

UPDATED: 21 APRIL 2020

## Dispute Frequently Asked Questions to Help Clients Through COVID -19

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We appreciate that managing and responding to disputes during this unprecedented time is challenging for all involved. Visa recognizes that clients will need additional frequently asked questions to manage and help address the influx of disputes that are expected due to the situation. It is our expectation that issuers and acquirers are flexible in resolving disputes to minimize impact on cardholders and merchants.



NEW

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**Q:** [U.S. ONLY] If the issuer does not have a valid dispute right for their cardholder are they still obligated under Federal Regulation Z to issue a credit to their cardholder?

If the issuer is unable to recover the disputed amount through the Visa dispute process, issuers should consult with their Legal department to determine if the issuer is required to provide a credit to their cardholder. [21 April 2020]

**Q:** Are issuers required to prove government prohibition or regulation before initiating the dispute?

No. Issuers do not have to provide any additional information other than what is required by the dispute rules. However, the acquirer would need to provide evidence of the government prohibition or regulation with the dispute response. In addition, evidence that the merchant offered the cardholder a reasonable alternative credit in line with their terms and conditions. Note: an example of government prohibition evidence would be obtaining the government restriction from the state's website. [21 April 2020]

**Q:** Does the cardholder need to wait for a credit refund if the merchant states it will take 90 to 180 calendar days to process the credit?

No. The issuer only needs to wait 15 calendar days to allow the merchant to process the credit refund before initiating a Dispute Condition 13.1—Merchandise/Services Not Received. The 15 calendar day waiting period is calculated from the transaction date, if the date the services was expected is not specified. Note: The 15 day time frame does not apply if a government law overrides that the merchant credit can be extended. [21 April 2020]

**Q:** For online orders to be picked up at the merchant location, if the merchant chooses not to capture the cardholder's signature on the pick-up form, does that impact the ability to respond to disputes with compelling evidence?

Yes. Current dispute rules require a signed pick-up form as one of the allowable options to meet compelling evidence requirements for online orders to be picked up. However, the merchant may use other options to prove cardholder participation in the transaction (e.g., copy of the cardholder's identification). [21 April 2020]



## UPDATED

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- Q:** The acquirer has received a dispute for Dispute Condition 13.1—Merchandise/Services Not Received and responds with evidence to show the merchant was unable to provide services due to a government prohibition<sup>1</sup> and is able to provide a reasonable alternative consistent with applicable law and its terms and conditions of purchase between the merchant and cardholder. Does the issuer have a right to pursue pre-arbitration?

No. The issuer does not have a right to pursue pre-arbitration as the acquirer remedied the dispute. Note, however, that a chargeback right would exist if applicable law obligates the merchant to provide a refund. [21 April 2020]

- Q:** As an acquirer, in response to a dispute for Dispute Condition 13.1—Merchandise/Services Not Received what do we need to provide to prove the merchant was prevented from providing services as a result of government prohibition or regulation<sup>1</sup> and prove that the merchant offered a reasonable alternative?

To prove a government prohibition, the acquirer must provide the regulation that explicitly (1) negates the cardholder's right to a refund by express reference to card network dispute rules, form of payment, or the like, and/or (2) prohibits the merchant from lawfully offering the service during the COVID-19 crisis. Regulation that is specific to the consumer's right to a refund will always take precedence over general regulation/orders to cancel services due to COVID-19. For example, the acquirer for an airline cannot rely on a government-ordered border closing or flight grounding to avoid a chargeback if there is other regulation that explicitly requires airlines to provide refunds for canceled flights regardless of cause.

In addition, the merchant must also provide a credit voucher, credit note, or other reasonable alternative consistent with the terms and conditions of purchase between the merchant and cardholder. Failure to provide a reasonable alternative gives the issuer dispute rights under Dispute Condition 13.1—Services Not Provided or Merchandise Not Received, as the services were not provided, unless the government prohibition explicitly negated the right to a refund or other alternative. [21 April 2020]



## Disputes Involving Cancellations by a Cardholder

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- Q:** The cardholder purchased any goods/services (e.g., airline, hotel, concert) and was notified that due to government restrictions is now unable to use the good/services, however the merchant is still able to provide goods/services. Is Dispute Condition 13.1—Merchandise/Services Not received valid?

No. The issuer does not have a dispute right. In this scenario, the merchant is willing and able to provide the goods/services and is entitled to be paid.

- Q:** The cardholder purchased any goods/services (e.g., airline, hotel, concert) and was never properly disclosed the cancellation policy at the time of the transaction, and subsequently cancelled the goods/services. Is Dispute Condition 13.7—Cancelled Merchandise/Services valid?

Yes. If the merchant failed to give proper disclosure of its cancellation policy, the issuer has a dispute right. If the services were purchased through a third-party resale site, the refund policy of that third-party sale would apply to services cancelled by the cardholder, not the refund/cancellation policy of the original merchant.



## Disputes Involving Cancellations by a Merchant

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- Q:** The merchant chose to cancel services (e.g., airline, cruise line, travel agent) for its own reasons and not due to any government prohibition.<sup>1</sup> Is Dispute Condition 13.1—Merchandise/Services Not Received valid?

Yes. The issuer should pursue Dispute Condition 13.1— Merchandise/Services Not Received. The merchant cancelled and is unable to provide the services. Cardholders must first attempt to resolve the dispute with the merchant, unless local law prohibits the issuer from requiring the cardholder to first contact the merchant.



## Use of Credit/Vouchers in Lieu of a Refund

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- Q:** The merchant was unable to provide services and issued a credit note or in-store credit that was accepted by the cardholder, however, the merchant has now become insolvent and no longer provides the services. Does the issuer have dispute rights?

