

## **FAQs on Credit Card Chargeback & Dispute Resolution**

Find out here how to resolve common disputes arising from payments through credit, debit and prepaid cards for the following situations:-

- A. Unauthorised transactions;
- B. Transactions signed under duress or threat;
- C. Instalment Payment Plan (IPP) transactions with merchants that subsequently cease business; and
- D. Non-delivery of goods/services or delivery of unfit goods/services

These guidelines apply to transactions made with international Card Schemes-branded cards, i.e. American Express, Diners, JCB, Mastercard, UnionPay and Visa.

Generally, the purchase of a good or service is a contractual arrangement between you as the consumer, and the merchant. Your rights as a consumer are protected under the Consumer Protection (Fair Trading) Act, commonly known as the 'Lemon Law'.

### **General Terminology, Definitions and Requirements**

#### **1. What is a dispute?**

There are two categories of dispute. Firstly, they can arise when a cardholder says that he or she did not authorise a particular transaction. Secondly, a dispute can occur when a cardholder encounters issues with the goods and services purchased.

#### **2. How do I lodge a dispute with my card-issuing bank?**

Please contact your card-issuing bank's 24-hour Customer Service Hotline to lodge your dispute. Your card-issuing bank will advise you on the process which could require you to submit a dispute resolution form.

#### **3. How quickly should I lodge a dispute with my card-issuing bank?**

We advise cardholders to contact their card-issuing bank as soon as possible. Most banks will require cardholders to submit a dispute resolution form within 14 days from the card statement date.

#### **4. How long do I have to wait for my bank to resolve a disputed transaction?**

The time taken to resolve a disputed transaction may vary depending on the complexity of the case. Generally, resolution on a dispute may range between approximately 4 weeks for simple

cases to about 12 weeks for more complex ones, assuming all required documentation has been promptly provided upon request.

## **5. What is a chargeback?**

A chargeback occurs when a card-issuing bank, in accordance with the dispute resolution process of the Card Scheme, initiates a reversal against the merchant for violation of card acceptance procedures or failure to fulfill some of the terms and conditions of the transaction.

## **6. What are my responsibilities as a consumer/cardholder?**

Always review the terms and conditions of the sales contract before you sign on the agreement. If you proceed with a dispute, adhere to the timeframe within which you can lodge a dispute.

If you suspect any unauthorised use of your card, contact your card-issuing bank immediately to block your account.

## **Some Commonly Raised Dispute Scenarios**

### **A. Unauthorised – Card-Not-Present (CNP) transactions**

#### **1a. Without One-Time-Password (OTP) authentication**

This occurs when someone uses your card to make an unauthorised online, telephone order or mail order purchase. You should immediately report this to your card-issuing bank and ask that it blocks your card account to avoid further fraudulent usage.

The card-issuing bank may require you to complete a dispute resolution form. Thereafter, the card-issuing bank would perform a chargeback of the disputed transaction(s) to the merchant. In most instances, the banks will provide you with a temporary credit or refund the disputed transactions so that your spending balance is not affected. Upon full resolution of the investigation and chargeback, the bank will notify you if there are changes to the outcome.

#### **1b. With OTP authentication**

Many online merchants have implemented secure payment technologies such as MasterCard SecureCode and Verified by Visa. Such technologies require the purchaser's identity to be verified by an OTP, which is usually sent to the cardholder's mobile phone by his or her card-issuing bank, before the completion of a purchase. In such circumstances, the risk of unauthorised transactions is mitigated as the cardholder would have to verify his or her identity before the purchase can be processed.

The card-issuing bank will reserve the right to withhold the temporary credit, if such transactions are reported as unauthorised, until the investigations are fully complete. The card-issuing bank may also impose the liability for the disputed transaction to the cardholder, if negligence has been a contributing factor.

## **2. Delayed charges – For example, hotels and car rental companies**

At hotels, unbilled charges such as mini-bar or business centre charges may be posted to your account after you have checked out.

