With the number of disputes rising, and processing time and costs increasing, Visa is excited to introduce the Visa Claims Resolution (VCR) initiative. To improve the efficiency of handling disputes, Visa is focused on automating and simplifying the dispute-resolution process while also keeping pace with the needs of the payment industry.

As changes are made, sharing them with you is part of our commitment to merchants as we help your payment process run smarter and more efficiently. This document covers the major changes to dispute processing and benefits to merchants.
New Dispute Process

Visa Claims Resolution will proactively eliminate invalid disputes, leveraging existing data wherever possible. VCR provides a foundation to implement enhanced dispute rules, streamline the process with reduced timeframes and offer enhanced tools for proactive resolution.

<table>
<thead>
<tr>
<th>PRE-DISPUTE</th>
<th>DISPUTE SUBMISSION</th>
<th>DISPUTE RESPONSE/PRE-ARBITRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visa Merchant Purchase Inquiry</td>
<td>Associated Transactions</td>
<td>Streamlined Processing</td>
</tr>
<tr>
<td>Share dispute details before dispute is initiated</td>
<td>VROL proactively clarifies Associated Transactions and requires issuers to verify</td>
<td>Reduced timeframes result in quicker resolution</td>
</tr>
<tr>
<td>Dispute Rights Identification/Edits</td>
<td>Response Certification</td>
<td></td>
</tr>
<tr>
<td>VCR automates CB Rights identification</td>
<td>Issuers must respond to acquirer/merchants or accept liability</td>
<td></td>
</tr>
</tbody>
</table>

**GOVERNANCE**

- Index
  - Health score to monitor ecosystem usage

**RULES**

- Rules Changes
  - Modernize rules to protect ecosystem
Enhanced Tools

Aligned with the strategic goal of quicker resolution, with fewer errors, the following tools will be included in the dispute process.

Visa Merchant Purchase Inquiry

The Visa Merchant Purchase Inquiry is a simple, easy to implement plug-in to Visa’s globally used dispute platform VROL.

This solution allows merchants to avoid disputes through a system-to-system interface, where additional data elements pertinent to decision making are provided to issuers at the beginning of the dispute process. Eliminating a potential dispute from becoming a dispute will yield significant cost savings for merchants and issuers.

How it Works

1. Issuer identifies transaction within VROL and requests more information.
2. Visa confirms merchant participation in Visa Merchant Purchase Inquiry solution.
3. Visa sends a request to the merchant for additional data.
4. Merchant runs internal rules to determine the best response.
5. Merchant sends one of the following responses:
   - Respond with additional data – provides transaction-specific data such as a description of goods purchased or device used
   - Respond with customer credit – allows you to credit the cardholder prior to receiving a dispute
   - Respond with additional data and a credit
6. The response is forwarded to the issuer who can assist cardholder in recognition of the transaction.

NEW FOR 2017

7. If Issuer confirms a transaction(s) as fraud, Visa Merchant Purchase Inquiry can notify merchants, via the same API pipe that fraud has been reported on the account.
8. Merchant can react accordingly by suspending the account, stopping a shipment to prevent further loss and/or contact the cardholder.
9. Merchants have the option to respond to the API Fraud Notification with their intended action.

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1 Features, functionality, implementation details, schedules, and fees, may be subject to cancellation or change at Visa’s discretion. Services may not be available in all countries.
2 This is an optional service; you are not required to respond.
# Associated Transactions

Associated Transactions functionality is now part of the dispute process to proactively identify an action like a credit, reversal or adjustment that could render a dispute invalid. For example, if the merchant already credited the cardholder for the transaction in dispute, all parties benefit from avoiding further inquiry into the transaction.

If an Associated Transaction is found, issuers will be required to verify if a credit, reversal or adjustment is associated to the dispute in question.

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### Visa Resolve Online

<table>
<thead>
<tr>
<th>Associated Transactions</th>
<th>VROL Case Number 1002280950</th>
</tr>
</thead>
</table>

**Visa Resolve Online**

**Associated Transactions**

**VROL Case Number 1002280950**

**Member Case Number: Test**

Which of the listed transactions are associated with the selected transaction?

In the ‘Associated’ column state whether each transaction is associated or not with the selected transaction and then submit this form. VROL has already provided defaults which may be changed. VROL uses this information to determine the appropriate dispute process workflow and the additional information required in the subsequent forms.

