



Best Practices for Effective Debit Memo Resolution and Prevention

Guidelines for Travel Agencies, Airlines and Global Distribution Systems

Developed by ARC's Debit Memo Advisory Group

ARC

Introduction

ARC is proud to introduce an update to the Best Practices for Debit Memo Resolution and Prevention document first published in 2017.

This document was originally conceived by ARC's Debit Memo Advisory Group (DMAG) as a way to baseline processes and set standards for memo processing that work faster and are more efficient. Since its original publication, the travel industry has evolved, and it was time to revisit the document and make necessary revisions.

It is important to note that the following best practices are guidelines. These best practices are not enforced by ARC. ARC understands the need for each airline, travel agency and GDS to make its own commercial decisions. However, ARC encourages these entities to consider adopting some or all of these best practices in order to provide a more predictable, clear and effective environment for our industry — ultimately resulting in fewer debit memos and more efficient resolution of the memos that remain.

If you have any questions or feedback regarding these best practices, please contact Sarah Sager at ssager@arccorp.com.

Section 1

Debit Memo Communications and Training

Overview

To effectively resolve debit memos in our industry, it's important that all travel agents with ticketing capabilities gain a solid understanding of debit memos, their causes, and how to avoid them. Additionally, airlines should be proactive in clearly communicating fare rules and policy changes to travel agencies. In many cases, debit memos can be avoided altogether with comprehensive communication, training and educational resources.

Training and Educational Resources

Agency Responsibilities

Encourage training for employees (from ARC, IATA and GDSs) including training on fare rules, refunds, exchanges, booking and ticketing.

Use past debit memos as training tools and create internal best practices from “lessons learned.”

Use Memo Manager data to identify specific training topics and debit memo trends.

Ensure staff is aware of and understands the Best Practices for Effective Debit Memo Resolution and Prevention.

Airline Responsibilities

Ensure that internal teams work together to raise awareness of the impact their decisions, especially around sales contracts, have an auditing and revenue accounting.

Be forward-thinking when making policy decisions or changes, anticipating potential issues that may result in debit memos. Include colleagues from different teams when making changes that impact fare filing, booking, ticketing, reporting and sales contracts in the agency distribution channel.

Educate audit teams regarding all updates and changes to contracts, programs and technology to allow time for audit adjustments. This includes any external audit vendors.

Establish and update training material and audit protocols and share with the agency community.

Provide travel agencies with advance notice of debit memos with high volume and/or value.

Work with GDSs to ensure fare processing, fare interpretation and fare intent are captured correctly.

Provide advance notice of any new memo types to agencies.

Publish a “Tips and Tricks” or “How to Avoid a Debit Memo” document for agency reference.

Ensure staff receives training on the Best Practices for Effective Debit Memo Resolution and Prevention.

Publish booking, ticketing, IROP and ADM policies on the airline's website.

The website should include a dynamic search engine that makes these policies easy to locate. These policies should be accessible with no login required.

ARC Responsibilities

Agency administrators are able to publish their policy link in Memo Manager, which appears on every memo within AMM which appears on every memo within the tool. ARC will maintain the policy links on arccorp.com.

Provide access to on-demand webinars for Best Practices for Debit Memo Resolution and Prevention.

Provide updates on available training and/or on-demand webinars via the TAC weekly communication.

Publish a How to Avoid a Debit Memo document and publish to ARC's Corporate website.

Provide the ability for customer to submit questions to ARC on best practices.

Contracts

Agency Responsibilities

Review contracts prior to system load and test contract terms within the agency's systems. This should take place prior to issuing live tickets under the contract.

Maintain updated contract information internally, and make current contracts available to all ticketing agents.

Airline Responsibilities

Create contracts that can be filed with ATPCO, and work to file them in a timely manner.

Work to reduce contract complexity and be clear in contract parameters (e.g., clearly communicate contract receipt date versus contract effective date).

Take responsibility for implementing and testing contract terms.

Communicate contract changers (including addendums) to travel agencies with adequate time to update ticketing operations. At least two weeks' notice is preferred.

All parties (airline, agency, auditors, sales and revenue management, and joint business partners) must remain in sync with identical contract terms and any changes to those terms.

Airlines should not verbally issue contracts or updates to contracts. Any contract changes should be provided in writing via mail or email.

If short notice is given for a contract or contract change, offer a contract overlap (e.g., a two-week transition period) and communicate this transition period to the agency.

Automation

Agency Responsibilities

Use GDS auto-pricing when possible to avoid errors.

Use automated exchange and refund tool where possible.

Airline Responsibilities

Use automation when loading all fares to ATPCO, including refunds and exchanges where applicable.

When an automated category conflicts with a manual category (e.g., ATPCO Category 31 versus ATPCO Category 16), the automated category should take precedence over the manual one.

For example, if a ticket is issued using the automated Category 31 and a conflict exists between Category 31 (automated) and Category 16 (manual), a debit memo should not be raised for a Category 16 violation.

