Information about this Replacement

Replacement	The November 2007 *Chargeback Guide* replaces your existing document.
What is in this new version?	This new version reflects changes announced in *Global Operations Bulletins* and *Global Security Bulletins*. Additionally, we have included information that is unique to our European members. Please refer to the Summary of Changes for a comprehensive list of changes reflected in this update.
Billing	MasterCard will bill principal members for this document. Please refer to the appropriate *MasterCard Consolidated Billing System* document for billing-related information.

Using this Document

Purpose

The MasterCard *Chargeback Guide* provides members with a reference to use when processing:

- Chargebacks for MasterCard and MasterCard® ATM (automated teller machine) Network transactions.
- Adjustments for MasterCard® ATM Network transactions.

Audience

MasterCard provides this document for members and their authorized agents. Specifically, the following personnel should find this document useful:

- Members that process chargebacks and adjustments.
- Third-party processors that process chargebacks and adjustments.

Times Expressed

MasterCard is a global company with locations in many time zones. The MasterCard operations and business centers are in the United States. The operations center is in St. Louis, Missouri, and the business center is in Purchase, New York.

For operational purposes, MasterCard refers to time frames in this document as either "St. Louis time" or "New York time." Coordinated Universal Time (UTC) is the basis for measuring time throughout the world. You can use the following table to convert any time used in this document into the correct time in another zone.

	St. Louis, Missouri, USA Central Time	Purchase, New York, USA Eastern Time	UTC
Standard time (first Sunday in November to second Sunday in March[1])	09:00	10:00	15:00

1 For Central European Time, last Sunday in October to last Sunday in March.

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	Daylight saving time (second Sunday in March to first Sunday in November[2])	09:00	10:00	14:00

Excerpted Text

At times, this document may include text excerpted from another document. A note before the repeated text always identifies the source document. In such cases, we include the repeated text solely for the reader's convenience. The original text in the source document always takes legal precedence.

Language Use

The spelling of English words in this document follows the convention used for U.S. English as defined in *Merriam-Webster's Collegiate Dictionary*. MasterCard is incorporated in the United States and publishes in the United States. Therefore, this publication uses U.S. English spelling and grammar rules.

An exception to the above spelling rule concerns the spelling of proper nouns. In this case, we use the local English spelling.

Revisions

MasterCard periodically may issue revisions to this document to accommodate enhancements and changes, or as corrections are required.

With each revision, a Summary of Changes describes how the text changed. Revision markers (vertical lines in the right margin) indicate where the text changed. The date of the revision appears at the right of each revision marker.

MasterCard may publish revisions to this document in a MasterCard bulletin, another MasterCard publication, or on MasterCard OnLine®. A subsequent revision is effective as of the date indicated in that publication or on MasterCard OnLine and has precedence over any previous edition. In the event of a conflict between this document and a subsequently published edition, the subsequently published edition shall have precedence.

Organization

The following table provides an overview of this document.

Part	Description
Chapter 1, Processing Procedures	Describes the way funds are moved between issuers and acquirers, and documents the procedural requirements for each stage of the chargeback process.

2 For Central European Time, last Sunday in March to last Sunday in October.

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Chapter 2, Merchant Acceptance Procedures and Special Transaction Types	Explains the merchant acceptance rules and procedures. Also includes excerpts from the Bylaws and Rules and the GCMS Reference Manual.
Chapter 3, Message Reason Codes	Details the procedures that members must follow for each individual chargeback reason code.
Chapter 4, Arbitration Procedures	Provides the procedures that members must follow to file an arbitration case. Also provides examples to illustrate various arbitration cases.
Chapter 5, Compliance Procedures	Provides the procedures that members must follow to file a compliance case. Also provides examples to illustrate various compliance cases.
Chapter 6, Retrieval Requests and Fulfillments	Provides information needed to process retrieval requests, responses, and fulfillments through MasterCom® electronic imaging system. Also includes recommended procedures for members that choose to originate or fulfill a retrieval request by means other than the MasterCom system.
Appendix A, Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard)	This appendix contains the rules and procedures for processing interregional and intra-European Cirrus and MasterCard-branded ATM and PIN-Based In-Branch terminal exception transactions. The information contained in this appendix is for **Europe region members only.**
Appendix B, Chargebacks—Maestro Debit Cards	This appendix describes the procedures for processing Maestro® exception transactions. The information contained in this appendix is for **Europe region members only.**

Appendix C, Forms	This appendix contains instructions for accessing the forms that are referred to in this guide.

Related Information

The following documents and resources provide information related to the subjects discussed in this document:

- *Account Management User Manual*
- *Authorization Guide*
- *Authorization System Manual*
- *Bylaws and Rules*
- *Cirrus Worldwide Operating Rules*
- *Customer Interface Specification*
- *GCMS Reference Manual*
- GCMS Release Document
- *Global Network Interface Validation Document Set*
- *IPM Clearing Formats*
- *Maestro Global Rules*
- *MasterCard Consolidated Billing System—Europe Region*
- *MasterCom Administrator's Manual*
- *MasterCom Reports Manual*
- *M/Chip Functional Architecture for Debit and Credit*
- *MDS Settlement and Reports*
- *Member Information Manual*
- *NICS Users' Guide*
- *Quick Reference Booklet*
- *Security Rules and Procedures*
- *Settlement Manual*
- *V5 Interface Specifications*

Descriptions of these documents are available in the *List of Manuals* in the Member Publications product on MasterCard OnLine.

Definitions of key terms used in this document are available in the *MasterCard Dictionary*.

To order MasterCard documents, please use the Ordering Publications tool, available in the Quick Links section on the Member Publications home page, or contact the Customer Operations Services team.

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Summary of Changes

Chargeback Guide, November 2007

To locate these changes online—search on the date next to the revision bar. On the Adobe Reader toolbar, click Search. In the Search pane, type Nov 2007, and then click Search.

Description of Change	Where to Look
CHAPTER 1 CHANGES	
Added—4871 Chip/PIN Liability Shift	Section 1.9 Processing First Chargeback/1442 Messages
Removed—**Note:** MasterCard strongly encourages members to process all required supporting chargeback documentation through the Chargeback Support Documentation (CSD) application of the MasterCom® electronic imaging system. Using CSD will help members ensure timely delivery of the items and retain any subsequent chargeback rights.	Section 1.10 Processing Second Presentment/1240 Messages
Removed—Note: The issuer must submit the new chargeback with a new, unique DE 95 (Card Issuer Reference Data) within 45 calendar days of the second presentment or within the remaining allowable time frame for the new chargeback reason, whichever is greater. This requirement thereby provides both the issuer and the acquirer with the full three cycles to resolve the dispute.	Section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message)
Removed—Note: MasterCard recommends that members provide required supporting chargeback documentation through the Chargeback Support Documentation (CSD) application of the MasterCom electronic imaging system. Using the CSD application ensures timely delivery of the documentation, thus preserving chargeback or representment rights.	Section 1.15 Supporting Documentation
Removed—**Documentation Not Processed Through MasterCom.** If a member does not use the CSD application to provide required supporting chargeback documentation, the documentation must be sent by registered mail, return receipt requested, or by international airmail or its equivalent, to the receiving member's chargeback contact listed in the current *Member Information Manual.* If the required documentation is provided by any means other than the CSD and the receiving member asserts that it did not receive the required documentation, the sending member will not be able to refute that assertion and will forfeit all subsequent chargeback rights.	
Added—Any action received in MasterCom must be responded to in MasterCom. Any action responded to outside of MasterCom will not be considered a proper response to the request.	

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Description of Change	Where to Look
Added—4846	Section 1.15.1 Documentation Types
Removed—Note: MasterCard strongly encourages members to process all chargeback documentation through the CSD application of the MasterCom system. GCMS edits protect members against invalid chargebacks for "Missing Documentation."	Section 1.16 Missing Documentation
Clarified Table **From**—The acquirer must substantiate that it has opted out of MasterCard Electronic participation, the transaction amount was below the applicable MasterCard floor limit, and an authorization request was not made. **To**—The acquirer must substantiate that it has opted out of MasterCard Electronic participation, the transaction did not require authorization, and an authorization request was not made.	Section 1.22.1 Second Presentment Procedures for Inadvertent Acceptance of MasterCard Electronic
CHAPTER 2 CHANGES	
Added—On or after 12 October 2007 4871 (Chip/PIN Liability Shift) Lost, stolen, or never-received-as-issued (NRI) fraud Chip/PIN liability shift	Section 2.8.2.3 Reason Codes and Chargeback Rights
Added—On or after 12 October 2007 2871 (Chip/PIN Liability Shift) Lost, stolen, or never-received-as-issued (NRI) fraud Chip/PIN liability shift	
Added—Note	
Added—An arbitration chargeback is not allowed if the second presentment was valid.	
Removed—Message reason code 2871 (Chip/PIN Liability Shift) may be applicable under message reason code 4837. **Replaced With**—Effective 12 October 2007, the acquirer should use Second Presentment/1240 message reason code 2871 (Chip/PIN Liability Shift) to indicate that a chip/PIN liability shift is the reason for the second presentment in response to message reason code 4837.	
Removed from Table **If transaction involved...**	