**Use filters to sort by transaction groups.**

- Credits (1)
- Reversals (1)
- Adjustments (1)

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### Associated Transactions

**7 Transactions Found**

<table>
<thead>
<tr>
<th>Selected Transaction</th>
<th>Transaction Date / Time</th>
<th>CPD/Settled Date</th>
<th>Tran Type</th>
<th>Response Code</th>
<th>Total Tran Amount</th>
<th>DR/CR</th>
<th>Card/Account Number</th>
<th>MO/CN</th>
<th>NET</th>
<th>Auth Code</th>
<th>MCC</th>
<th>Transaction ID/Reference Ref#</th>
<th>Acquirer</th>
<th>DN/IS</th>
<th>C/C/V</th>
<th>Result</th>
<th>Merch Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes • No</td>
<td>06/10/17 07:13:47</td>
<td>06/10/17</td>
<td>Sale</td>
<td>D1</td>
<td>2.56 USD</td>
<td>DR</td>
<td>4000-0000-0000-1261</td>
<td>0002</td>
<td>02</td>
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<tr>
<td>Yes • No</td>
<td>06/10/17 07:13:06</td>
<td>06/10/17</td>
<td>Credit</td>
<td>D1</td>
<td>2.56 USD</td>
<td>DR</td>
<td>4000-0000-0000-1261</td>
<td>0002</td>
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<td>238253</td>
<td>No</td>
<td>NZ</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes • No</td>
<td>06/10/17 07:14:06</td>
<td>06/10/17</td>
<td>Credit Adj.</td>
<td>D1</td>
<td>2.56 USD</td>
<td>DR</td>
<td>4000-0000-0000-1261</td>
<td>0002</td>
<td>02</td>
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<td></td>
<td></td>
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<tr>
<td>Yes • No</td>
<td>06/10/17 07:14:06</td>
<td>06/10/17</td>
<td>AFT Credit</td>
<td>D1</td>
<td>2.56 USD</td>
<td>DR</td>
<td>4000-0000-0000-1261</td>
<td>0002</td>
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<tr>
<td>Yes • No</td>
<td>06/10/17 07:14:06</td>
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<td>Auth</td>
<td>D1</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

**Clients confirm if transaction is associated.**

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Streamlined Processing

Today, disputes take approximately 46 days to resolve, with the more contentious issues taking more than 100 days. The new enhanced dispute process will provide more efficient processing and, in some cases, less need for multiple cycles of back and forth to exchange information and documentation.

Our new expedited resolution process is expected to reduce the time and resources it takes merchants to respond to disputes. We expect most disputes to be resolved within 31 days or less, a significant reduction to the time it takes today, which will benefit merchants, cardholders and clients.

Visa will be reducing the timelines, touchpoints and processes involved in dispute resolution by following one of two new processes.

Fraud and Authorization

For fraud and authorization disputes, a cycle has been eliminated to streamline the process and get to a resolution more quickly.

Visa will proactively provide an automated dispute decision based on the Visa rules. Acquirers and merchants will have the ability to respond under certain conditions. For example:

- Cardholder No Longer Wishes to Dispute
- Compelling Evidence
- Credit Processed
- Invalid Dispute

Note: Other conditions may apply, please check Visa Rules for details.

Consumer and Processing Errors

Issuers will be required to fill out an enhanced Dispute Questionnaire that will ensure that all the required information is captured before the dispute can be initiated; this allows for a quicker more efficient process.

The timeframes for all parties in the ecosystem will be equalized. Issuers and acquirers/merchants will be provided the same amount of time to respond throughout the cycle.
**Stop Invalid Disputes**

With the new enhanced dispute process, Visa will identify and block disputes that do not meet the necessary criteria for the selected dispute category.

VCR requires that issuers identify the specific transaction or transactions within VisaNet. This allows Visa to apply rules more comprehensively than in the past. VCR is making the dispute process more data driven and can block disputes before they happen. Visa will enforce new rules systematically where possible.

Other examples:
- **Approved Authorizations** – Visa Resolve Online will interrogate VisaNet to determine if a valid authorization took place and will prevent disputes being submitted with an "Authorization" dispute category if found
- **Fraud Reporting** – Visa Resolve Online will ensure the fraud report is present and accurately represents the true fraud submitted in the dispute
- **EMV** – The latest EMV rules are fully incorporated into the dispute process

**DISPUTE RESPONSE/PRE-ARBITRATION**

**Response Certification**

In an effort to expedite processing and ensure the opposing side has evaluated what was sent, Issuers will be required to address what the merchants have provided, either acknowledging the response and counterering, or providing an acceptance of the liability. Failure to do so within the timeframes listed in the “Streamlined Processing” section is the equivalent to an acceptance of the liability and closure of the dispute.