Collaborate with agencies when same day fare increase and midnight ticketing failure debit memos are issued.

Ticket Designators

Airline Responsibilities

Minimize - or eliminate, when possible - the use of manual ticket designators.

No manual ticket designator or tour code should be included in contracts, ticket designators and tour codes should only be used if filed with a fare.

Encourage the use of tour codes so the ticket can be auto priced.

Irregular Operations

Airline Responsibilities

Strive to publish all irregular operations information for each event on its website with time and date stamps, and review opportunities to automate the addition of this information to affected passenger name records (PNRs).

Publish irregular operations and policy history on its website. Agents should have access to a history of changes as they occur.

Periodically review Irregular Operation information on the airline's website.

Include customer contact information so the customer can be reached during irregular operations or when schedule changes occur.

Chargebacks

Agency Responsibilities

Employ all Best Practices for Card Acceptance and Risk Management to minimize chargeback debit memos.

These Best Practices with a list of Fraud Detection Tools can be found in [Section 6 of the Industry Agents' Handbook](#).

Airline Responsibilities

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Notify agents of chargebacks before a memo is issued (pre-notification).

Pre-notification of chargebacks should eventually be sent via ARC's Memo Manager, but this functionality is not yet available.

Until that is built, they should be sent via email with a distinctive subject line of "Pre-Chargeback Notification."

Include a timeline on the pre-notification memo so agent is meeting the carrier's deadline to respond to the credit card company. The airline should not issue a debit memo to agent until the deadline noted on the pre-notification had passed.

Investigate where the flight was involuntarily cancelled and accept those as refunds.

Verify cardholder name against traveler name and verify if segments are flown.

Send chargeback pre-notifications to agents.

Airlines should not verbally issue contracts or updates to contracts. Any contract changes should be provided in writing via mail or email.

If short notice is given for a contract or contract change, offer a contract overlap (e.g., a two-week transition period) and communicate this transition period to the agency.

ARC Responsibilities

Evaluate the ability to create a pre-notification function within Memo Manager.

[Link to Industry Agents' Handbook](#)

Fare Rules

Airline Responsibilities

Work to simplify fare rules, which will promote more efficient use of automated ticketing and provide definitions to the terms used in the airline GDS rules display.

Audit Consistency

Airline Responsibilities

Third-party audit teams must have the same training (fares, taxes, contracts, etc.) that internal auditors receive and should apply policies consistent with those of the airline's internal audit teams.

If fare filing information is not available to third-party auditors, the airline should work with them to help interpret fare rules.

Document all waivers issued in comments.

Waivers

Agency Responsibilities

Do not accept any verbal waivers from an airline.

Document all verbal waivers given by the airline.

Document all waivers in the PNR.

Airline Responsibilities

Do not provide verbal waivers.

Employ automated waiver tools to disseminate information to agencies in Irregular Operations (IROP) situations. This would expedite the exchange of passenger tickets (especially in natural disaster situations).

Document all waivers in the PNR and make visible to agencies.

Document all verbal waivers given to an agency.

Section 2

Auditing and ADM Issuance

Overview

Timely auditing and issuance of debit memos, as well as a centralized method of communication in Memo Manager, creates a more efficient and predictable environment for debit memo resolution. It's also important for airlines to provide as much detail as possible within the fields of Memo Manager; this gives agencies the context they need to conduct thorough research and ultimately prevent future debit memos.

Timing of Issuance

Agency Responsibilities

Acknowledge all chargeback disputes by paying or disputing the chargeback memo in a timely manner with the proper documentation.

Airline Responsibilities

Issue debit memos within nine months of the last travel date for straight and exchange sales, and within nine months of the date of refund.

Issue chargeback memos within 45 days of the chargeback.

Issue usage fraud memos (determined by an established pattern) within two years.

Issue interline memos within nine months of other airline (OAL) reject billing.

Reason Codes

Airline Responsibilities

Use ARC's standard debit memo reason codes and mapping when possible.

ARC Responsibilities

[Standard Debit Memo Reasons](#)

Ticket Numbers

Airline Responsibilities

Include all ticket numbers on the memo, not in an attachment or spreadsheet, with memo amounts shown for each ticket. Attachments may supplement the memo, but the ticket information should be listed within Memo Manager.

If a memo is issued for a transaction with no ticket number, the passenger name record and creation date (PNR), pseudo city code (PCC) or GDS should be included on the memo.

The agency's ticket number should be listed on the memo, even in the case of an airline exchanging an agency-issued ticket.

Memo Manager (AMM)

Agency Responsibilities

Use Memo Manager for memo disputes and memo-related communications.

Airline Responsibilities

Issue memos electronically via Memo Manager, not via mail or email.

Use Memo Manager for memo disputes and memo-related communications.

In Memo Manager, all available fields and amounts should be completed and correct when loading a debit memo. Do not use attachments to provide this information.

Only use attachments for supplemental information, not to communicate key information about the memo.