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Description of Change	Where to Look
Updated From—To remedy a chargeback initiated under message reason code 4870 when the chip liability shift does not apply, the acquirer must use message reason code 2713 (Invalid Chargeback). **To**—To remedy a chargeback initiated under message reason code 4870 when the chip liability shift does not apply or to remedy a chargeback under 4871 when the chip/PIN liability shift does not apply, the acquirer must use message reason code 2713 (Invalid Chargeback).	
Updated From—If the first chargeback was initiated under the Chip Liability Shift Program (using message reason code 4837 or 4870) but the transaction was ineligible, the acquirer's Second Presentment should use message reason code 2713 (Invalid Chargeback) and include in DE 72 (Data Record) the message CHIP LIABILITY NA. **To**—If the first chargeback was initiated under the Chip Liability Shift Program (using message reason code 4870 or 4871) but the transaction was ineligible, the acquirer's Second Presentment should use message reason code 2713 (Invalid Chargeback) and include in DE 72 (Data Record) the message CHIP LIABILITY NA or CHIP/PIN LIABILITY NA.	Section 2.8.2.3.1 Data Record Text
Removed—If the first chargeback was not initiated under the Chip Liability Shift Program (using message reason code 4807, 4812, 4835, 4837, 4857, or 4862) but the transaction was eligible, the acquirer's second presentment should use message reason code 2870 (Chip Liability Shift) and include in DE 72 (Data Record) the message CHIP LIABILITY SHIFT.	
Added—Merchants have chargeback protection for reason code 4808 if an online authorization was requested and approved or if an authorization was not required.	Section 2.10 Quick Payment Service (QPS) Program
CHAPTER 3 CHANGES	
Updated Message Reason Codes 2710 and 4309 **From**—Documentation received was invalid/incomplete. **To**—Scanning error—unrelated documents or partial scan	Chapter 3 Throughout Chapter
Removed—4870 Chip Liability Shift **Replaced With**—4871 Chip/PIN Liability Shift	Additional Processing Notes
Added—4871 Chip/PIN Liability Shift	Fraud-related Chargebacks
Removed—4859 RS5 NS7,	
Removed—Effective 1 November 2006,	MasterCard SecureCode and Universal Cardholder Authentication Field (UCAF) Liability Shift Program

Description of Change	Where to Look
Added—4839	
Clarified—• The card is not a commercial card, including MasterCard Business Card, Executive Business Card, Debit Business Card, Corporate Card, Executive Corporate Card, Purchasing Card, Fleet Card, Multi-Card, World MasterCard for Business, World Elite MasterCard for Business, Corporate World MasterCard, and MasterCard Corporate World Elite.	
Added—4846 See revision bars.	Cardholder Dispute Chargebacks
Added—...card acceptor or...	
Added—• **Merchant Contact Requirement.** Before processing a chargeback, the cardholder must contact the merchant to attempt to resolve the dispute. The cardholder must specify how he attempted to contact the merchant and what the result was. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchant's response is not sufficient to validate the chargeback and in arbitration will be considered invalid.	
Added to Table—3.1 **2871—Chip/PIN Liability Shift**	Section 3.1.4 Second Presentment/1240 IPM (Function Codes 205 or 282) Message Reason Code Usage
Added to Table—3.2 **4871** Chip/PIN Liability Shift	Section 3.1.5 Arbitration Chargeback/1442 IPM (Function Codes 451 or 454) Message Reason Code Usage
Clarified From—The issuer **may not use** this chargeback reason code for chip/PIN transactions: • Below the floor limit, authorized offline by the chip, PIN was verified and the transaction certificate and related data were provided in DE 55 in the First Presentment/1240 message; or • Above the floor limit, authorized online, PIN was verified, and the transaction certificate and related data were provided in DE 55 in the First Presentment/1240 message. **To**—The issuer **may not use** this chargeback reason code for chip transactions where the transaction certificate and related data was provided in DE 55 in the First Presentment/1240 message. The transaction was either below the applicable floor limit and authorized offline by the chip, or if required authorized online. The Cardholder Verification Method (CVM) may have been PIN, signature or none if allowed by the card parameters.	Section 3.4 Message Reason Code 4807—Warning Bulletin File

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Description of Change	Where to Look
Clarified From—The acquirer can prove that the transaction was a valid chip transaction. 2008 Issuer authorized transaction Mandatory subelements in DE 55 CHIP TRANSACTION **To**—The acquirer can prove that the transaction was a valid chip transaction. a. The transaction was below the floor limit and DE 55 was not provided in the First Presentment/1240 message. b. DE 55 was provided in the First Presentment/1240 message. a. 2700 Chargeback remedied. See corresponding documentation. b. 2713 Invalid Chargeback. a. Mandatory subelements in DE 55 b. None a. CHIP TRANSACTION b. DE 55 PREVIOUSLY PROVIDED	Section 3.4.3 Conditions and Supporting Requirements for Acquirer's Second Presentment
Removed—The issuer **cannot** use this chargeback reason code for chip/PIN transactions: • Below the floor limit, authorized either offline by the chip, PIN was verified and the transaction certificate and related data were provided in DE 55 (Integrated Circuit Card (ICC) System-Related Data) in the First Presentment/1240 message; or • Above the floor limit, authorized online, PIN was verified, and the transaction certificate and related data were provided in DE 55 (Integrated Circuit Card (ICC) System-Related Data) in the First Presentment/1240 message. **Replaced with:**—The issuer **may not use** this message reason code for chip transactions where the transaction certificate and related data was provided in DE 55 in the First Presentment/1240 message. The transaction was either below the applicable floor limit and authorized offline by the chip, or if required authorized online. The Cardholder Verification Method (CVM) may have been PIN, signature or none if allowed by the card parameters.	Section 3.5.2 Conditions for Using Message Reason Code 4808

Description of Change	Where to Look
Clarified From—The acquirer can prove the transaction was a valid chip transaction. 2700 Chargeback remedied. See corresponding documentation; or 2800 Issuer authorized transaction Mandatory subelements in DE 55 CHIP TRANSACTION **To**—The acquirer can prove the transaction was a valid chip transaction. a. The transaction was below the floor limit and DE 55 was not provided in the First Presentment/1240 message. 2700 Chargeback remedied. See corresponding documentation Mandatory subelements in DE 55 CHIP TRANSACTION b. DE 55 was provided in the First Presentment/1240 message. 2713 Invalid Chargeback None DE 55 PREVIOUSLY PROVIDED	Section 3.5.3 Conditions and Supporting Requirements for Acquirer's Second Presentment
Removed—• Chip/PIN transactions where the transaction certificate and related data were provided in DE 55 in the First Presentment/1240 message; or **Replaced with**—• Chip transactions where the transaction certificate and related data was provided in DE 55 in the First Presentment/1240 message. The transaction was either below the applicable floor limit and authorized offline by the chip, or if required authorized online. The Cardholder Verification Method (CVM) may have been PIN, signature or none if allowed by the card parameters.	Section 3.6.2 Conditions for Using Message Reason Code 4812
Clarified From—The acquirer can prove the transaction was a valid chip transaction 2700 Chargeback remedied. See corresponding documentation. Or 2008 Issuer authorized transaction Mandatory subelements in DE 55 CHIP TRANSACTION **To**—The acquirer can prove the transaction was a valid chip transaction. a. The transaction was below the floor limit and DE 55 was not provided in the First Presentment/1240 message. 2700 Chargeback remedied. See corresponding documentation. Mandatory subelements in DE 55 CHIP TRANSACTION b. DE 55 was provided in the First Presentment/1240 message. 2713 Invalid Chargeback None DE 55 PREVIOUSLY PROVIDED	Section 3.6.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

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Description of Change	Where to Look
Added—**Note:** For ATM transactions the acquirer must provide the documentation for the ARD supplied in the chargeback record.	Section 3.8.3 Conditions and Supporting Requirements for Acquirer's Second Presentment
Added—Not available for ATM transactions. See Reason Code 2700.	
Added—Footnote	Section 3.8.3.1 Additional Remedies
Removed—The issuer **may not** use this chargeback reason code for Chip/PIN transactions where the transaction certificate and related data were provided in DE 55 (Integrated Circuit Card [ICC] System-Related Data) in the First Presentment/1240 message. **Replaced with**—The issuer **may not** use this chargeback reason code for chip transactions where the transaction certificate and related data was provided in DE 55 in the First Presentment/1240 message. The transaction was either below the applicable floor limit and authorized offline by the chip, or if required authorized online. The Cardholder Verification Method (CVM) may have been PIN, signature or none if allowed by the card parameters.	Section 3.9 Message Reason Code 4835—Card Not Valid or Expired
Updated From—One of the following: a. EXP MMYY NOT RENEWED b. VALID DATE MMDDYY c. VALID DATE MMYY As applicable: a. Replace "MMYY" with the expiration date of the card. b. Replace "MMDDYY" with the valid date of the card. c. Replace "MMYY" with the valid date of the card. **To**—None	Section 3.9.1 Supporting Requirements for Issuer's Chargeback

Description of Change	Where to Look
Updated From—The acquirer can prove that the transaction was a valid chip transaction. 2700 Chargeback remedied. See corresponding documentation. Mandatory subelements in DE 55 CHIP TRANSACTION **To**—The acquirer can prove that the transaction was a valid chip transaction. a. The transaction was below the floor limit and DE 55 was not provided in the First Presentment/1240 message 2700 Chargeback remedied. See corresponding documentation. Mandatory subelements in DE 55 None CHIP TRANSACTION b. DE 55 was provided in the First Presentment/1240 message 2713 Invalid Chargeback None DE 55 PREVIOUSLY PROVIDED	Section 3.9.3 Conditions and Supporting Requirements for Acquirer's Second Presentment
Removed—• A fraudulent transaction using a chip/PIN compliant card that was lost, stolen or never-received-as-issued occurred at a magnetic stripe or EMV compliant terminal that is not equipped with a PIN pad in a country or region that has chosen to participate at Level 2 (Chip/PIN Liability Shift) of the Chip Liability Shift Program.	Section 3.10 Message Reason Code 4837—No Cardholder Authorization
Removed from Table—120 calendar days The transaction occurred at a magnetic stripe reading-only terminal or EMV-compliant terminal not equipped with a PIN pad capable of at the minimum, checking the PIN offline, and was initiated with a hybrid PIN-preferring card. None Cardholder letter CHIP/PIN LIABILITY SHIFT	Section 3.10.1 Supporting Requirements for Issuer's Chargeback

