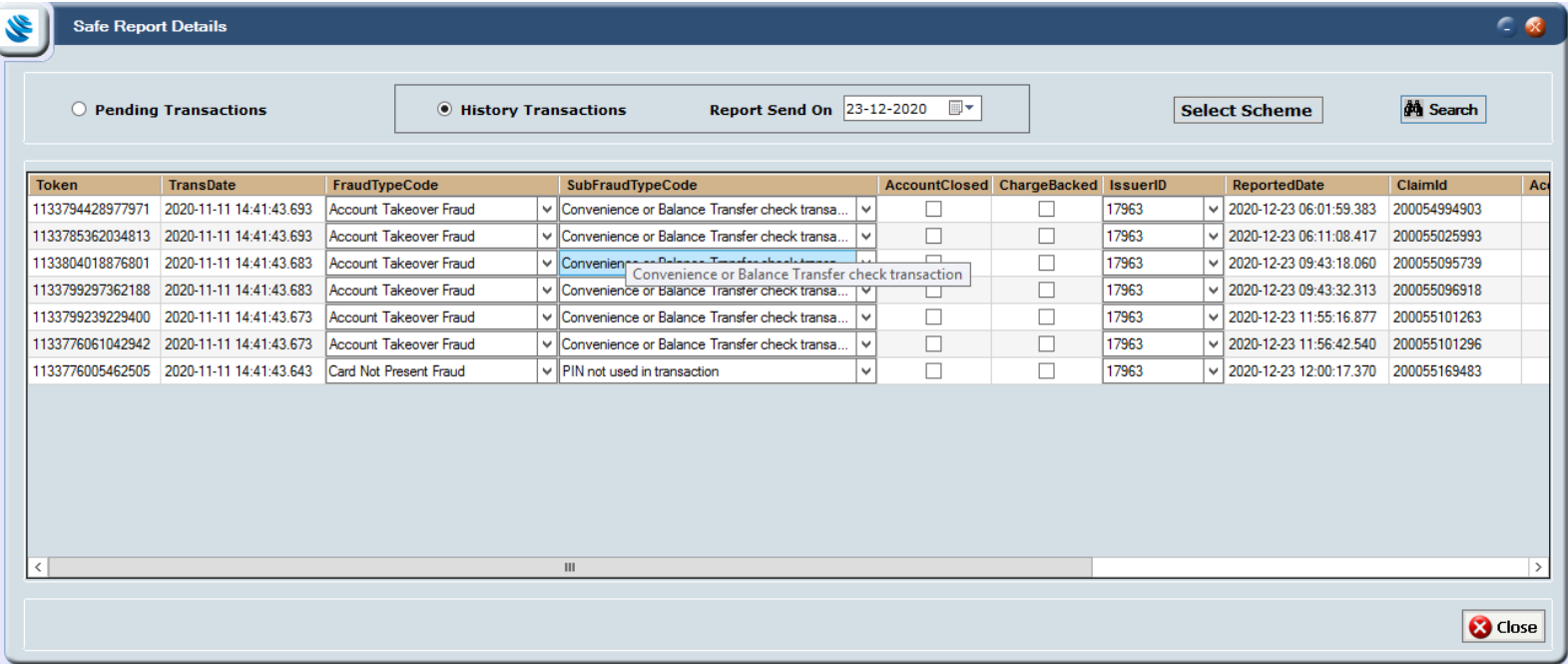


Figure 18: Safe Report Details Window

- To view only pending transactions, tick the **Pending Transactions** option.

Alternatively, to filter the list of historical transactions, tick the **History Transactions** option and select the Date range.

- Click **Search**.

4.3.15 Creating Bulk Chargebacks

You can use the Bulk Chargeback CSV template to record details of your chargebacks. Please request a copy of this file from Thredd Support. Send the completed file to Thredd Support, who will raise the bulk chargeback on your behalf.

| Token | ChargebackAmount | ChargebackCurrency | ReasonCode | ReasonCodeDescription | UserName | TransactionId | IsPartialChargeback | IsCreditToCardTransaction | DocumentIndicator | De72 |
|-----------|------------------|--------------------|------------|-----------------------|----------|---------------|---------------------|---------------------------|-------------------|--------------------|
| 123456789 | 100.00 | GBP | 4515 | Cardholder Denies | user | 12345678 | N | N | N | Cardholder Denies |
| 123456790 | 170.01 | EUR | 4853 | Goods Not received | user | 12345679 | N | N | N | Goods Not received |
| 123456791 | 60.02 | EUR | 4515 | Cardholder Denies | user | 12345680 | N | N | N | Cardholder Denies |
| 123456792 | 15.03 | GBP | 4515 | Cardholder Denies | user | 12345681 | N | N | N | Cardholder Denies |
| 123456793 | 10.04 | EUR | 4515 | Goods Not received | user | 12345682 | N | N | N | Goods Not received |

Figure 19: Example of a Bulk Chargeback File

For details of the fields in this file, see the table below.

| Option | Description |
|--------|--|
| Token | The unique 9-digit token number for the card being charged back. |



| Option | Description |
|---------------------------|---|
| ChargebackAmount | The charged back amount. Up to two decimal places are allowed. If the Full Chargeback option is checked, this field is disabled, and the full amount taken during the Presentment transaction stage is displayed. |
| ChargebackCurrency | The three-digit ISO code for the chargeback currency. |
| ReasonCodeDescription | Reason code for the chargeback. For a full list of chargeback reasons, see Chargeback Reason Codes . |
| Username | Name of the user who created the chargeback. |
| Transactionid | The unique token for the transaction being charged back. |
| IsPartialChargeback | Whether this is a partial chargeback. Enter Y to indicate a partial chargeback amount. For a full chargeback enter N. |
| IsCreditToCardTransaction | Whether to credit the chargeback amount to the cardholder's account. Y = Yes; N = No. |
| DocumentIndicator | Whether documentation to support this chargeback will be supplied: Y = yes; N = No. Refer to the Mastercard Guide for details of the types of Chargeback Reason Codes that require supporting documentation. |
| DE 72 | Description, to be displayed in the DE 72 field of the chargeback message sent to Mastercom. This field can also be populated with a standard message as in the Select text format field. |



5 How Chargebacks are Credited

This section explains chargeback processing and how to determine the amount being credited back to a card.

Chargebacks can be automatically credited back to a customer's card by enabling the **Auto Credit** chargeback feature. This feature is configured during product setup in the Product Setup Form (PSF). If you want to enable Auto Credit, contact your Thredd Account Manager.