Yes. The issuer can pursue a dispute as the original services were not rendered using Dispute Condition 13.1— Merchandise/Services Not Received. The time frame would be 120 days from the expected services (not to exceed 540 days from the transaction processing date).

- Q:** The merchant was willing and able to provide the purchased service/merchandise; the cardholder cancelled outside of the merchant's properly disclosed policy. As a courtesy, the merchant offered a credit note/in-store credit for future use; however, the merchant became bankrupt and ceased operations before the cardholder uses the credit note/voucher. Are there dispute rights?

No. The cardholder cancelled outside of the merchant's disclosed policy and the issuer is liable for the disputed transaction.

- Q:** If a cardholder voluntarily accepts a credit for a cancelled service, does this prevent the cardholder from disputing the original transaction later?

No. If the cardholder had a right to dispute the transaction but then accepted a voucher, this does not change the dispute right.



## Disputes Involving the Purchase of Gift Cards

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- Q:** The cardholder purchased a merchant-specific proprietary gift card from a third-party store (such as a grocery store) using their Visa card. The merchant named on the gift card is now bankrupt and has ceased operations/closed all stores, the services will not be rendered, and the gift card is therefore of no value. Does the issuer have a dispute right and who is responsible for the dispute, the acquirer for the third-party store that sold the gift card or the acquirer for the merchant who is named on the gift card? What is the time frame in which the Issuer must dispute the transaction with the acquirer?

Yes, if the merchant named on the gift card is unable to provide the services, a dispute right exists for Dispute Condition 13.1—Merchandise/Services Not Received. Issuers are reminded that cardholders must first attempt

to resolve the dispute with the merchant of record (the third-party vendor) unless the issuer is prohibited under local law from requiring the cardholder to first contact the merchant.

The dispute would be initiated against the acquirer of the third-party vendor that is the merchant of record and is ultimately responsible for the transaction because it sold the gift card to the cardholder.

The time frame to dispute the transaction is 120 days from the transaction date or 120 calendar days from the gift card expiration date, not to exceed 540 days from the transaction date.

**Q:** A merchant has gone into receivership and while still providing service advises that they are no longer honoring their in-store gift cards. Are there dispute rights?

Yes. The gift card represents purchased services in which the merchant is unwilling to honor.



## Additional General Questions

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**Q:** Will Visa make any exceptions or issue any waivers for dispute time frames for clients?

No. Upon thorough review of the dispute process, we have decided not to change the time frames for dispute processing or grant exceptions/waivers. The level of integration and automation embedded in the existing global process would make such changes impractical. We recommend that clients work with their account representative on specific best practices to reduce dispute volumes. If you have a Visa Resolve Online system issue, please follow the process by contacting your regional VROL support team.

**Q:** The cardholder is able to make new travel arrangements but has incurred out-of-pocket expenses. Can these costs be included in the dispute against the acquirer on the original travel purchase?

No, the dispute value is limited to the value of the services not received from the merchant that cancelled the original travel.

**Q:** The cardholder attempts to return merchandise within the merchant's disclosed policy, but the merchant's location has been closed for business due to government prohibition or and regulation. Would there be dispute rights?

Yes. The issuer can process a dispute. The acquirer would be expected to refute the validity of the issuer's statements and support that the merchant was in fact open and able to accept merchandise returns. If the acquirer is able to support that the merchant was open for business, the burden of proof would fall on the issuer to prove otherwise.

**Q:** If the cardholder calls the merchant, but is unable to get through, is that considered a valid attempt to resolve to meet dispute requirements?

Yes, Visa considers any of the following examples to be a valid attempt by the cardholder to resolve a dispute:

- Cardholder called the merchant, but the merchant's phone number was out of service, disconnected or the call continued to ring without answer.
- Cardholder's e-mail to the merchant was returned due to an invalid merchant e-mail address, or the merchant did not reply.
- Merchant of record was contacted but referred the cardholder to a different merchant or entity.

- Issuer certifies that the issuer attempted to resolve the dispute with the merchant on behalf of its cardholder.
- Applicable law or regulation provides that the cardholder is not obligated to attempt to reach resolution with the merchant before disputing the transaction with the issuer.

**Q:** In the Europe Region, there is a government prohibition preventing delivery personnel from requiring a signature upon delivery of goods or merchandise to a cardholder's home. As this is considered a remedy in the Visa dispute rules for Dispute Condition 13.1—Merchandise/Services Not Received, is Visa allowing unsigned proof of delivery as a remedy for deliveries during COVID-19?

No, Visa is not changing its dispute rules. However, Visa expects that relevant information provided by the acquirer that indicates the merchandise was successfully delivered is reviewed in full with the cardholder, and that the cardholder formally confirms that the merchandise was never received.

**Q:** Will Visa Resolve Online (VROL) block all invalid disputes or responses related to COVID-19?

VROL blocks invalid disputes or responses wherever possible based on the transaction data (authorization and settlement) or the questionnaire. It is not possible for the system to block all invalid disputes. Issuers and acquirers must still be aware of the Visa rules related to each dispute condition and process in accordance with these rules.

Merchants that have specific questions on dispute rules or processing, please contact your acquirer.

<sup>1</sup> Note: Visa will review any Government regulation and/or law if properly presented within the dispute response and the final decision as to the application of the Government regulation and/or law will be made at arbitration case filing stage. Clients are reminded to ensure that they adhere to all Government regulation and/or law within their respective jurisdictions. The Client's obligations under the Visa rules are avoided only to the extent of a direct and explicit conflict with law and/or regulation.