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Description of Change	Where to Look
Removed—The issuer **may not** charge back a transaction under a chip/PIN Liability Shift when: • A valid EMV chip/PIN transaction occurred and the transaction certificate and related data were provided in DE 55 of the First Presentment/1240 message. • A valid and authorized EMV chip transaction, however verified, occurred at a hybrid PIN-capable terminal and the transaction certificate and related data were provided in DE 55 of the First Presentment/1240 message. • A magnetic stripe-read or key-entered transaction occurred at a hybrid PIN-capable terminal and was properly identified as the result of technical fallback. • The transaction was a mail order, phone order, e-commerce, recurring payment, or ATM transaction. • Online PIN was the cardholder verification method (CVM). • The transaction was completed despite a CVM fallback from PIN to signature or no CVM. • The transaction occurred at any type of terminal for which PIN verification of a chip-read transaction is at the acquirer's option (for example, at Self-Service Terminal/Level 2, Limited Amount Terminal/Level 3, and In-flight Commerce Terminal/Level 4 cardholder activated terminals [CATs]).	Section 3.10.2 Conditions for Using Message Reason Code 4837
Removed—Technical Fallback and CVM Fallback definitions.	
Added—• Transactions resulting from an account takeover and subsequently reported to SAFE as such. An account takeover occurs when the transaction posts to an account that was fraudulently taken over from the authorized cardholder that opened the account.	
Updated Table **From**—The acquirer can provide documentation proving the terminal was chip/PIN capable. 2700 Chargeback remedied. See corresponding documentation CHIP/PIN LIABILITY NA **To**—The transaction was between members that participate in the Chip/PIN Liability Shift Program and the acquirer can provide documentation proving the terminal was chip/PIN capable. This is a final remedy. 2871 Chip/PIN Liability Shift None	Section 3.10.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

Description of Change	Where to Look
Added to Table **Compelling Evidence** For intra-European airline transactions only (MCC 3000-3299 or 4511), excluding e-commerce transactions 2700 Chargeback remedied. See corresponding documentation. At least one of the following documents, accompanied by an explanation thereof: • Flight ticket or boarding pass showing the cardholder's name • Flight manifest showing the cardholder's name • Additional transactions connected with the disputed flight, such as upgrades, excess baggage charges, and in-flight purchases • Passenger identification documentation showing a link to the cardholder • Credits of frequent flyer miles for the flight, showing connection to the cardholder • Proof of receipt of the flight ticket at the cardholder's billing address COMP EVID	
Added to Table—The transaction was between members that participate in the Chip/PIN Liability Shift Program and the acquirer can provide documentation proving the terminal was chip/PIN capable. This is a final remedy. 2871 Chip/PIN Liability Shift Letter from the principal contact verifying that the merchant was chip/PIN capable and a signed terminal receipt or a transaction log showing successful chip/PIN transaction at the terminal (dated on or before the disputed transaction) or a terminal manufacturer certification or similar showing the specific terminal was chip/PIN capable. None	

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Description of Change	Where to Look
Added to Table—The acquirer can prove that the transaction resulted from an account takeover. 2700 Chargeback remedied. See corresponding documentation. Documentation that supports the second presentment by proving that the transaction resulted from an account takeover. For example: The Acquirer Loss File report (AF739010-BB). The SAFE Acquirer Transaction Data report. A statement from the authorized cardholder confirming that the account was in fact taken over and that fraud subsequently occurred. None	
Added to Table—If the device was not properly identified as CAT 3 in the First Presentment/1240 message, the acquirer cannot remedy the chargeback.	
Removed from Table—For offline EMV chip card transaction where the cardholder verification method (CVM) was a signature, both the transaction certificate and related data, and the signed terminal receipt must be provided, None	
Clarified Table **From**—For a transaction using a chip card, DE 55 and mandatory sub-elements and PIN verification; if PIN was not present, evidence of other CVM. **To**—For a chip transaction the acquirer must provide DE 55, unless previously provided in the First Presentment/1240 or Authorization Request/0100 message. If PIN was not used, evidence of other CVM in the form of a signed POI terminal receipt must also be provided.	
Removed—If the second presentment includes the required information, the issuer or cardholder must provide a new dispute letter in order to pursue the dispute as an arbitration chargeback for message reason code 4859, RS5 NS7 **Replaced With**—If the second presentment includes the required information, the issuer or cardholder must provide a new dispute letter in order to continue the dispute under this message reason code.	
Added—**Compelling Evidence** for intra-European airline transactions 4837 Progressive cardholder letter refuting the documentation received from the card acceptor in the second presentment.	Section 3.10.4 Arbitration Chargeback

Description of Change	Where to Look
Clarified From—None **To**—CONFIRMED AVS Where "CONFIRMED AVS" is an affirmation that the issuer has confirmed that the AVS sent in the Authorization Request/0100 message matched the authorized cardholder billing address.	
Added—The issuer or cardholder continues to dispute a Guaranteed Reservation Service "no-show" transaction. 4837 No cardholder authorization A letter from the issuer stating that information provided by the card acceptor is not accurate and, in particular, which information is not accurate (for example, incorrect cardholder name or incorrect cardholder address); or A progressive letter from the cardholder, dated after the second presentment, to reconfirm the cardholder's dispute. None	
Removed—An example of an AVS-confirmed transaction for the note in the above table is as follows: the cardholder continues to assert that the account number was used fraudulently or contends that the delivery service obtained the signature of a person not known or authorized by the cardholder.	
Added—Guaranteed Reservation Service Program	Section 3.10.6 Additional Processing Notes
Added—Compelling Evidence	
Added—Section 3.10.6.1 Additional Acquirer Notes	Section 3.10.6.1 Additional Acquirer Notes
Removed—• The cardholder admits to at least one legitimate face-to-face transaction at a given card acceptor location, but denies knowledge of one or more additional face-to-face unauthorized transactions at that same card acceptor location. **Replaced With**—• The cardholder admits to at least one legitimate face-to-face transaction at a given card acceptor location, but denies making one or more additional face-to-face transactions at that same card acceptor location.	Section 3.11 Message Reason Code 4840—Fraudulent Processing of Transactions
Added—...of the genuine transaction.	Section 3.11.1 Supporting Requirements for Issuer's Chargeback
Added—• Transactions resulting from an account takeover and subsequently reported to SAFE as such. An account takeover occurs when the transaction posts to an account that was fraudulently taken over from the authorized cardholder that opened the account.	Section 3.11.2 Conditions for Using Message Reason Code 4840

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Description of Change	Where to Look
Added—If the device was not properly identified as CAT 3 in the First Presentment/1240 message, the acquirer cannot remedy the chargeback.	Section 3.11.3 Conditions and Supporting Requirements for Acquirer's Second Presentment
Added a row to Section 3.11.1 Conditions and Supporting Requirements for Acquirer's Second Presentment table.	
Clarified Column DE 72 (Data Record) **From**—None **To**—CONFIRMED AVS Where "CONFIRMED AVS" is an affirmation that the issuer has confirmed that the AVS sent in the Authorization Request/0100 message matched the authorized cardholder billing address.	Section 3.11.4 Arbitration Chargeback
Removed—An example of an AVS-confirmed transaction for the note in the above table is as follows: the cardholder continues to assert that the account number was used fraudulently or contends that the delivery service obtained the signature of a person not known or authorized by the cardholder.	
Clarified From—Use message reason code 4842 if the Central Site Business Date is more than 30 calendar days after the transaction date and the account is statused as indicated by one of the status codes listed below. **To**—Use message reason code 4842 if the Central Site Business Date is more than 30 calendar days after the transaction date and the account is permanently closed.	Section 3.13 Message Reason Code 4842—Late Presentment
Clarified From—Determining the Transaction Date for T&E Transactions. For card acceptors that provide a service and accept a MasterCard card to begin the service but cannot bill the cardholder until completion of the service (for example, vehicle rental and hotel card acceptors), staff will consider the date of the transaction as the date that the services were completed. For vehicle rental card acceptors, the transaction date would be the date that the vehicle was returned to the rental agency. For hotel card acceptors, the transaction date would be the date that the cardholder checked out of the hotel. **To—Determining the Transaction Date for T&E Transactions.** For card acceptors that provide a service and accept a MasterCard card to begin the service but cannot bill the cardholder until completion of the service (for example, vehicle rental and hotel card acceptors), staff will consider the date of the transaction as the date that the services were completed. For vehicle rental card acceptors, the transaction date would be the date that the vehicle was returned to the rental agency. Traffic violations must be presented within 30 calendar days of receipt of the notification from the local traffic authorities. For hotel card acceptors, the transaction date would be the date that the cardholder checked out of the hotel.	Section 3.13.6 Additional Processing Notes

Description of Change	Where to Look
Removed—ATM Transactions Processed Using Message Reason Code 4842. Issuers cannot process an arbitration chargeback for an ATM transaction. Refer to section 1.11.2 ATM Transaction Documentation Dispute Procedures for second presentment documentation dispute procedures. Refer to Appendix A for information about chargeback processing procedures for intra-European MasterCard ATM transactions and interregional MasterCard ATM transactions involving cards issued in the Europe region.	
Clarified From—Use message reason code 4842 if the Central Site Business Date is more than 30 calendar days after the transaction date and the account is statused as indicated by one of the status codes listed below. **To**—Use message reason code 4842 if the Central Site Business Date is more than 30 calendar days after the transaction date and the account is statused as indicated by one of the status codes listed below permanently closed.	Section 3.14 Message Reason Code 4846—Correct Transaction Currency Code Not Provided
Clarified From—STATUS CODE—N Replace "N" with one of the following account status codes: C—Credit problem F—Other fraud (lost/stolen/never received) X—Counterfeit card O—Account closed **To**—None	Section 3.14.3 Supporting Requirements for Issuer's Chargeback
Added row to Conditions and Supporting Requirements for Acquirer's Second Presentment table.	Section 3.14.3 Conditions and Supporting Requirements for Acquirer's Second Presentment
Removed—The issuer's chargeback is invalid. For example, the issuer did not provide the account condition "X" for counterfeit card in the DE 72 (Data Record) as required. 2704—Invalid member message text None ACCT STATUS NOT PROVIDED	
Added—CAT	Section 3.15.2 Conditions for Using Message Reason Code 4847