To prevent a card from going into negative balance while a chargeback is being processed, you can also enable the **Do Not Debit Second Presentment** option. This is configured by setting the `SecondPresentmentNotDebited` flag which stops the Second Presentment from debiting funds from a card when a chargeback is in the process of being settled. When enabled, the second presentment is applied to the card but no funds will be debited from the card (in other words, the bill amount will be zero). The second presentment can then be settled directly with the scheme. If you want to enable this option, contact your Thredd Account Manager.

If you are using Smart Client to manage chargebacks, you also have the option to credit a chargeback to a customer's card using the `Credit to Card` field in the **Create Chargeback** screen. This allows you to credit chargebacks for particular cases. If you've enabled the Auto Credit feature at product level, the `Credit to Card` field is selected by default; however, you can deselect it. For more information, see [Creating a Chargeback](#).

5.1 Viewing the Amount Credited

There are different types of chargeback transaction, including:

- A credit transaction where funds are credited back to the customer
- A non-credit transaction
- A chargeback reversal transaction

You can see the amount credited back to the customer's card in the Thredd Transaction XML report.

1. Inspect the **RecordType** under the element `CardChrgBackRepRes`.
2. To determine whether this is a credit or a non-credit transaction, inspect the `<BillAmt>` field. For example:

```
<BillAmt value="24.95"currency="826"rate="1.000000"></BillAmt>
```

Chargeback credit transactions have a bill amount.

If `<BillAmt>` is zero, this is a non-credit chargeback transaction (for example, you may see this for chargebacks where auto credit is not enabled so the chargeback amount cannot be automatically refunded to the customer). To see the chargeback amount that is pending, inspect the `<Pending_Billing_Amount>` field. For example,

```
<Pending_Billing_Amount>500.50</Pending_Billing_Amount>
```

Similarly, Second Presentment Debit transactions have a bill amount. If this is zero, this is a non-debit second presentment transaction (for example, you may see this for second presentments where the **Do Not Debit Second Presentment** option is enabled so the presentment amount cannot be automatically debited from the customer).

Note: For non-credit transactions, EHI will also show the `<BillAmt>` as zero; however, the `<Pending_Billing_Amount>` is not sent to EHI. In EHI, you will see chargeback credit transactions labelled with the letter C, non-credit transactions labelled with the letter H, and reversals labelled with the letter K. See the [EHI Guide](#) for more information.

For more information about the Transaction XML report, see the [Transaction_XML_Reporting_Guide](#).



6 How to Reduce the Risks of Chargebacks

Chargebacks are incredibly common. Each year, approximately half of consumers (globally) will initiate a chargeback through their issuing bank.

Note: For more information, see: <https://www.chargebackgurus.com/blog/merchant-chargebacks-101-what-they-are-why-they-matter>

Chargebacks are expensive and time-consuming to handle, and are a concern for both card issuers, Program Managers and merchants. To help you reduce the incidents of chargebacks, Thredd provides a number of options:

- Merchant Category Code (MCC) Blacklists - you can add any merchants with high levels of chargebacks or fraudulent transactions to this list, which will prevent your cards being used by these merchants.
- Card velocity limits and usage limit groups - you can define limits to the amount, time of day or frequency at which a card is used, as a means to reduce the risks of fraud and chargebacks.
- 3D Secure - Three Domain Secure (3D Secure) is a card scheme initiative, supported by both Mastercard and Visa, that provides an additional layer of cardholder protection. During an online purchase transaction, the cardholder needs to authenticate by entering a password to their identity. This not only reduces the risks of fraud, but in most instances transfers liability for the transaction to the cardholder. You can use the Thredd web services API to implement 3D Secure.

Note: 3D secure checks are only applied to transactions where both the merchant and cardholder are enrolled in this scheme.

- Out of Band (OOB) authentication - Thredd currently supports OOB authentication types in 3DS V2 (known as Biometrics)
- Enhanced card security - Thredd enables you to implement two factor authentication and other means to ensure only the legitimate cardholder can use your card.

6.1 More Information

For further details about chargebacks, contact your Account Manager.



7 Case Filing

As of 17 July 2020, Mastercard changed the Chargeback process to a rules-based system which is designed to make dispute resolution fairer and more responsive for all parties.

As a result of these changes, arbitration is no longer part of the Chargeback process. Instead, if a chargeback is rejected and the customer wants to dispute the case further, they can raise this as a *case filing* to Mastercard.

The fees associated with the case filing process are also different to that for chargebacks. For more information about the fee structure, contact Mastercard.

7.1 What is Case Filing?

Mastercard case filing is a feature through which an issuer or an acquirer can raise a concern with Mastercard.

To dispute a transaction after completion of the chargeback cycle, you can create either a pre-arbitration or arbitration case. Pre-arbitration case filing differs from arbitration case filing only in terms of the fees charged by Mastercard. For information about fees, contact Mastercard.

In terms of reporting, case filings and chargebacks are two different transaction types. No transaction is created at card level for the new arbitration/pre-arbitration case filings, thus no data is sent to EHI.

Note: Thredd do not currently support compliance case filings (pre-compliance and compliance). Thredd supports only pre-arbitration and arbitration case filings.

7.2 Creating a Case

If you want to dispute a transaction after completion of the chargeback cycle, you can create either a pre-arbitration or arbitration case.

To raise a case with Mastercard, you can either use Smart Client or you can file arbitration cases directly with Mastercard using the Mastercom UI.

Note: To access case filing functionality, you require the appropriate user permissions which you must request from Thredd. Contact your Account Manager for more information.

The following section explains how to use Smart Client to raise a case with Mastercard, and view cases.

7.2.1 Creating a Case in Smart Client

From the **View Transactions** screen:

1. Right click on the second presentment transaction.
2. Select **Actions > Create Case Filing**.

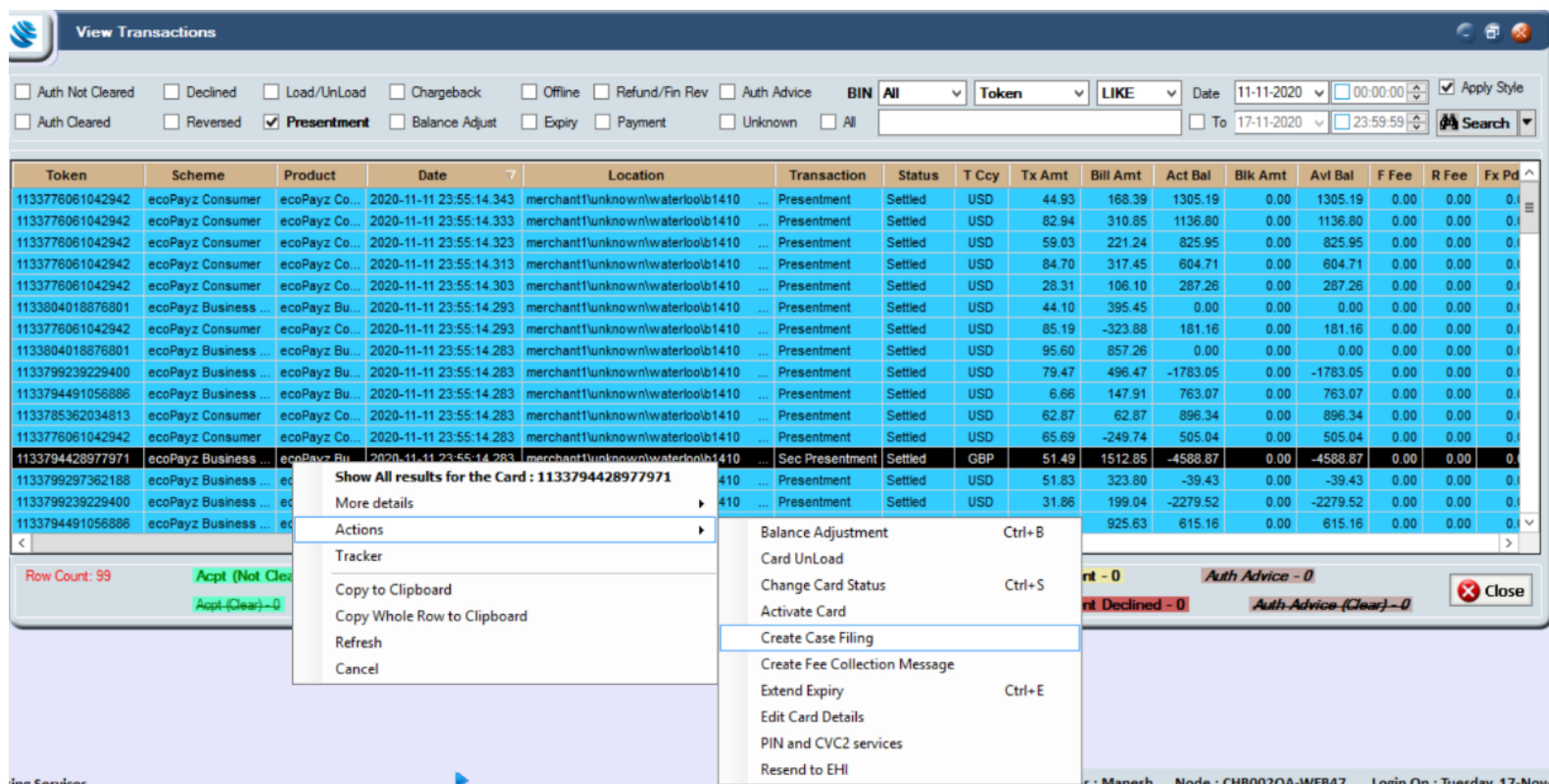


Figure 20: Create Case Filing menu option

The **Create Case Filing** screen appears showing the second presentment details:

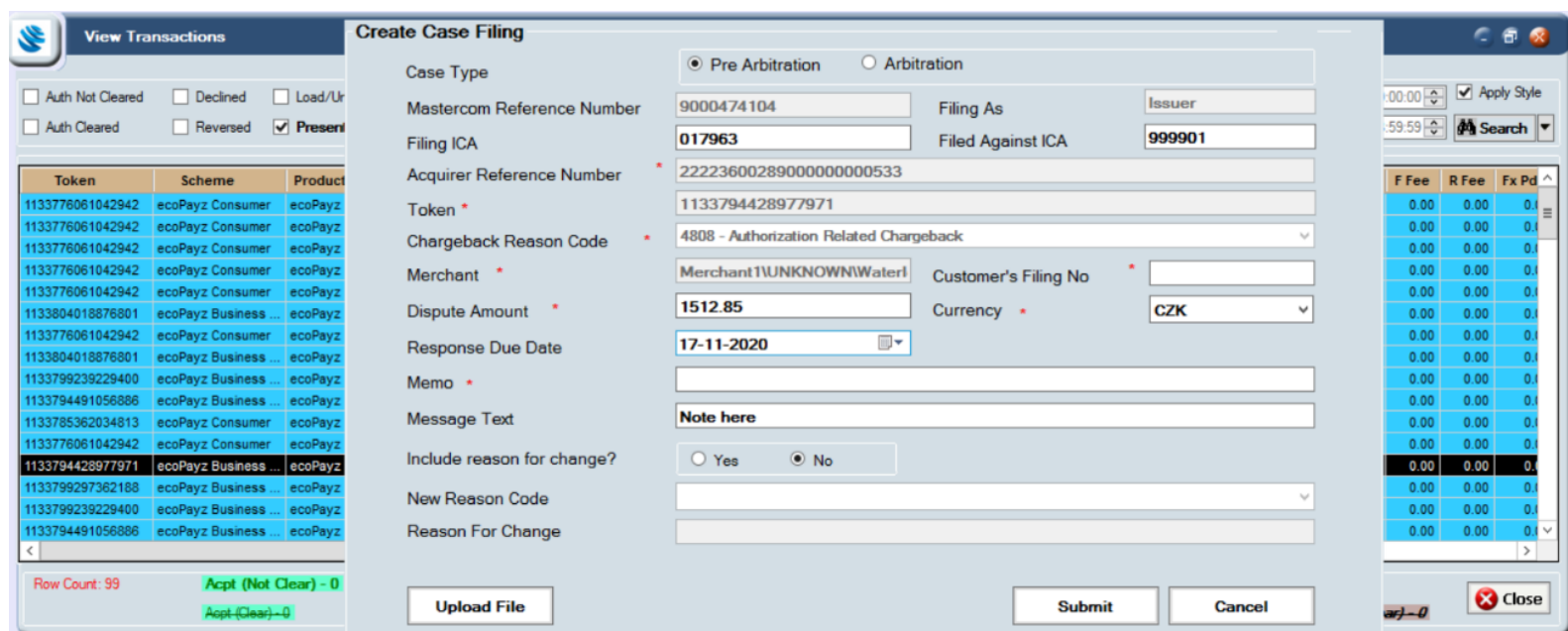


Figure 21: Create Case Filing Screen

3. Choose whether to raise a **Pre Arbitration** or an **Arbitration** case.
4. To upload a file, select **Upload File**. The following screen appears where you can select the file you want to upload.