Maintain correct email address information in Memo Manager.

Maintain the correct link to the airline's Ticketing Policy website in Memo Manager.

GDS Responsibilities

Use Memo Manager for memo disputes and memo-related communications.

ADM Issuance

Agency Responsibilities

The ticketing agent, not the booking agent, is responsible for the debit memo.

Airline Responsibilities

Issue memos to the ARC number that issues the ticket (the ARC number displayed on the ticket).

Section 3

Debit Memo Research, Communication and Response

Overview

Once a debit memo has been issued, all parties should commit to timely responses, thorough research and consistent communication in an effort to resolve the debit memo. Debit memos should ideally be resolved within 90 calendar days of memo issuance.

Response Timing

Agency Responsibilities

Acknowledge the receipt of a debit memo within 10 business days of issuance. This will be indicated by an automatic change in memo status when the agency opens the debit memo.

Return chargeback responses to the airline within seven calendar days of issuance.

Dispute any memos within 30 calendar days of issuance. (This includes memos sent to the GDS; agencies should notify the airline if a memo has been sent to the GDS.)

Airline Responsibilities

Respond to disputes within 30 calendar days of receipt of the dispute.

GDS Responsibilities

Respond back to the agency within 30 calendar days of receipt of a debit memo.

Dispute Communication

Agency Responsibilities

Disputes should address the specific issue raised in the memo, and why the agency considers the memo invalid.

Provide documentation to support the dispute (e.g., PNR, contract, fare rule, audio file) and attach documentation to the memo in Memo Manager.

Airline & GDS Responsibilities

If denying a dispute, airlines and GDSs must give a clear, concise, but descriptive professional response as to why they are denying or rejecting the dispute.

Do not use generic dispute response (dispute denials) such as “memo stands,” “memo valid” or “dispute denied”.

Address the specific issues noted by the agency in their response.

Clearly communicate to the agency what materials, if any, the airline would accept in order to invalidate a memo (e.g., a contract addendum or waiver).

GDS responses may include a technical explanation for the airline, but these should also be clarified in layman’s terms to ensure clear communication.

Third-party vendors must follow established best practices.

Escalation Process

Agency Responsibilities

Establish an escalation process that takes effect after the memo has been unsuccessfully disputed twice.

Provide airlines with an email address for the escalation process.

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Airline Responsibilities

Establish an escalation process that takes effect after an agency has unsuccessfully disputed the memo twice.

Provide agencies with an email address for the escalation process.

Aging Memo Reports

Agency Responsibilities

Run monthly reports to ensure all debit memos are being reviewed and the oldest ones are actioned, with the goal of reducing the number of memos reaching in “inactive” or “moved to collections” status.

Collections/Inactive Status

Airline Responsibilities

Respond to agency disputes and review fare rules prior to sending a debit memo to collections or changing to inactive status.

Dispute Limits

Airline Responsibilities

The maximum dispute limit should be set to three in Memo Manager.

Section 4

Debit Memo Settlement

Overview

When a debit memo reaches settlement, agencies, airlines and GDSs should clearly communicate any special arrangements to all parties involved (e.g., payment plans, partial payments or GDS payments to agencies). Payments made through Memo Manager should then be closed with a note indicating the reasons for the memo's closure.

Payments Methods and Timelines

Agency Responsibilities

Make all payments, including GDS payments and partial payments, via Memo Manager or Interactive Agent Reporting (IAR).

Pay a memo within 14 calendar days of determining it is valid.

Pay a memo within 14 calendar days of receiving payment from the GDS.

If an agency chooses to send a payment directly to an airline, record the payment in Memo Manager via the Non-IAR Payments section.

GDS Responsibilities

Pay the travel agency within 14 calendar days of accepting responsibility for a memo.

Duplicate Payments

Airline Responsibilities

Issue a credit to the travel agency within 14 calendar days of receiving an overpayment.

Partial Payments

Agency Responsibilities

In order to make a partial payment, an agency must first dispute the memo in Memo Manager, and the airline must agree to a memo reduction.

Upon agreement to a memo reduction, the airline should update Memo Manager with the adjusted amount. The agency should then pay the adjusted amount.

Agencies may make partial payments in the case of an agreed-upon payment plan.

When disputing a memo, add the reason for the partial payment in the comment section at the time of the dispute.

When disputing a memo and making a partial payment, continue to make payments until the dispute is resolved.

Airline Responsibilities

If the airline agrees to adjust a debit memo, update Memo Manager with the adjusted amount within two business days.

If a payment plan has been agreed upon, document the arrangement in Memo Manager.

Closing Memos

Airline Responsibilities

Close memos in Memo Manager within 14 calendar days of receiving payment.

When fully or partially closing a memo, provide an explanation of why the debit memo is being closed.

GDS Responsibilities

Provide detailed information about what the GDS is (or is not) responsible for and what it will (or will not) pay.

Maintain clear communication with the agency regarding resolution, and document the memo's resolution and closure within Memo Manager.