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Description of Change	Where to Look
Removed—The issuer **cannot** use this chargeback reason code for chip/PIN transactions: • Below the floor limit, authorized either offline by the chip, PIN was verified and the transaction certificate and related data were provided in DE 55 (Integrated Circuit Card (ICC) System-Related Data) in the First Presentment/1240 message; or • Above the floor limit, authorized online, PIN was verified, and the transaction certificate and related data were provided in DE 55 (Integrated Circuit Card (ICC) System-Related Data) in the First Presentment/1240 message. **Replaced with**—The issuer **may not use** this chargeback reason code for chip transactions where the transaction certificate and related data were provided in DE 55 in the First Presentment/1240 message. The transaction was either below the applicable floor limit and authorized offline by the chip, or if required, authorized online. The Cardholder Verification Method (CVM) may have been PIN, signature, or none if allowed by the card parameters.	
Added—Quick Payment Service (QPS) transactions have established floor limits for targeted industries. Refer to section 2.10 Quick Payment Service (QPS) Program of this guide for more information about QPS transactions.	
Clarified Table **From:** The acquirer can prove that the transaction was a valid chip transaction. 2700 Chargeback remedied. See corresponding documentation Mandatory subelements in DE 55 CHIP TRANSACTION **To:** The acquirer can prove that the transaction was a valid chip transaction. a. The transaction was below the floor limit and DE 55 was not provided in the First Presentment/1240 message. 2700 Chargeback remedied. See corresponding documentation Mandatory subelements in DE 55 CHIP TRANSACTION b. DE 55 was provided in the First Presentment/1240 message. 2713 Invalid chargeback None DE 55 PREVIOUSLY PROVIDED	Section 3.15.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

Description of Change	Where to Look
Clarified From—For transactions identified as Limited Amount Terminals/Level 3 in the acquirer's First Presentment/1240 message, an issuer can charge back any transaction that exceeds the maximum transaction amount of USD 40 or EUR 50 for intra-European transactions. The issuer must provide the following information in DE 72 (Data Record): LAT/LEVEL 3 EXCEEDS USD 40 (or EUR 50). **To**—For transactions identified as Limited Amount Terminals/CAT Level 3 in the acquirer's First Presentment/1240 message, an issuer can may charge back any transaction that exceeds the maximum transaction amount of USD 40 or EUR 50 for intra-European transactions. The issuer must provide the following information in DE 72 (Data Record) of the First Chargeback/1442 message: LAT/LEVEL CAT 3 EXCEEDS USD 40 (or EUR 50).	Section 3.15.4 Arbitration Chargeback
Removed—Intra-European See revision bars.	Section 3.15.6 Additional Processing Notes
Added—• The merchant is SecureCode™ Universal Cardholder Authentication Field (UCAF™)-enabled. – The issuer provided the UCAF data for that transaction. – All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied. – The Authorization Request Response/0110 message reflected the issuer's approval of the transaction. • The transaction occurred in a country or region in which the transitional chip liability shift program an intracountry or intraregional chip liability shift or the interregional Chip Liability Shift Program (Level 1) is in effect and the transaction was: – Processed at a chip-compliant point-of-interaction (POI) terminal. – Reported to SAFE as counterfeit fraud. – Identified properly as either (1) an offline chip transaction in the clearing record, or (2) an online transaction in the Authorization Request/0100 message and the Authorization Request Response/0110 message reflected the issuer's approval of the transaction.	Section 3.16 Message Reason Code 4849—Questionable Merchant Activity

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Description of Change	Where to Look
Added—The acquirer can demonstrate that the transaction was reported to SAFE as counterfeit fraud, occurred at a chip-compliant POI terminal, and the transaction took place in a country or region in which an intracountry or intraregional chip liability shift or the interregional Chip Liability Shift Program (Level 1) is in effect. 2870 Chip Liability Shift None if providing data record text (DE 72). Documentation that supports the second presentment from the Acquirer's Loss Data File, the Acquirer Loss Data Report (AF739010-BB) or the Acquirer Transaction Data Report via Fraud Reporter. CHIP TERMINAL DE 22, s1, value = 5, C, or E None	Section 3.16.2 Conditions and Supporting Requirements for Acquirer's Second Presentment
Added **For SecureCode Global Liability Shifts:**	
Updated From—Rule 5.11.1 **To**—Rule 9.14.1	Section 3.17 Message Reason Code 4850—Credit Posted as a Purchase
Clarified—See Revision Bars.	
Added two new rows to Conditions and Supporting Requirements for Acquirer's Second Presentment table.	Section 3.17.2 Conditions for Using Message Reason Code 4850
Added—The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.	Section 3.17.3 Conditions and Supporting Requirements for Acquirer's Second Presentment
Clarified From—• The goods or service(s) differs from what the card acceptor specified verbally or in writing for the transaction. Additional documentation is required to support the cardholder's allegations concerning the measurable quality of the goods or service(s), **OR** **To**—The goods or services differs from what the card acceptor specified verbally or in writing for the transaction. Additional documentation is required to support the cardholder's allegations concerning quality or mischaracterization.	Section 3.18.1 Supporting Requirements for Issuer's Chargeback

Description of Change	Where to Look
Added—Merchant Contact Requirement. Before processing a chargeback, the cardholder must contact the merchant to attempt to resolve the dispute. The cardholder must specify how he or she attempted to contact the merchant and what the result was. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchant's response is not sufficient to validate the chargeback and in arbitration will be considered invalid.	Section 3.18.6 Additional Processing Notes
Added—Merchant Contact Requirement. Before processing a chargeback, the cardholder must contact the merchant to attempt to resolve the dispute. The cardholder must specify how he or she attempted to contact the merchant and what the result was. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchant's response is not sufficient to validate the chargeback and in arbitration will be considered invalid.	Section 3.19.6 Additional Processing Notes
Added—Merchant Contact Requirement. Before processing a chargeback, the cardholder must contact the merchant to attempt to resolve the dispute. The cardholder must specify how he or she attempted to contact the merchant and what the result was. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchant's response is not sufficient to validate the chargeback and in arbitration will be considered invalid.	Section 3.20.6 Additional Processing Notes
Clarified From—Refer to the MDS Settlement and Reports manual for further information. European members please refer to Appendix A. **To**—Refer to the *Cirrus Worldwide Operating Rules* manual for further information. European members please refer to Appendix A.	Section 3.22.3 Conditions and Supporting Requirements for Acquirer's Second Presentment
Clarified From—For example, the acquirer provides an audit tape showing that the ATM machine was in balance for the day of the transaction. **To**—For example, the acquirer provides an audit tape showing that the ATM dispensed the requested amount.	
Added—Footnote to Reason Code 2713	Section 3.22.3.1 Additional Remedies
Added—Merchant Contact Requirement. Before processing a chargeback, the cardholder must contact the merchant to attempt to resolve the dispute. The cardholder must specify how he or she attempted to contact the merchant and what the result was. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchant's response is not sufficient to validate the chargeback and in arbitration will be considered invalid.	Section 3.22.6 Additional Processing Notes

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Description of Change	Where to Look
Added to RS3—ATM Dispute—To second present because of "credit issued" or another situation not requiring proof that the ATM disbursed the requested funds, the acquirer must always supply documentation to support their claim.	
Removed—For example, cardholders are responsible for meals that were signed for by the cardholder but not included in the final hotel folio, or for parking tickets or traffic fines issued while the cardholder was responsible for the vehicle rental.	
RS7 Clarified From—Addendum charges typically are incurred at T&E card acceptor locations, but are not limited to T&E transactions. **To**—Addendum charges typically are incurred at T&E card acceptor locations for fuel charges, drop off fees, and so forth.	
Added—If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4863). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code. The conditions shown below represent valid reasons for an arbitration chargeback by the issuer.	Section 3.25.4 Arbitration Chargeback
Clarified From—Effective 13 April 2007, the issuer may use chargeback message reason code 4870 if: **To**—Effective 13 April 2007, the issuer may use message reason code 4870 for a first chargeback if:	Section 3.26 Message Reason Code 4870—Chip Liability Shift
Clarified From—The acquirer can prove that the transaction involved a valid EMV chip card when: **To**—The acquirer can prove that the transaction was completed by reading the chip.	Section 3.26.3 Conditions and Supporting Requirements for Acquirer's Second Presentment
Added—as evidenced by the service code in DE 35 of the Authorization Request/0100 message	
Added—intra-European	Section 3.26.6 Additional Processing Notes
Added—Please refer to section A.3.8 Message Reason Code 4870—Chip Liability Shift (120 Days) of this guide for further details.	
Added—Message Reason Code 4871—Chip/PIN Liability Shift	Section 3.27 Message Reason Code 4871—Chip/PIN Liability Shift