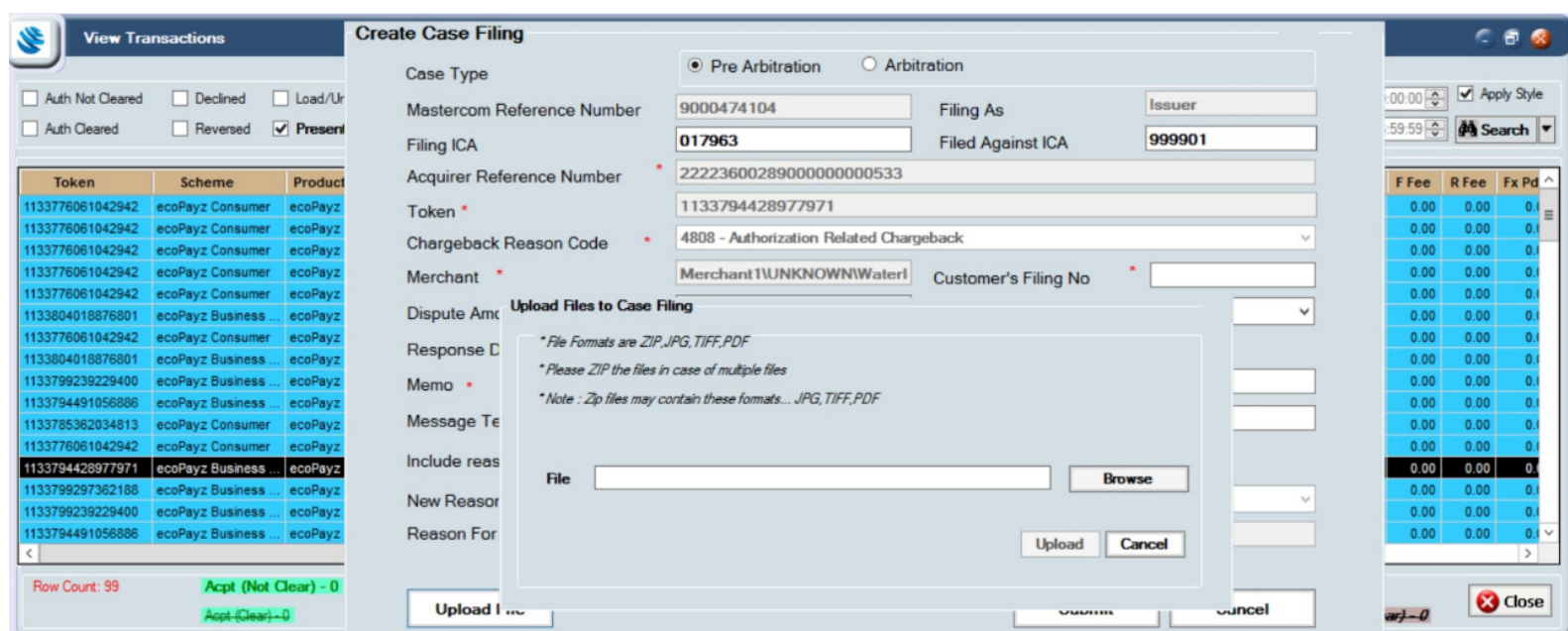


Figure 22: Upload Files to Case Filing Screen



5. Click **Submit** to create the case.

7.2.2 Viewing Cases

To view cases using Smart Client, select **Card activity > Case Filing**. The **Case Filing** screen appears.

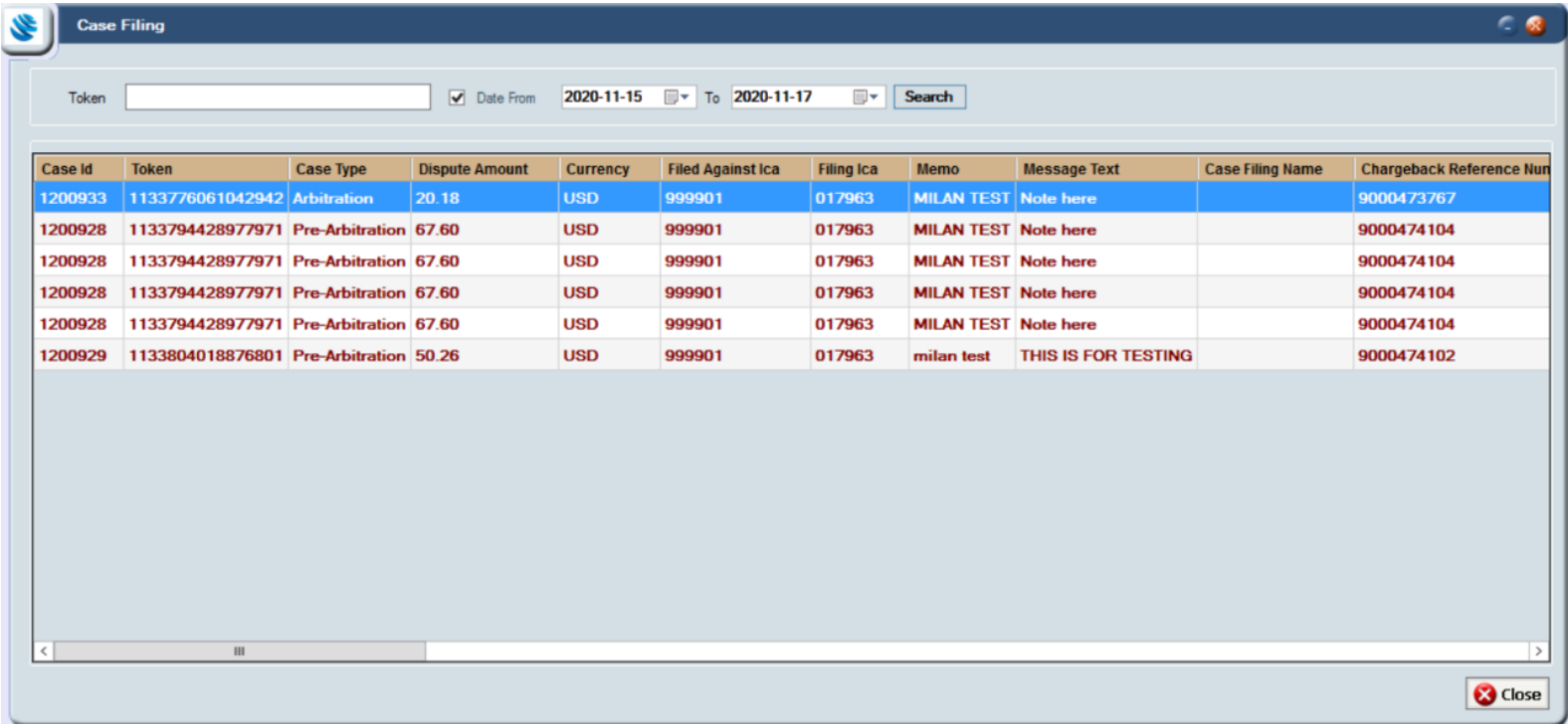


Figure 23: Case Filing Screen

7.2.3 Updating a Case

To update a case:

- Select **Card activity > Case Filing**
- Right click a file and choose **Update Case Filing**. The following screen appears:

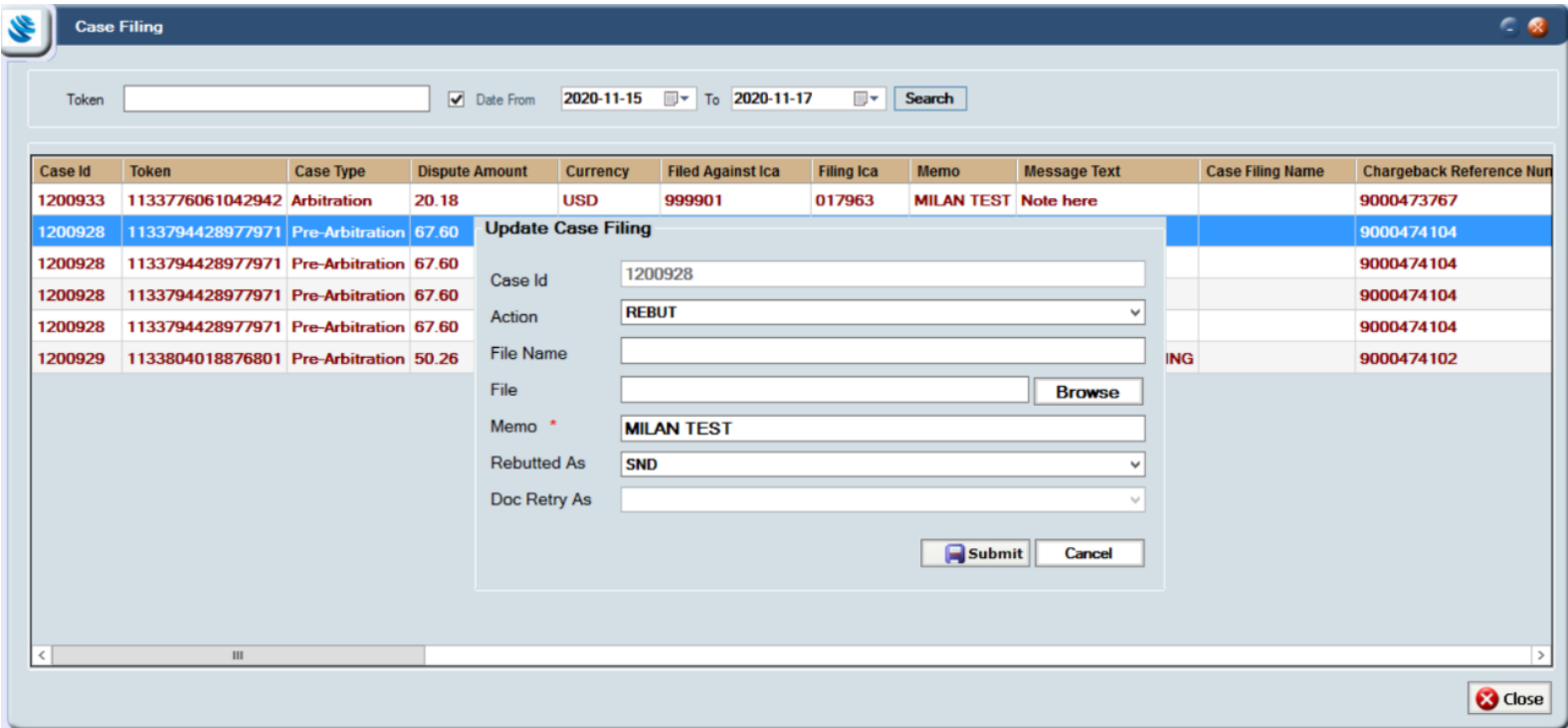


Figure 24: Update Case Filing Screen

- Choose whether to **Escalate, Withdraw, Rebut, or Doc_Retry**.
- Select **Submit**.

7.2.4 Viewing the Status of a Case

To retrieve the status of a case:



- Select **Card activity** > **Case Filing**
- Right click a file and choose **Retrieve Case File Status**.

A screen appears showing the status of the case:

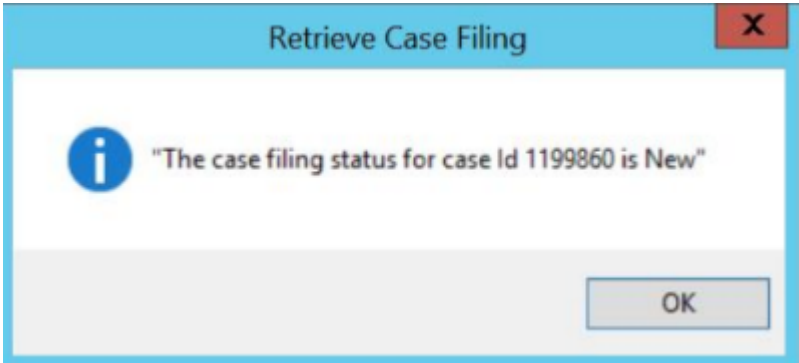


Figure 25: Retrieve Case Filing Screen

7.2.5 Downloading a Case Document

You can use the download functionality to check what documents you uploaded as part of the case.

To download a document associated with a case:

1. Select **Card activity**> **Case Filing**.
2. Right click a file and choose **Download Case Filing file**.
3. When prompted, confirm that you want to proceed with the download.