**GOVERNANCE**

**Indexing**

The VCR initiative introduces Indices to monitor all parties in the ecosystem. Issuers, acquirers, merchants and in some cases, even cardholders will get an indice, or score, which Visa uses to monitor use or misuse of the platform. If an index score begins to fall rapidly, it gives Visa better visibility into the process, identifying the root cause and results in a quicker opportunity to identify the client and triage the issue.
Enhanced Dispute Resolution Rules

Visa has made some updates to the Visa Rules governing dispute to simplify dispute processing and provide better protection for merchants.

Consolidation of Legacy Reason Codes

As part of the VCR Initiative, the 22 legacy reason codes will be consolidated into four dispute categories. Providing merchants with simplified dispute categories reduces the complexity of the dispute process. Visa will continue to provide the same level of data received today and, in some cases, additional data to help merchants understand the reason for the dispute.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1 EMV Liability Shift Counterfeit Fraud</td>
<td>11.1 Card Recovery Bulletin</td>
<td>12.1 Late Presentment</td>
<td>13.1 Merchandise/Services Not Received</td>
</tr>
<tr>
<td>10.2 EMV Liability Shift Non-Counterfeit Fraud</td>
<td>11.2 Declined Authorization</td>
<td>12.2 Incorrect Transaction Code</td>
<td>13.2 Cancelled Recurring</td>
</tr>
<tr>
<td>10.3 Other Fraud – Card Present Environment</td>
<td>11.3 No Authorization</td>
<td>12.3 Incorrect Currency</td>
<td>13.3 Not as Described or Defective Merchandise/Services</td>
</tr>
<tr>
<td>10.4 Other Fraud – Card Absent Environment</td>
<td></td>
<td>12.4 Incorrect Account Number</td>
<td>13.4 Counterfeit Merchandise</td>
</tr>
<tr>
<td>10.5 Visa Fraud Monitoring Program</td>
<td></td>
<td>12.5 Incorrect Amount</td>
<td>13.5 Misrepresentation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12.6 Duplicate Processing/Paid by Other Means</td>
<td>13.6 Credit Not Processed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>13.7 Cancelled Merchandise/Services</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>13.8 Original Credit Transaction Not Accepted</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>13.9 Non-Receipt of Cash or Load Transaction Value</td>
</tr>
</tbody>
</table>

Fraud Rules/Process

Visa will apply new rules to the dispute process to target both card present, and card not present fraud. The following rules will be enforced once VCR goes live:

- Maximum Fraud per Account - Visa will place a limit (35) on the number of card-absent fraud disputes that can be processed on a single account number within a 120 day time period.
- Block Future Fraud If Account Not Closed - With VCR, it will be up to the issuer to decide if they wish to close an account once fraud is reported. However, failure to close an account prevents the issuer from initiating fraud disputes on any new transactions on that account, across all merchants.
- Bundling - If certain conditions apply, merchants may “bundle” their response where multiple transactions occurred on a single account and merchant. A single response questionnaire is used to reply to multiple disputes at once.
The Benefits - A Summary

VCR is designed to provide benefits to all stakeholders, including merchants, throughout the dispute cycle as well as through other means. The following summarizes the benefits provided to merchants with VCR:

<table>
<thead>
<tr>
<th></th>
<th>Reduction in dispute volume (through system enforced rules)</th>
<th>Proactive dispute resolution</th>
<th>Identify, track and monitor abuse</th>
<th>Better customer experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>VCR comprehensively evaluates VisaNet and dispute data, reducing dispute volume by blocking invalid disputes from entering the system</td>
<td>Through a series of new products and services, VCR gives merchants a proactive way to resolve disputes through Visa Merchant Purchase Inquiry</td>
<td>Indices provide Visa a mechanism to proactively identify training opportunities or abuse prompting quicker troubleshooting and resolution</td>
<td>Quicker timelines provide a better customer experience and faster resolution</td>
</tr>
</tbody>
</table>

For More Information

Please contact your Visa representative. Participation is subject to Visa’s terms and conditions, including associated terms for merchant acquirers and processors.