Description of Change	Where to Look
CHAPTER 4 CHANGES	
Removed—Section 4.2.3 Arbitration Case Filing through the Mail	Chapter 4
Removed—By registered mail, postmarked within 45 calendar days from the Central Site Business Date of the arbitration chargeback	Section 4.1 Time Frames
Removed—...or that filed the case using the postal system,...	Section 4.4 MasterCard Review Process
Removed—Section 4.10.5 Corporate Secretary's Decision **Replaced With**—Section 4.10.5 Resolution of Appeal	Section 4.10.5 Resolution of Appeal
CHAPTER 5 CHANGES	
Removed—..., to the compliance contact listed in the *Member Information Manual*.	Overview
Removed—..., or by registered mail, return receipt requested if available, or by international air mail.	
Added—..., for intra-European cases in Euros (EUR) and UK-domestic cases in British Pounds (GBP)..	
Added—row to Section 5.1 Time Frames table.	Section 5.1 Time Frames
Added—Section 5.1.1 Inaccurate Clearing Data That Restricts Chargebacks	Section 5.1.1 Inaccurate Clearing Data That Restricts Chargebacks
Added—Section 5.1.1.1 Improper UCAF Data	Section 5.1.1.1 Improper UCAF Data1
Removed from Note:—Refer to for the method of payment for pre-compliance items submitted by mail and accepted.	Section 5.2 Payment of Pre-Compliance Item (Good-faith Letter)
Removed—Section 5.2.2 Payment of Pre-Compliance Submitted through the Mail	
Removed—Note: The method of payment described in section 5.2.2 is effective for any pre-compliance that was submitted by mail and accepted. See for the method of payment for a pre-compliance submitted using the MasterCom Electronic Case Filing system that was submitted and accepted using the MasterCom Electronic Case Filing.	Section 5.2.1 Payment of Pre-Compliance Processed Using the MasterCom Electronic Case Filing System or the Dispute Resolution Services Hub Site
Removed—Section 5.3.3 Submitting a Pre-Compliance Item (Good-faith Letter) through the Mail	Section 5.3 Processing a Pre-compliance Item (Good-faith Letter)

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Description of Change	Where to Look
Removed—Note: If the member has submitted the pre-compliance item through the mail, the member can submit a "direct file" case into the case filing application by scanning all of the relevant documentation, or by faxing it to the DRS case filing hub site, including proof that the pre-compliance item was mailed as described in rule 5.3.3.	Section 5.4 Compliance Case Filing Procedures
Removed—Section 5.4.3 Filing a Compliance Case through the Mail	
Removed—...or that were filed against using the postal system...	Section 5.5 MasterCard Review Process
Removed—...or that has mailed the case...	
Removed—...mail or... • If the member wants to submit the case filing through the mail, it must send all documentation involving the case to MasterCard to the address shown below. The member must send the documentation by registered mail, return receipt requested. If the local postal system does not provide for this, the member must send the correspondence using airmail or its equivalent, to: MasterCard Worldwide ATTN: Dispute Resolution Services Department 2200 MasterCard Boulevard O'Fallon MO 63368-7263 USA	Section 5.9 MasterCom Compliance Policy
CHAPTER 6 CHANGES	

Description of Change	Where to Look
Removed	Chapter 6
Section 6.5 Non-MasterCom Processing	
Section 6.5.1 Non–MasterCom Issuer's Retrieval Request	
Section 6.5.2 Non–MasterCom Acquirer's Retrieval Request Response	
Section 6.5.3 Non–MasterCom Retrieval Request Fulfillment Procedure	
Section 6.5.3.1 Edit Requirements	
Section 6.5.4 ICA-12B Form	
Section 6.5.4.1 ICA-12B Form for Acquirer's Retrieval Request Response	
Section 6.5.4.2 ICA-12B Form for Retrieval Request Fulfillment	
Section 6.5.4.3 Routing ICA-12B Forms	
Section 6.5.5 Non–MasterCom Fees	
Section 6.5.6 Retrieval Fee Reversal and Associated Handling Fees	
Added	Chapter 6
Section 6.5 Associated Retrieval Fulfillment Fees	
Section 6.5.1 Original TID Fulfillment Fee	
Section 6.5.2 Original TID Fulfillment Fee Reversal	
Section 6.5.3 Retrieval Request Fulfillment Handling Fees	
APPENDIX A CHANGES	
Updated	Section A.2.1 Overview
Exception processing cycle for ATM transactions diagram	
Added—Transactions that are not presented within this time frame may be subject to chargebacks under message reason code 4842 (Late Presentment) or 4811 (Stale Transactions).	Section A.2.2 Presentment
Removed—Transactions presented more than one year after the transaction date will be rejected and returned to the acquirer. Otherwise, they may be charged back unconditionally under message reason code 4842.	Section A.2.2 Presentment
Clarified From—generated	Section A.2.2.1 Reversals
To—process	

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Description of Change	Where to Look
Removed—An issuer can choose to process the chargeback either: • For the original amount in the reconciliation currency of the presentment, or • For the amount debited in the issuer payment currency used for the settlement of the presentment.	Section A.2.3.1 Chargeback
Added—All message reason codes in this appendix are allowed for ATM and for PIN-Based In-Branch terminal transactions completed with magnetic stripe or chip technology unless otherwise stated.	
Removed—...and must be processed either: • In the chargeback reconciliation currency, or • In the acquirer payment currency used for the settlement of the chargeback.	Section A.2.3.2 Second Presentment
Added—For intra-European transactions other, general second presentment message codes may apply, such as: • 2713—Invalid Chargeback • 2702—Past Chargeback Time Limit • 2011—Credit Previously Issued Please refer to section 3.1.4 Second Presentment/1240 IPM (Function Codes 205 or 282) Message Reason Code Usage of this guide for more message reason codes.	
Added—The following message reason codes may be used to charge back interregional and intra-European transactions. They are allowed for ATM and for PIN-Based In-Branch terminal transactions completed with magnetic stripe or chip technology unless otherwise stated.	Section A.3 Message Reason Codes
Updated From—Timeframe **To**—Section	
Updated From—120 Days **To**—B	
Removed—**Interregional** and **(POS and ATM Transactions)** from title.	Section A.3.1 Message Reason Code 4804—Multiple Processing
Removed—This chargeback reason code is used by MasterCard on interregional transactions between a European acquirer and a non-European issuer for magnetic stripe transactions. It is not applicable to chip transactions. MasterCard will automatically charge back transactions if a previous presentment had already been matched to the pending file.	
Added—MasterCard uses this reason code to automatically charge back any interregional transaction between a European acquirer and a non-European issuer if a previous presentment had already been matched to the pending file.	

Description of Change	Where to Look
Removed—This chargeback reason code is allowed for PIN-Based In-Branch terminal transactions and ATM transactions. This reason code may be used for both magnetic stripe and chip transactions. For chip transactions, this chargeback may also be used if the chip has declined the transaction but in the clearing file, a normal transaction is presented and no reversal is received. The chargeback and second presentment procedures apply equally to both magnetic stripe and chip transactions.	Section A.3.2 Message Reason Code 4808—Transaction Not Authorized (120 Days)
Added—This message reason code may be used for a chip transaction, if it has not been authorized online by the issuer.	
Clarified From—The issuer or his agent has declined the transaction, has never received an authorization request for the amount presented in the clearing file or the amount appearing in the clearing is higher than the authorized amount. **To**—The issuer or his agent has: • Never received an authorization request. Or • Declined the authorization request. Or • The amount processed is higher than the authorized amount.	
Removed—In the former two cases the complete amount, in the latter case the difference between both amounts may be charged back, if no reversal has been received, the customer has issued a complaint or the issuer has determined the error.	
Added—The full amount should be charged back, except when the processed amount is higher than the authorized amount. In this case the difference between both amounts may be charged back. The issuer must specify why the transaction cannot be posted to the account by providing the account condition in the Data Record (DE 72)—for example, "STATUS CODE X". (C = Credit Problem; F = Other Fraud [for example, lost, stolen or never received]; X = Counterfeit; or O = Account Closed).	Section A.3.2.1 Chargeback
Removed—In DE 72 (Data Record), one of the following conditions of the account must be given: STATUS CODE (C—Credit Problem; F—Other Fraud [for example, stolen or never received]; X—Counterfeit or O—Account Closed). There is no supporting documentation required to accompany the chargeback.	
Removed—The acquirer may remedy the chargeback if evidence can be provided to indicate the transaction took place for the cleared amount and was positively authorized or if the chargeback is considered invalid.	Section A.3.2.2 Second Presentment

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Description of Change	Where to Look
Added—An acquirer can submit a Second Presentment under the **2008 Transaction Authorized** condition. The acquirer can substantiate that the transaction was approved by providing the authorization date and code in DE 72 (Data Record) as "MMDDYY NNNNNN." Other message codes may apply, please refer to section 3.1.4 Second Presentment/1240 IPM (Function Codes 205 or 282) Message Reason Code Usage for more details.	
Removed—**Interregional** from title	Section A.3.3 Message Reason Code 4809—Transaction Not Reconciled
Removed—This chargeback reason code is allowed for ATM transactions and for PIN-Based In-Branch terminal transactions. This chargeback reason may be used by MasterCard to automatically chargeback transactions between a European acquirer and a nonEuropean issuer for magnetic stripe transactions. It is not applicable to chip transactions.	
Added—MasterCard uses this reason code to automatically charge back any interregional transaction between a European acquirer and a non-European issuer in the following situation:	
Added—Section 3.4 Message Reason Code 4811—Stale Transaction	Section A.3.4 Message Reason Code 4811—Stale Transaction
Updated—Section A.3.5, see revision bars.	Section A.3.5 Message Reason Code 4834—Duplicate Processing
Removed—under message reason code 4859 RS 3	Section A.3.5.1Charge-back
Added—An intra-European transaction was presented more than 7 calendar days after the transaction date and the account is permanently closed.	Section A.3.6 Message Reason Code 4842—Late Presentment
Updated—Section A.3.6.1, See revision bars.	Section A.3.6.1 Chargeback
Updated—Section A.3.6.2, See revision bars.	Section A.3.6.2 Second Presentment
Added—This message reason code applies only to ATM transactions. The issuer receives a written cardholder complaint advising that the cardholder did not receive, or received only in part, funds charged to his or her account as a result of an automated cash disbursement.	Section A.3.7 Message Reason Code 4859—Services Not Rendered

Description of Change	Where to Look
Removed—This chargeback reason code is only allowed for ATM transactions and not for PIN-Based In-Branch terminal transactions. This reason code may be used for both magnetic stripe and chip transactions. The chargeback, second presentment and arbitration procedures apply equally to both magnetic stripe and chip transactions. The issuer receives a written cardholder complaint advising that the cardholder did not receive, or received only in part, funds charged to his or her account as a result of an automated cash disbursement.	Section A.3.7.1 Chargeback

Updated

From:

The issuer should populate DE 72 (Data Record) with "RS 3".