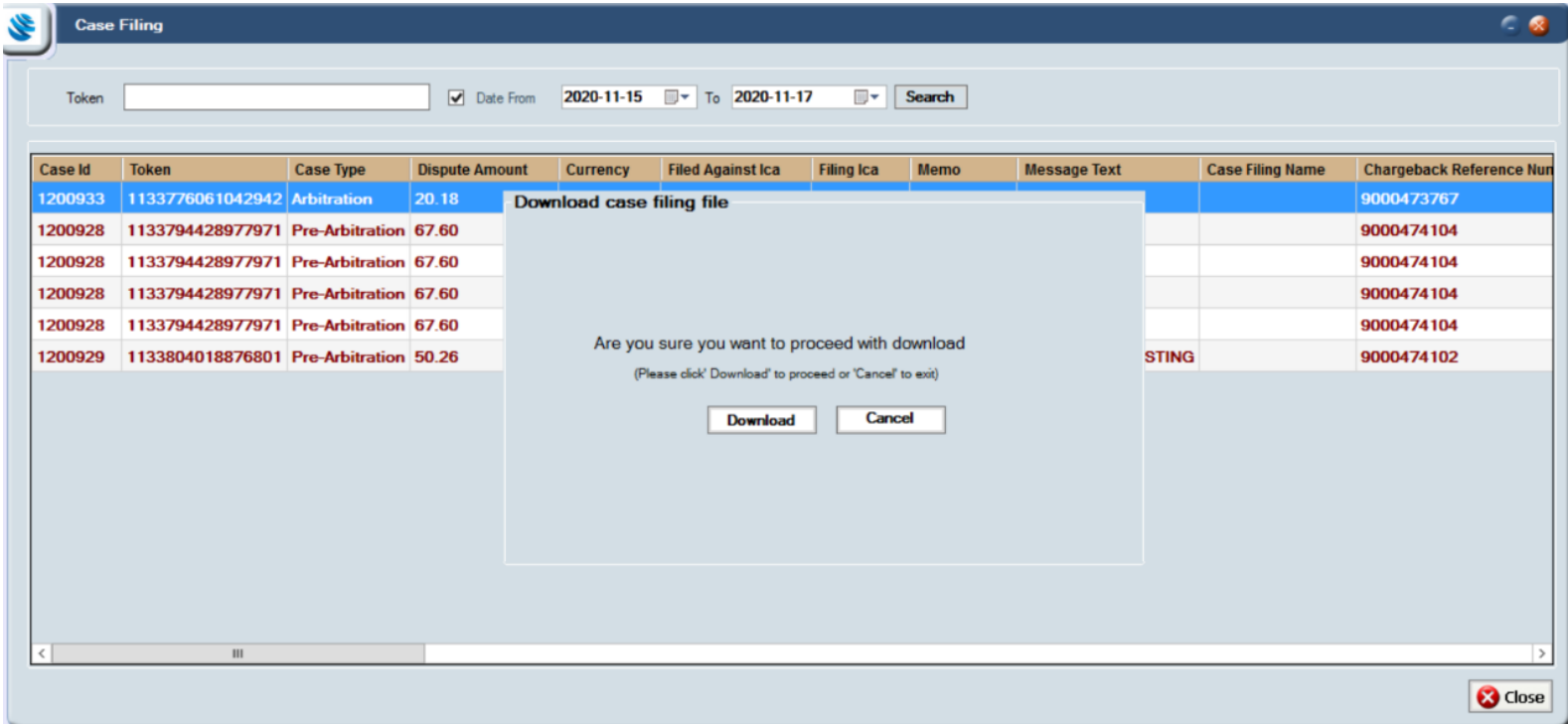


Figure 26: Download Case Filing File Screen

7.3 Crediting a Successful Case

This section explains how to credit a successful case to the cardholder.

Unlike chargebacks, upon a successful case filing there is no simple method to credit funds directly into the cardholder’s account. This is because there is no transaction record created at card level for arbitration/pre-arbitration case filings, and therefore no way to link arbitration information to the original transaction.

Instead, after identifying that a case filing is successful, you must credit the funds via a balance adjustment or load. For more information, see the [Smart Client Guide](#).

7.4 Viewing Case Filing Fees

This section explains how to see information relating to the fees associated with the case filing.



All fees related to arbitration/pre-arbitration case filing records from Mastercard are included in the MastercardFee section of the Transaction XML reports. For more information, see the [Transaction XML Reporting Guide](#).

7.5 Example Case Filing Scenarios

The following scenarios show which party incurs a pre-arbitration fee in a pre-arbitration case involving claims with first chargebacks cleared on or after 17 July 2020.

| Billing Event Number | Billing Event Number | Service ID |
|----------------------|--------------------------|------------|
| 2MS2601 | Pre-arbitration–Receiver | MS |
| 2MS2602 | Pre-arbitration–Sender | MS |

Scenario 1

Acting as the sender, an issuer sends a pre-arbitration case to an acquirer. Acting as the receiver, the acquirer decides that the transaction is its responsibility. The acquirer accepts the case and financial responsibility for it. The disputed amount returns to the issuer. Mastercard assesses billing event 2MS2601; Mastercard does not assess billing event 2MS2602.

Scenario 2

Acting as the sender, an issuer sends a pre-arbitration case to an acquirer. Acting as the receiver, the acquirer decides that the transaction is not its responsibility. The acquirer rejects the case and does not assume financial responsibility for it. Mastercard assesses billing event 2MS2602; Mastercard does not assess billing event 2MS2601.

After the acquirer rejects the pre-arbitration case, the issuer, if permitted by the rules, may escalate the case to an arbitration case.

Scenario 3

Acting as the sender, an issuer sends a pre-arbitration case to an acquirer. Acting as the receiver, the acquirer does not respond in the required time frame as chargeback rules specify. Mastercom automatically rejects the case. The acquirer does not assume financial responsibility for the case. Mastercard assesses billing event 2MS2602; Mastercard does not assess billing event 2MS2601.

After the acquirer does not respond in the required time frame, the issuer, if permitted by chargeback rules, may escalate the case to an arbitration case.

Scenario 4

Acting as the sender, an issuer sends a pre-arbitration case to an acquirer. However, before the acquirer, acting as the receiver, takes action on the case or before Mastercom automatically rejects the case, the issuer withdraws the case. The acquirer does not assume financial responsibility for the case. Mastercard assesses billing event 2MS2602; Mastercard does not assess billing event 2MS2601.



Appendix A: Chargeback Reason Codes

Mastercard Chargeback Reason Codes

The table below is provided for reference only and details are subject to change. For the latest reason codes, always refer to the [Mastercard Chargeback Guide](#).

