

Managing Disputes through COVID-19: Additional Information on Programs and Support

Global | *Acquirers, Issuers, Processors, Agents*

Visa, Interlink, Plus Networks; V PAY; Europe Processing

Overview: Visa is providing additional information on dispute processing as a result of the COVID-19 outbreak. We will continue to share updates and additional information, as available.

Visa is providing additional information to support clients with managing and responding to disputes.

As was published previously, Visa has not changed its dispute rules in response to this event. It is our expectation that cardholders work directly with the merchant to resolve their issue before a dispute is initiated by their issuer. Further, it is our expectation that issuers and acquirers are flexible in resolving disputes to minimize impact on cardholders and sellers.

The following document outlines additional information and measures Visa is taking to help support clients with dispute processing. It is intended to assist clients with managing day-to-day cardholder and merchant dispute inquiries, using scenarios that we expect may arise given the COVID-19 situation. As a reminder, Visa's rules and processes are subject to local laws and regulations.

15-Day Dispute Rule

To help reduce dispute volume and maintain integrity within the system, issuers are expected to adhere to the existing dispute time limits. In particular, issuers must wait 15 calendar days to initiate a dispute for certain dispute conditions, beginning from either:

- The transaction date, if the date the services were expected or the delivery date for the merchandise is not specified; or
- The date the cardholder returned or attempted to return the merchandise, if the merchandise was returned due to late delivery.

Verifi Dispute Services

Last year, Visa acquired Verifi, a leader in technology solutions that reduce chargebacks. With the addition of Verifi, Visa extended its chargeback and dispute resolution capabilities to support a broad range of payments

brands and partners across the ecosystem. Verifi's technology solutions save time and resources by connecting all parties in the dispute management process in near real-time to resolve disputes before they result in chargebacks.

Specifically, Verifi has three services that help reduce overall dispute volumes for clients: Prevent, Resolve and Recover. These solutions require some implementation work by the merchant. If they are not already using Verifi services, implementation is turnkey and typically takes between hours and 14 days, depending on the service and the merchant.

- **Dispute Prevention**, 76% of customers go straight to the issuer with a transaction dispute, depriving the merchant of an opportunity to prevent a chargeback. Verifi's **Order Insight** solution provides issuers and customers with enhanced order details at point of first customer inquiry to prevent disputes.
 - For Global Issuers and Merchants: Order Insight can enable issuers to prevent disputes at the time of customer inquiry. When a customer contacts their issuer with a transaction dispute, the issuer will use their existing Visa Resolve Online (VROL) connection to obtain order details, associated refunds or credit vouchers merchant terms and conditions, refund policies and merchant contact information in the Transaction Inquiry. The issuer can review the information with the customer to resolve the dispute in real-time to alleviate volume for all parties.
- **Dispute Resolution**, also known as "**Resolve**," resolves fraud and non-fraud confirmed disputes with a refund, details regarding a prior refund or cancellation, avoiding chargebacks.
 - For Global Issuers and Merchants: Resolve can be used by participating merchants as a pre-dispute process where Verifi automatically facilitates agreement between issuers and merchants / acquirers on transactions that the issuer flags as disputed by the cardholder. As part of the Verifi service, the merchant can proactively resolve disputes with a refund, proof they previously refunded or decide to let the issuer proceed with the chargeback (if they do not believe they are liable). Anything settled as part of the Verifi service never enters the dispute processing system. This helps reduce issuer, acquirer and merchant workload associated with dispute volumes. Currently, the service is primarily available in the U.S., as Verifi has coverage of 40% of all U.S. payment volume, including many top issuers.
- **Dispute Representation**, also known as "**Recover**," is when Verifi's team handles all aspects of dispute responses to help merchants maximize opportunities to limit revenue lost to chargebacks.
 - For Global Acquirers / Merchants: Recover is a solution offered to manage disputes on behalf of the merchant. This service can directly assist with merchants experiencing increased dispute volume as they can outsource their dispute processing to help alleviate the workload for the acquirer and the merchant. This solution is available in over 100 countries and supports 50 currencies.

Clients that are interested in any of these services should contact their Visa representative.

Verifi Online Merchant Directory

Verifi has launched an online directory for issuers to look up merchants' responses to COVID-19, including links to merchant-specific terms and conditions, refund policies, COVID-19 statements and FAQs. This directory can currently be found at www.verifi.com/covid.

COVID-19 Dispute Monitoring Program

As previously announced, Visa launched the COVID-19 Dispute Monitoring Program on 1 April 2020 to help maintain the integrity of the dispute process by reducing invalid disputes initiated into the system. The program is monitoring daily dispute volumes, with a focus on consumer-related disputes, and will flag any practices that may be inconsistent with current Visa dispute rules. The program monitors consumer dispute volumes for the Airlines, Entertainment, Lodging, Transportation and Travel Services segments.

Any issuer submitting more than 50 invalid consumer disputes daily will be flagged by the program. A dispute for goods or services not received is considered invalid if (a) it lacks detailed explanation of the dispute reason, (b) the merchant is able to provide the service or (c) the cardholder has not attempted to resolve the dispute with the merchant directly.

Once flagged in the program, Visa will contact the issuer to discuss the compliance issue and consult with the issuer to help to quickly remedy the cause of invalid disputes.

Issuers that continue to submit invalid disputes and/or are repeatedly flagged by this program may be subject to non-compliance assessments and ultimately lose access to initiating disputes for relevant reason codes.

Modification of Excessive Disputes Monitoring Programs and Fees During COVID-19

As a reminder, Visa operates a number of compliance programs that are focused on minimizing the impact excessive dispute rates may have on the payments ecosystem. Given the current environment, Visa has made the following changes to some programs:

- The Visa Dispute Monitoring Program (VDMP) and Visa Fraud Monitoring Program (VFMP) will both be suspended for merchants in the Travel & Entertainment (T&E) merchant category codes through the July compliance cycle. Visa Risk will not send program identifications to acquirers for T&E merchants during this time period.
- The Visa Acquirer Monitoring Program is also suspended for disputes arising from T&E merchants through the July compliance cycle.

Visa's Global Brand Protection Program will not be impacted by these temporary policy changes. Merchants and acquirers tied to illegal or brand damaging activity will not be granted any concessions.

For More Information

Merchants and third party agents should contact their acquirer.

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