To:

The issuer should must populate DE 72 (Data Record) with "RS 3."

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Description of Change	Where to Look
Updated From—The acquirer may remedy the chargeback if it can provide documentation verifying the disbursement of funds to the cardholder. The acquirer must place "RS 3" as well as their chargeback contact name, telephone and fax number in DE 72 (Data Record). The supporting documentation must be in the form of a legible copy of either the ATM audit tape or an internal transaction report from the acquirer. The transaction report must show any terminal activity that occurred immediately before and after the disputed transaction. The internal transaction report from the acquirer is only to be used when the ATM did not produce an audit tape. A transaction report must contain sufficient information to enable the issuer to determine the amount of funds that were disbursed by the ATM. If necessary, the transaction report must be accompanied by a key that shows the different elements of the report and their definitions. Data on the transaction report must come from the ATM journal and not from the clearing system. **To—2700 Chargeback remedied, see supporting documentation** The acquirer may remedy the chargeback if it can provide documentation verifying the disbursement of funds to the cardholder. The acquirer must enter **RS 3** as well as the chargeback contact name, telephone, and fax number in DE 72 (Data Record). The supporting documentation must be in the form of a legible copy of either the ATM audit tape or an internal transaction report from the acquirer. The transaction report documentation must show any terminal activity that occurred immediately before and after the disputed transaction. The internal transaction report from the acquirer is to be used only when the ATM did not produce an audit tape. Data on the transaction report must come from the ATM journal and not from the clearing system. A transaction report must should contain sufficient information to enable the issuer to determine the amount of funds that were disbursed by the ATM. If required for clarity, the transaction report must be accompanied by a key that shows the different elements of the report and their definitions and it may be accompanied by additional documentation to show the amount that was disbursed by the ATM. Data on the transaction report must come from the ATM journal and not from the clearing system.	Section A.3.7.2 Second Presentment
Removed—If necessary, the Transaction report can be accompanied by additional documentation to show the amount that was disbursed by the ATM.	
Added—**For intra-European transactions** other message codes may apply, please refer to section A.2.3.2Second Presentment for more details.	

Description of Change	Where to Look
Added—The Transitional Chip Liability Program allows participating members to charge back fraudulent magnetic strip transactions resulting from counterfeit fraud. Europe is currently the only participating region. The issuer **may initiate** a chargeback using message reason code 4870 for counterfeit fraud when: • The issuer receives a cardholder letter alleging that the transaction was fraudulent, and that the cardholder was in possession of his/her card at the time of the transaction. • The transaction was conducted with a hybrid counterfeit card at a magnetic stripe reading-only ATM and the validly issued card (if any) was a hybrid card. • The transaction that occurred on the counterfeit card was reported to SAFE on or before the date the chargeback was processed. The issuer **must not initiate** a chargeback using message reason code 4870 if a hybrid card is used at a hybrid terminal and if fallback from chip to magnetic stripe technology occurs and the transaction is properly identified with POS entry mode 80 (DE 22) in the authorization record.	Section A.3.8 Message Reason Code 4870—Chip Liability Shift
Added—Note.	
Removed—The acquirer may represent the chargeback in accordance with section A.2.3.2, if it can provide evidence that the ATM in question was a hybrid terminal, the card involved in the transaction was not a hybrid card, or the chargeback was otherwise invalid.	Section A.3.8.2 Second Presentment
Added **2713 Chargeback Invalid** The acquirer provides evidence that: • The ATM was properly identified in the authorization request as a hybrid terminal. Or • The card involved in the transaction was not a hybrid card according to the service code (DE 35) provided in the authorization request. DE 72 (Data Record) must be populated with "Chip Liability NA." Other message codes may apply; please refer to section A.2.3.2 Second Presentment for more details.	
Removed—Arbitration proceedings can only be initiated if both the issuer and the acquirer have exhausted all their rights under the allowable processing cycles (presentment—chargeback—second presentment).	Section A.4.1.1 When to File an Arbitration Case
Removed—• The Acquirer Reference Data (or Retrieval Reference Number), cardholder account number, or both, were incorrect or invalid.	
Removed—The amount for which arbitration is initiated may not exceed the full amount of the second presentment, but it may be for the same amount or less.	
Removed—The Summary of Arbitration Documentation for Online Transactions form in Appendix C should be written in English or translated into English.	

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Description of Change	Where to Look
Added—A participant may file a compliance case against another participant because of a rule violation of the MasterCard rules if the following conditions are met: • A chargeback right does not exist. • The participant has suffered a financial loss directly due to the rule violation in question. The case must be filed within 180 calendar days from the transaction presentment date or from the violation date if the alleged violation does not concern a transaction. Before filing a compliance case, the filing participant must send a pre-compliance letter in an attempt to resolve the dispute. The pre-compliance letter must allow the other participant at least 30 calendar days to respond before the compliance case is filed.	Section A.4.1.2 When to File a Compliance Case
Removed—If a participant believes that another participant has violated any section of the intra-European ec-Pictogram or MasterCard rules and is not covered by a remedy via the chargeback processing cycles (presentment–chargeback–second presentment) and it has suffered a financial loss directly due to the rules violation in question, it may file a compliance case no later than 180 calendar days from the transaction presentment date or from the violation date if the alleged violation does not concern a transaction. The Regulations/Rules Violations (Other than Chargeback) for Online Translations form in Appendix C should be used. All documentation must be written in English or translated into English.	
Removed—Arbitration proceedings can only be initiated if both the issuer and the acquirer have exhausted all their rights under the allowable processing cycles in Chapter 11, "Exception Item Processing," of the *Cirrus Worldwide Operating Rules*. If arbitration proceedings are not initiated by the participant having liability in accordance with the outcome of the processing cycles in Chapter 11 of the *Cirrus Worldwide Operating Rules* that participant must accept responsibility for the transaction.	Section A.4.2.1 When to File an Arbitration Case
Clarified From—An issuer may proceed to arbitration under the following conditions: • It believes the acquirer's second presentment is invalid. • It can provide additional information to correct the original defect that led to the second presentment. **To**—An issuer may proceed to arbitration if it believes the acquirers second presentment is invalid.	
Added—If the issuer fails to receive documentation within ten (10) calender days, the issuer must complete the "Representment Documentation Dispute Form" within twenty (20) days of the second presentment and fax it to the Debit Dispute Department.	
Added—Note	

Description of Change	Where to Look
Added—A participant may file a compliance case if it believes that another participant has violated any section of the Cirrus Worldwide Operating Rules or MasterCard Standard if the following conditions are met: • A chargeback right does not exist. • The participant has suffered a financial loss directly caused by the rule violation.	Section A.4.2.2 When to File a Compliance Case
Removed—If a European participant believes that the participant of another region has violated any section of the *Cirrus Worldwide Operating Rules* or MasterCard Standard not covered by a remedy via the chargeback processing cycles (presentment—chargeback—second presentment) and it has suffered a financial loss directly due to the rules violation in question, it may file a compliance case no later than...	
Updated From—If a European participant believes that the participant of another region has violated any section of the *Cirrus Worldwide Operating Rules* or MasterCard Standard not covered by a remedy via the chargeback processing cycles (presentment—chargeback—second presentment) and it has suffered a financial loss directly due to the rules violation in question, it may file a compliance case no later than 180 calendar days from the transaction presentment date or from the violation date if the alleged violation does not concern a transaction. The postmarked date will be considered the filing date. **To**—The case must be filed within 180 calendar days from the transaction presentment date or from the violation date if the alleged violation does not concern a transaction.	
Updated From—Prior to filing a compliance case, the filing participant must send a pre-compliance in an attempt to resolve the dispute. The pre-compliance must allow the other participant at least 30 calendar days to respond before the compliance case is filed. **To**—Before filing a compliance case, the filing participant must send a pre-compliance letter in an attempt to resolve the dispute. The pre-compliance letter must allow the other participant at least 30 calendar days to respond before the compliance case is filed.	
Added—To file a case the following forms should be used: • **Arbitration Case**—Summary of Arbitration Documentation for Online Transactions form • **Compliance Case**—Regulations/Rules Violations (Other than Chargeback) for Online Translations form Refer to Appendix C for instructions for accessing these forms.	Section A.4.3 Arbitration and Compliance Filing Procedures—Intra-European and Interregional Cases
Removed—(see Appendix C)	
Removed—European	
Removed—Note	

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Description of Change	Where to Look
Clarified From—For information about how to file an arbitration or compliance case directly in the MasterCom Electronic Case Filing Application or via the Case Filing Hub Site, refer to Chapter 4 or Chapter 5 in this guide. **To**—Intra-European cases may be filed directly in the MasterCom Electronic Case Filing Application or via the Case Filing Hub Site, Site. For details refer to Chapter 4 in this guide for arbitration cases or Chapter 5 in this guide for compliance cases in this guide.	
Added—**For interregional cases—**	Section A.4.4 Arbitration and Compliance Review Procedure—Intra-European and Interregional Cases
Removed—MasterCard will assess the filing fee, administrative fee, and any technical fees, for the case through the MasterCard Consolidated Billing System (MCBS) as billing events.	
Added—**For intra-European cases**—MasterCard will assess the filing fee, administrative fee, and any technical fees, for the case through the MasterCard Consolidated Billing System (MCBS) as billing events.	Section A.4.4.2.1 Arbitration and Compliance Fees
APPENDIX B CHANGES	
Removedfrom Presentment row—for intra-European and interregional transactions	Overview
Removed from Second Presentment row—for both intra-European transactions and interregional transactions	
Removed Section B.1.2 Exception Transaction Types Section B.1.3 Exception Transaction Types Note: Subsequent numbering will reflect this change.	
Removed—**Adjustments** from title	Section B.1.2 Reversals
Removed—Adjustments are not supported for either interregional transactions or intra-European transactions.	
Removed—In order for an issuer to submit a retrieval request for an interregional transaction, and for an acquirer to fulfill that request, it is strongly recommended that the members communicate via registered mail, return receipt requested, if available, otherwise, by international airmail or its equivalent. Member contact information is contained in the Member Information—Cirrus/Maestro product, located on MasterCard Online®.	Section B.1.3 Retrieval Requests (POS Transactions Only)
Removed—**B.1.5.1 Issuer Requirements** title. Moved information into Section B.1.5.	