| Code | Description |
|------|--|
| 4515 | Cardholder denies. |
| 4522 | Authorisation declined. |
| 4801 | Requested transaction data not received. |
| 4802 | Requested item illegible or missing. |
| 4807 | Warning bulletin. |
| 4808 | Requested/required authorization not obtained. |
| 4809 | Transaction Not Reconciled (European-acquired transactions only) |
| 4812 | Account number was not on file. |
| 4831 | Transaction amount differs. |
| 4834 | Duplicate processing. |
| 4837 | Fraudulent transaction; no cardholder authorization. |
| 4840 | Fraudulent processing of transaction. |
| 4841 | Cancelled recurring transaction. |
| 4842 | Late presentment. |
| 4846 | Correct transaction currency code was not provided. |
| 4849 | Questionable card acceptor activity. |
| 4850 | Instalment Transaction Dispute. |
| 4853 | Cardholder Dispute Defective/Not as Described. |
| 4854 | Cardholder dispute not elsewhere classified (U.S. only). |
| 4855 | Non-receipt of merchandise. |
| 4859 | Services not rendered. |
| 4860 | Credit not processed. |
| 4863 | Cardholder does not recognize– Potential fraud. |



| Code | Description |
|------|--|
| 4870 | Chip Liability Shift. Valid for all intraregional transactions (except for excluded regions) |
| 4871 | Chip/PIN Liability Shift. (Reserved for intra-Europe and intra-Canada) |
| 4890 | Identifies a syntax error return. |
| 4900 | General; invalid Second Presentment/1240. |
| 4901 | Required documentation not received to support prior Second Presentment/1240. |
| 4902 | Documentation received was illegible. |
| 4903 | Scanning error- unrelated documents or partial scan. |
| 4905 | Invalid Acquirer Reference Data in Second Presentment/1240; no documentation required or provided. |
| 4906 | Missing documentation is being supplied. |
| 4907 | Other than required/requested documentation provided. |
| 4908 | Invalid Acquirer Reference Data in Second Presentment/1240; documentation was received. |
| 4999 | Domestic Chargeback Dispute Reserved for intra-European and inter-European use. |

Visa Chargeback Reason Codes

The table below is provided for reference only and details are subject to change. For the latest reason codes, always refer to the [Visa Chargeback Guide](#).

| Code | Description |
|-------------------|---|
| 10. Fraud | |
| 10.1 | EMV Liability Shift, Counterfeit Fraud. |
| 10.2 | EMV Liability Shift, Non-Counterfeit Fraud. |
| 10.3 | Other Fraud, Card-Present Environment. |
| 10.4 | Other Fraud, Card-Absent Environment. |
| 10.5 | Visa Fraud Monitoring Program. |
| 11. Authorisation | |
| 11.1 | Card Recovery Bulletin. |



| Code | Description |
|-----------------------|--|
| 11.2 | Declined Authorization. |
| 11.3 | No Authorization. |
| 12. Processing Errors | |
| 12.1 | Late Presentment |
| 12.2 | Incorrect Transaction Code |
| 12.3 | Incorrect Currency |
| 12.4 | Incorrect Transaction Account Number |
| 12.5 | Incorrect Transaction Amount |
| 12.6 | Duplicate Processing or Paid by Other Means |
| 12.7 | Invalid Data |
| 13. Consumer Disputes | |
| 13.1 | Services Not Provided or Merchandise Not Received |
| 13.2 | Cancelled Recurring Transaction |
| 13.3 | Not as Described or Defective Merchandise/Services |
| 13.4 | Counterfeit Merchandise |
| 13.5 | Misrepresentation of the purchased good and/or service |
| 13.6 | Credit Not Processed |
| 13.7 | Cancelled Merchandise/Services |
| 13.8 | Original Credit Transaction Not Accepted |
| 13.9 | Non-Receipt of Cash or Load Transaction Value at ATM |



Appendix B: Mastercard Chargeback Fees

Chargeback fees are reported under the *MasterCardFee* section of the transaction XML file. The Transaction XML is generated daily, around 10 am. This file contains all of the loads, unloads, balance adjustments, cardholder fees and authorisations from the previous 24 hours (midnight to midnight).

For details, refer to the [Transaction XML Reporting Guide](#).

Mastercard Fee Collection Reason Codes

The following codes are provided for reference only. For details, please refer to the [Mastercard Chargeback Guide](#).

| Code | Description |
|------|---|
| 7614 | Settlement of fulfilment fees other than Mastercom |
| 7622 | Handling fee for authorization related chargebacks |
| 7623 | Handling fee for authorization related chargebacks |
| 7624 | Handling fee for authorization related chargebacks |
| 7627 | Failure to provide a merchant advice code in a fee collection |
| 7600 | Lost/ stolen telex / phone fee |
| 7601 | Recovered card award fee |
| 7602 | Emergency cash disbursement |
| 7603 | Compliance ruling settlement |
| 7604 | Emergency card replacement |
| 7605 | Warning bulletin handling fee |
| 7606 | Good faith acceptance settlement |
| 7607 | Collection letter handling fee |
| 7608 | Telex authorization fee |
| 7610 | Investigation fee |
| 7611 | Retrieval fee reversal |
| 7612 | Retrieval handling fee |
| 7616 | Warning bulletin handling fee |
| 7617 | Adjustment for promotional transactions |
| 7618 | Reversal of previously reimbursed State Fuel Tax |
| 7619 | Emergency card replacement centre cash advance |



| Code | Description |
|--------------|---|
| 7621 | ATM Balance Enquiry fee |
| 7625 | PIN Management service at ATM |
| 7628 | Reclaim surcharge |
| 7629 | Non-financial ATM service fee |
| 7700 | Intra-currency agreement settlement |
| 7701 | Mastercard member settlement of fulfilment fees |
| 7750 to 7799 | Bilateral agreement settlement |
| 7800 | MCBC Clearing fee |
| 7802 | interchange compliance adjustment |
| 7804 | ATM transaction settlement |
| 7822 | Settlement Adjustment |



FAQs

This section provides answers to frequently-asked questions.

Q. How can I query a disputed transaction?

When a cardholder queries a transaction, you can use the Thredd Smart Client application to view details of the transaction. To raise a chargeback, you can either use the Mastercom Claims Manager or Visa VROL system, or Smart Client which has a facility to enable you to raise and manage chargebacks (Note that this is only available for Mastercard issuers in Europe/UK at present).

Q. How do I raise a chargeback if I'm a Visa customer?

Visa clients can use VROL to raise a chargeback. After a chargeback is raised in VROL, Thredd obtains the clearing files and processes the chargeback in the Thredd Apex platform and you can view the chargeback details in Smart Client's **Chargeback** screen.

Q. How do I raise a chargeback if I'm a Mastercard customer but don't have Smart Client?

You can use Mastercard's Mastercom Claims Manager to raise a chargeback. Thredd obtains the clearing files and processes the chargeback in the Thredd Apex platform and you can view the chargeback details in Smart Client's **Chargeback** screen. However, for convenience, Thredd offers an API integration to Mastercom via Smart Client.

Q. How is the chargeback credited?

The Auto credit chargeback feature enables you to automatically credit a chargeback amount back to the card. This feature is configured during product setup in the Product Setup Form (PSF). If you want to enable this feature, contact your Thredd Account Manager. If you are using Smart Client to manage chargebacks, you also have the option to credit a chargeback to a customer's card using the **Credit to Card** field in the **Create Chargeback** screen. This allows you to credit chargebacks for particular cases.