Similarly, cardholders may also be billed additional charges by car rental companies if a traffic summons has been issued or there was damage to the rental vehicle.

Such transactions are considered valid and merchants have the right to post them to the cardholders. However, the card-issuing bank would assist cardholder to refute any additional charges if the cardholder is able to provide supporting document as evidence that he did not incur the delayed hotel charges or the rental car was returned on time and in good condition.

### **B. Transactions signed under duress or threat**

#### **1. Can the card-issuing bank help to chargeback transactions signed under duress?**

Such transactions are deemed to be authorised by the cardholder as the card was presented to the merchant and the sales draft signed by the cardholder.

If you are forced to sign for a transaction or make an ATM withdrawal, you should immediately report the incident to the local police, if it involved unlawful detention and/or threat to bodily harm. You should also immediately contact your card-issuing bank for assistance. On a best effort basis, the card-issuing bank will take up the complaint with the Card Scheme and the merchant's bank for a resolution.

### **C. Instalment Payment Plan (IPP) transactions with merchants that have ceased business**

#### **1. Can the card-issuing bank help to stop payment and cancel the remaining IPP transactions with the merchant that I have signed up?**

IPPs offer cardholders the convenience of paying for certain large purchases such as gym memberships, magazine subscriptions or household goods, over an extended period of up to 36 months.

Even though you are paying by instalment, your bank will make full payment of the purchase price on your behalf to the merchant when the agreement is signed by you. Therefore, you remain liable to repay the monthly instalments to your bank unless the merchant agrees to terminate the IPP and refund the bank. You are not able to terminate IPPs on the basis that you no longer receive the services or no longer wish to continue with the services provided by the merchant.

In the event that the merchant ceases operations and you are unable to reach a resolution with the merchant, you may approach your card-issuing bank for assistance to raise a chargeback against the merchant. However, depending on your agreement with your card-issuing bank, you may not be able to claim any losses. On a best effort basis, your bank will attempt to recover on your behalf from the closed merchant. Failing which, the bank may refer you to the liquidators of the merchant or CASE for assistance.

Before signing up for IPPs, cardholders are advised to:

- a. Deal with reputable merchants which are accredited under CaseTrust or EduTrust;

- b. Check the CASE' website at <https://www.case.org.sg/consumeralertlist.aspx> to see if there has been any complaints against the merchant or particular industry;
- c. Read the merchant's terms and conditions to ascertain whether there is any policy on returned goods or termination of services;
- d. Find out the merchant's terms and conditions on delivery fulfillment for goods or services; and
- e. Read and understand the card-issuing bank's terms and conditions for IPPs.

**D. Non-delivery or quality of goods/services**

**1. Can I dispute a transaction on the basis of non-delivery of goods or services by the merchant?**

If the merchant fails to deliver goods or services as per the delivery timeline stated in the sales agreement between the cardholder and the merchant, the cardholder can file a dispute. The cardholder may need to produce all documentary proof to the card-issuing bank on the agreed delivery timeline as well as correspondence with the merchant where goods or services were not received after the merchant had been notified of non-delivery.

**2. Can I dispute a transaction if I am not satisfied with the quality of the product/service provided by the merchant?**

This depends on the sales agreement between the cardholder and the merchant. For example, you purchased a pair of shoes from a physical store and the terms of sale stated a no-return policy which you have sighted, signed and acknowledged. If so, you will have no rights to dispute the transaction.

However, if you made an online purchase and the merchandise you received was not as described or it arrived damaged, you can file a dispute. For example, you ordered an L-sized dress but you received an S-sized dress or a dress of a different colour instead, you have a right to dispute.

In this case, you should first make efforts to contact and resolve the dispute with the merchant to either get an exchange or a refund upon returning the merchandise. If the merchant refuses, you can then file a dispute with your card-issuing bank. You will need to provide documentary proof that the wrong or defective product was delivered in order for the bank to initiate a chargeback.