Description of Change	Where to Look
Clarified From—An issuer may initiate a retrieval request for either the original transaction receipt or a legible copy following: • A cardholder request • For fraud investigation **To**—An issuer may initiate a retrieval request for an intra-European transaction following: • A cardholder request Or • For fraud investigation	
Removed—For interregional retrievals, European acquirers should send the supporting documentation requested by non-European issuers to the MasterCard Debit Switch (MDS).	Section B.1.3.1 Acquirer Requirements
Added—Section B.1.6 Chip Transactions	Section B.1.4 Chip Transactions
Clarified From—Unless the circumstances are as described under reason code 4870, PIN-based transactions may not be charged back for reasons of fraud. **To**—All message reason codes in this appendix are allowed for any type of Maestro transactions unless otherwise stated under the message reason code. Such transactions include: • Magnetic stripe or chip read transactions • Signature, PIN or non-PIN based transactions	Section B.1.5Charge-backs
Added—A chargeback must be submitted within 120 calendar days from the Central Site Processing date for the full transaction amount, unless otherwise specified in the appropriate message reason codes.	Section B.1.5.1 Chargeback Procedures

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Description of Change	Where to Look
Removed—An issuer must charge back the full transaction amount unless otherwise specified in the appropriate chargeback reasons. An issuer can choose to process the chargeback either: • For the original amount in the reconciliation currency of the presentment. Or • For the amount debited in the issuer payment currency used for the settlement of the presentment. There are no provisions made to settle any losses or gains resulting from exchange rate differences or funding costs. The production of a transaction cryptogram and related data elements for each chip transaction introduces new information, which can help determine the actual circumstances of a transaction and thus assist in determining issuer and acquirer liabilities. Cryptograms must be provided to issuers in the original presentment or must be made available to issuers if needed for subsequent enquiries. However, the cryptogram in itself does not constitute a guarantee of payment to the acquirer. Nor does the lack of a cryptogram or an invalid cryptogram provide an automatic right of chargeback to the issuer. **Note:** Refer to section 11.1.1 of the Maestro Global Rules for further information about the Transitional Chip Liability Shift Program.	
Removed the following Sections B.1.6.2 Chargeback Time Frames B.1.6.2.1 Interregional POS Transaction B.1.6.2.2 Intra-European POS Transaction B.1.6.2.3 Interregional ATM Transactions B.1.6.2.4 Intra-European ATM Transactions	
Clarified From—No supporting documentation is required when submitting a chargeback for either a POS or an ATM transaction, unless otherwise stated in section B.1.6 (for interregional transactions), and section B.1.7 (for intra-European transactions) of this appendix. However, issuers should be able to justify any chargeback initiated. **To**—No supporting documentation is required when submitting a chargeback, unless otherwise stated under the specific message reason code. However, issuers should be able to justify any chargeback initiated.	Section B.1.5.2 Supporting Documentation for a Chargeback

Description of Change	Where to Look
Clarified From—An acquirer must use its best efforts to investigate each chargeback received for validity, and either: • Accept the charge Or • Process a second presentment to reverse the effect of the chargeback. **To**—An acquirer must use its best efforts to investigate each chargeback received for validity, and either accept the charge or process a second presentment.	Section B.1.6 Second Presentment Procedures
Clarified From—The second presentment may not be for an amount more than the issuer's chargeback, but may be for the same or a lesser amount and must be processed either: • In the chargeback reconciliation currency Or • In the acquirer payment currency used for the settlement of the chargeback. **To**—The second presentment may not be for an amount in excess of the issuer's chargeback, but may be for the same or a lesser amount.	
Clarified From—The requirements that must be met before an acquirer can represent a transaction, and the supporting documentation required, are provided under each chargeback reason in section B.1.6 (for interregional transactions), and section B.1.7 (for intra-European transactions) of this appendix. **To**—Second presentments must be submitted within 45 calendar days from the chargeback processing date. The requirements that must be met before an acquirer can second present a transaction, and the supporting documentation required, are provided under each message reason code. **For intra-European transactions** other, general second presentment message reason codes may apply, such as: • 2713—Invalid Chargeback • 2702—Past Chargeback Time Limit Issued • 2011—Credit Previously Please refer to section 3.1 Message Reason Codes1 of this guide for a complete list of message reason codes. Second presentments must be submitted within 45 calendar days from the chargeback processing date. After the acquirer has processed the second presentment, the issuer has no further chargeback rights; arbitration chargebacks are not permitted.	
Removed—Note	
Removed—After the acquirer has processed the second presentment, the issuer has no further chargeback rights; for example, there is no arbitration chargeback cycle. Refer to Arbitration and Compliance of this appendix for interregional and intra-European arbitration and compliance procedures.	
Removed—Sections B.1.8.1 Second Presentment Time Frames and B.108.1.1 POS and ATM Transactions	

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Description of Change	Where to Look
Added—For disputes between two members that share a common language it is sufficient if the documentation is translated into English at arbitration stage.	Section B.1.6.1 Supporting Documentation for a Second Presentment
Added—Refer to section B.4 Arbitration and Compliance for details regarding interregional and intra-European arbitration and compliance procedures.	Section B.1.6.2 Disputing Supporting Documentation
Clarified From—Unless the circumstances are as described under reason code 4870, PIN-based transactions may not be charged back for reasons of fraud. **To**—All message reason codes in this appendix are allowed for any type of Maestro transactions unless otherwise stated under the message reason code. Such transactions include: • Magnetic stripe or chip read transactions • Signature, PIN, or non-PIN based transactions	Section B.1.7 Chargebacks
Entire section has been updated. See revision bars.	Section B.2 Message Reason Codes for Interregional Transactions
Entire section has been updated. See revision bars.	Section B.3 Message Reason Codes for Intra-European Transactions
Updated From—An issuer may proceed to arbitration under the following conditions: • When it believes the acquirer's second presentment is invalid. • If it can provide additional information to correct the defect that led to the second presentment. **To**—An issuer may proceed to arbitration when it believes the acquirer's second presentment is invalid.	Section B.4.2 When to File an Arbitration Case
Added—If the issuer fails to receive documentation within ten calender days, the issuer must complete the Representment Documentation Dispute Form within twenty days of the second presentment and fax it to the Debit Dispute Department.	
Added—documentation	
Updated From—For intra-European ATM transactions the issuer is also permitted to file an arbitration case, if the issuer did not receive required documentation from the acquirer within 10 calendar days of the central processing date of the second presentment. **To**—**For intra-European ATM transactions**, the issuer is permitted to file an arbitration case, if the required documentation from the acquirer is not received within ten calendar days of the central processing date of the second presentment.	

Description of Change	Where to Look
Removed—A member may file a compliance case, if it believes that another member has violated any section of the Rules for which there is no remedy via the chargeback processing cycles, and it has suffered a financial loss as a direct result of this rule violation. If such a situation occurs, the member must present the case to the Dispute Resolution Services Department at MasterCard Worldwide within the relevant time limit, or accept the loss. Refer to section D.2.6 for more information. Before filing a compliance case, the filing member must send the other member a "good faith letter" (pre-compliance letter), to try to resolve the dispute. The filing member must allow the other member 30 calendar days to review the case and correct the situation.	Section B.4.3 When to File a Compliance Case
Added—A member may file a compliance case if all the following conditions are met: • A member has violated any section of the Maestro Rules. • The filing member has suffered a financial loss as a direct result of this rule violation. • A chargeback right is not available to remedy the situation. The filing member sent a pre-compliance letter to the other member to try to resolve the dispute. The filing member must allow the other member 30 calendar days to review the case and correct the situation.	
Removed—As with any compliance case filing, a member may not file a compliance case of a chargeback remedy is available.	Section B.4.3.1.1 Missing, Invalid, or Inaccurate Authorization Data
Added—For cases filed via registered mail the postmark date is considered the filing date.	Section B.4.4 Time Frames for Filing
Clarified From—Please refer to section 4.1 Time Frames of this manual for the applicable time frames. **To**—An arbitration case must be submitted within 45 days from the Central Site Processing date of the second presentment.	Section B.4.4.1 Arbitration Case
Clarified From—Please refer to section 5.1 Time Frames of this manual for the applicable time frames. **To**—A compliance case must be filed within 180 days from the violation date. Please refer to section 5.1 Time Frames of this manual for more details.	Section B.4.4.2 Compliance Case
Clarified From—The filing member must send the arbitration or compliance case by registered mail within the time frames described in section B.2.4 to the applicable address as detailed below, for resolution. At the same time, a copy must be sent to the other member(s). **To**—The filing member sends the arbitration or compliance case by registered mail within the applicable time frames to the address indicated below for resolution. At the same time, a copy must be sent to the other member.	Section B.4.6.1 Filing a Case Through Registered Mail
Removed—The completed cases must be sent to the following address:	

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Description of Change	Where to Look
Clarified From—The filing member must send the arbitration or compliance case within the time frames described in section B.2.4 to the Dispute Resolution Services Case Filing Hub site as detailed below, for resolution. When filing via the hub site members do not need to forward a copy of the case to the other member. **To**—The filing member sends the arbitration or compliance case within applicable the time frames to the Dispute Resolution Services Case Filing Hub site fax number indicated below, for resolution. When filing via the hub site members do not need to forward a copy of the case to the other member.	Section B.4.6.2 Filing a Case Using the Dispute Resolution Services Case Filing Hub Site (Intra-European only)
Removed—The filing member must submit the arbitration or compliance case within the time frames described in section B.2.4 to the Dispute Resolution Services for resolution.	Section B.4.6.3 Filing a Case Using the MasterCom Electronic Case Filing Application (Intra-European only)
Added—...the funds will be moved electronically. For more details ...	Section B.4.8 Arbitration and Compliance Review Procedure
Clarified From—• The good faith effort was not made in accordance with the rules (only applicable in compliance cases). **To**—• The pre-compliance letter was not sent in accordance with the rules (only applicable in compliance cases).	Section B.4.8.1 Non-Acceptance of a Case
Clarified From—If a case is not accepted for any of the above reasons, the reviewing body will retain the filing fee. **To**—If a case is not accepted for any of the above reasons, the filing fee will be retained.	