Q. How do I view the amount credited?

You can see the amount credited back to a customer's card in the Thredd Transaction XML report. For more information, see [How Chargebacks are Credited](#).

Q. What is the Collaboration Option?

Mastercard offer a collaboration option, where the chargeback first goes directly to the merchant (the acquirer is not involved at this stage). If the merchant accepts collaboration, they will need to issue the refund as a separate transaction. By improving communication between the issuer and merchant prior to the formal dispute process taking place, many disputes can be settled without entering the chargeback process. This service is enabled via Mastercard. Check with your Issuer for details.

Q. Why is arbitration no longer part of the Chargeback process?

As of 17 July 2020, Mastercard changed the Chargeback process and arbitration is no longer part of this. Instead, if a chargeback is rejected and the customer wants to dispute the case further, they can raise this as a case filing to Mastercard. Mastercard case filing is a feature through which an issuer or an acquirer can raise a concern with Mastercard.



Glossary

This page provides a list of glossary terms used in this guide.

3

3D Secure (3DS)

3 Domain Secure is a cardholder authentication scheme provided by the card schemes, which is used to verify the identity of a cardholder during an online transaction. The cardholder typically enters a password or authenticated by submitting a passcode from their mobile device.

A

Acquirer

The merchant acquirer or bank that offers the merchant a trading account, to enable the merchant to take payments in store or online from cardholders.

Arbitration

Process of managing disputes raised between merchants and cardholders, where the dispute cannot be resolved. The arbitration process is managed by the card scheme, who will make the final decision.

Authentication

This includes checks to confirm the cardholder identity, such as PIN, CVV2 and CAVV.

Authorisation

Stage where a merchant requests approval for a card payment by sending a request to the card issuer to check that the card is valid, and that the requested authorisation amount is available on the card. At this stage the funds are not deducted from the card.

C

Card Scheme

Card network, such as MasterCard or Visa, responsible for managing transactions over the network and for arbitration of any disputes.

Cardholder

Consumer or account holder who is provided with a card to enable them to make purchases.

Case Filing

A feature through which an issuer or an acquirer can raise a concern with Mastercard.

Chargeback

Where a cardholder disputes a transaction on their account and is unable to resolve directly with the merchant, they can raise a chargeback with their card issuer. The chargeback must be for a legitimate reason, such as goods and services not received, faulty goods, or a fraudulent transaction.

Clearing File/Clearing Transaction

Thredd receive batch clearing files from the card networks, containing clearing transactions, such as presentments and network fees. The card issuer transfers the requested settlement amount to the acquirer and 'clears' the amount on the card, reducing the available card balance accordingly.

E

EHl

The Thredd External Host Interface (EHl) is a system which provides Program Managers with real-time transactional data and control over their transaction authorisations.

EMV

EMV originally stood for "Europay, Mastercard, and Visa", the three companies which created the standard. EMV cards are smart cards, also called chip cards, integrated circuit cards, or IC cards which store their data on integrated circuit chips, in addition to magnetic stripes for backward compatibility.



External Host

The external system to which Thredd sends real-time transaction-related data. The URL to this system is configured within Thredd per programme or product. The Program Manager uses their external host system to hold details of the balance on the cards in their programme and perform transaction-related services, such as payment authorisation, transaction matching and reconciliation.

F

Fee Groups

Groups which control the card transaction authorisation fees, and other fees, such as recurring fees and Thredd web service API fees.

I

Issuer

The card issuer, typically a financial organisation authorised to issue cards. The issuer has a direct relationship with the relevant card scheme.

M

Merchant

The shop or store providing a product or service that the cardholder is purchasing. A merchant must have a merchant account, provided by their acquirer, in order to trade. Physical stores use a terminal or card reader to request authorisation for transactions. Online sites provide an online shopping basket and use a payment service provider to process their payments.

Merchant Category Code (MCC)

A unique identifier of the merchant, to identity the type of account provided to them by their acquirer.

O

Out-of-band (OOB) authentication

A type of two-factor authentication that requires a secondary verification method through a separate communication channel along with the typical ID and password.

P

PCI DSS

The Payment Card Industry Data Security Standard (PCI DSS) is an information security standard for organisations that handle credit cards from the major card schemes. All merchants who handle customer card data must be compliant with this standard. See: https://www.pcisecuritystandards.org/pci_security/

Presentment

Stage in a transaction where the funds authorised on a card are captured (deducted from the cardholder’s account). See also Clearing. Also referred to as the First presentment.

Program Manager

A Thredd customer who manages a card program. The program manager can create branded cards, load funds and provide other card or banking services to their end customers.

R

Representment

Process of responding to a chargeback raised by an issuer, where the acquirer or merchant do not agree with the chargeback and wish to dispute it via the card scheme.

S

Second presentment

When a merchant resubmits the transaction with evidence to counter the chargeback.

Smart Client

Smart Client is Thredd's user interface for managing your account on the Thredd Apex system. It is also called Smart Processor Thredd. Smart Client is installed as a desktop application and requires a VPN connection to Thredd systems in order to be able to



access your account.



Document History

| Version | Date | Description | Revised by |
|---------|-------------|---|------------|
| 1.7 | 27/04/2023 | Guide rebrand to new company name and brand identity. | WS |
| 1.6 | 01/12/2022 | Updated Copyright Statement. | MW |
| 1.5 | 15/08/2022 | Updated Image captions and fixed hyperlink in Payment Dispute Management Overview Also improved page layout for PDF and updated the section numbers. | MW |
| 1.4 | 04/04/2022 | Added the Do Not Debit Second Presentment option, which can be used to prevent a card from going into negative balance while a chargeback is being processed. See How Chargebacks are Credited . See PRN-73. | AL/WS |
| | 11/03/2022 | New layout and HTML format of guide is now available. Note: This guide has been renamed from <i>Chargeback Guide</i> to <i>Payments Dispute Management Guide</i> | AL/WS |
| 1.3 | 24/02/2022 | New version, with new content and layout. | AL |
| | 18/01/2022 | Case Filing content added. | AL |
| 1.2 | 20 /09/2021 | ThreddOffice address update. Note added to the Mastercard Collaboration Option section to provide further details. | WS |
| 1.1.1 | 13/07/2021 | Mastercard Fraud and Loss Database. Step 3 should refer to the SAFE message. | WS |
| | 23/06/2021 | Replaced Fraud Type Code figure in Table 4: SAFE Report Options. Section 5.3.1 3, SAFE is now referred to as the | WS |
| 1.1 | 07/04/2021 | Added new “About this Guide” and “Document History” sections. Section 5.3.3. Should read Transaction Details window. | WS |
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