Chargeback Guide

November 2007

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Chapter 1 Processing Procedures

This chapter describes the way that funds are moved between issuers and acquirers, and documents the procedural requirements for each stage of the chargeback process.

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Overview

This chapter describes the way that funds are moved between issuers and acquirers. Procedural requirements are documented for each stage of the chargeback process. In addition, this chapter contains information about IPM messages as they relate to the chargeback process.

Please refer to the *GCMS Reference Manual* and other publications listed in the "Overview" chapter for information about Global Clearing Management System (GCMS) processing and the Integrated Product Messages (IPM) format.

Refer to the *Maestro Global Rules* for information about processing chargebacks that arise from transactions conducted with a U.S.-issued Debit MasterCard where a PIN is used as the cardholder verification method.

1.1 The Global Clearing Management System

MasterCard clears transactions through the Global Clearing Management System (GCMS). GCMS uses messages in the Integrated Product Messages (IPM) format. This format is an International Organization of Standardization (ISO)-based flexible format that provides all clearing system information.

1.1.1 IPM Message Structure

All IPM messages contain four main components:

- **Message Type Identifier (MTI)**—The first element of every IPM message. The MTI is always located in positions 1–4 of the message. The MTI describes the message class. For example, MTI 1442 indicates a chargeback message.
- **Bitmaps**—Bitmaps are the second and third elements of every IPM message. The bitmaps indicate the presence or absence of ISO data elements (DE 1 through DE 128) in each message. There are two bitmaps in every message:
  - **Primary**—Positions 5–12; indicates the presence of data elements 1–64.
  - **Secondary**—Positions 13–20; indicates the presence of data elements 65–128.
    Each bit contains a value of zero (0) if the corresponding data element is not present in the message or a value of one (1) if it is present.
  - **Data elements**—Data elements represent different, pre-identified pieces of information and follow the bitmaps in order by number (known as data element number). For example, function codes are stored in DE 24 (Function Code) and indicate the specific purpose of a message in a message class. Examples of function codes are 450 (first chargeback—full amount) and 453 (first chargeback—partial amount).
  - **Message reason codes**—Message reason codes for first chargebacks, second presentments, and arbitration chargebacks are stored in DE 25 (Message Reason Code).

For example, a first chargeback for a full amount for message reason code 4837—No Cardholder Authorization would have the following values.

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MTI	1442	Indicates that the message is a chargeback
DE 24 (Function Code)	450	Indicates that the message is a first chargeback for the full amount
DE 25 (Message Reason Code)	4837	Indicates the reason for the chargeback

Refer to the *IPM Clearing Formats* manual for a complete list and explanation of data elements.

1.1.2 Chargeback Processing Cycles

The following table summarizes the IPM messages used in each chargeback processing cycle.

Table 1.1—Chargeback Processing Cycle IPM Messages

MTI	Description	Function Code	Description	Initiated By
1240	First Presentment	200	First presentment	Acquirer
1442	First Chargeback	450	Full amount	Issuer
		453	Partial amount	Issuer
1240	Second Presentment	205	Full amount	Acquirer
		282	Partial amount	Acquirer
1442	Arbitration Chargeback	451	Full amount	Issuer
		454	Partial amount	Issuer

In addition, the following MTI and Function Code combinations may be used in chargeback processing:

- Retrieval Request/1644-603
- Fee Collection (Member-generated)/1740-700, -780, -781, or -782
- Fee Collection (Clearing System-generated)/1740-783

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1.1.3 Chargeback Benefits of GCMS

GCMS provides

- Retrieval request and response data in chargeback messages so that members can tell at a glance the outcome of a retrieval request.
- MasterCom dates for documentation sent, if present, in the previous cycle.
- Information from the previous chargeback cycle with each subsequent chargeback cycle, so that members are not required to obtain this information from their archives. This information includes amounts, reason codes, and DE 72 (Data Record) texts.

In addition

- IPM Second Presentment/1240 and Arbitration Chargeback/1442 messages indicate the reason for the second presentment or arbitration chargeback.
- IPM documentation indicators have one purpose—to indicate whether documentation will follow the transaction.

1.2 Rights and Obligations

All members have certain rights and obligations when clearing and settling transactions. Members are required to submit and to accept specific transaction records electronically through GCMS.

Additionally, all members should balance their net settlement debit or credit advisement received daily to their IPM reconciliation messages (IPM File Currency Summary/1644-680 and IPM Financial Position Detail/1644-685). These messages show the net result of all records sent to and received from MasterCard in one day.

Refer to the *IPM Clearing Formats* manual for information about messages and procedures for presentment of transactions.

Refer to the *Settlement Manual* for information about settlement advisements.

1.2.1 Acquirer Responsibilities

All acquirers are responsible for the following:

- Ensuring that presented data is accurate, complete, and in compliance with the MasterCard operating rules.
- Editing, monitoring, and reconciling messages sent and received by balancing the IPM reconciliation messages (IPM File Currency Summary/1644-680 and IPM Financial Position Detail/1644-685) to their internal system reports of member-generated data and data generated by MasterCard. This requirement ensures that members reconcile all rejected and accepted messages.

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- Receiving all IPM First Chargeback/1442 messages that issuers submit and either:
  - Accepting responsibility for the transactions received.
    Or
  - Pursuing a remedy for the transactions in accordance with the rules and procedures specified within this guide.

Refer to the *IPM Clearing Formats* manual for these message formats.

1.2.2 Issuer Responsibilities

All issuers are responsible for the following:

- Receiving all IPM First Presentment/1240 messages as presented by the acquirer.
- Ensuring that all necessary data is passed to the cardholder, or is readily accessible for transaction research and monitoring purposes.
- Editing, monitoring, and reconciling messages sent and received by balancing the IPM reconciliation messages (IPM File Currency Summary/1644-680 and IPM Financial Position Detail/1644-685) to their internal system reports of incoming data received by, and outgoing data sent to, MasterCard. This requirement ensures that members reconcile all rejected and accepted messages.

1.3 Clearing and Settlement

When a cardholder uses a MasterCard® card to purchase goods or services from a card acceptor, the acquirer will reimburse the card acceptor for the transaction. The acquirer then settles those funds with the issuer by presenting the transaction into interchange. MasterCard provides this functionality.

In summary, clearing is the movement of data from the acquirer to MasterCard, and from MasterCard to the issuer. Settlement is the process used to exchange funds between members for the net value of the monetary transactions cleared for that processing day. Interchange is the exchange of transaction data between members.

1.4 Chargeback Stages

After the first presentment of a transaction from the acquirer to the issuer, the issuer may determine that, for a given reason specified within this guide, the transaction may be invalid. The issuer may then return the transaction to the acquirer as a chargeback for possible remedy.

It is **very important to note** that when an issuer has billed a transaction to its cardholder's account for payment and then chooses to exercise a chargeback right, the issuer must credit the cardholder's account for the amount of the chargeback. Under no circumstances should an issuer ultimately be reimbursed twice for the same transaction.

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Similarly, an issuer should not credit a cardholder twice because of a chargeback processed by the issuer and a credit voucher processed by the card acceptor.

For each individual transaction, the interchange procedures allow for the following processing:

- First Presentment/1240
- First Chargeback/1442
- Second Presentment/1240
- Arbitration Chargeback/1442
- Arbitration Case

For detailed requirements applicable to a specific message reason code, refer to Chapter 3, Message Reason Codes, of this guide.

Additionally, if an issuer needs a copy of the transaction information document (TID), the retrieval process has two steps—Retrieval Request and Retrieval Fulfillment. The retrieval process also may include Image Review. For detailed requirements applicable to the retrieval process, refer to Chapter 6, Retrieval Requests and Fulfillments, of this guide.

The following table identifies the stages of a transaction when the issuer initiates a chargeback.

Table 1.2—Chargeback Stages

Stage	Description	MTI-Function Code(s)
Presentment	Acquirer submits the transaction to the issuer.	1240-200
Cardholder or issuer disputes the first presentment.		
Retrieval Request	Issuer may request a copy of the sales ticket to support or identify a potential chargeback. **Note:** Most chargebacks do not require a retrieval request.	1644-603
Chargeback	Issuer initiates a chargeback within the time frame applicable to the specific message reason. (Refer to Chapter 3, Message Reason Codes, of this guide for details.) **Note:** If an issuer receives a legible copy of the TID through a second presentment for message reason code 4802—Requested/Required Information Illegible or Missing, and after viewing the item for the first time determines that it has another right of chargeback for a different message reason code, the issuer must start the process again with a new chargeback. Refer to Chapter 3, Message Reason Codes, message reason 4802, for further information.	1442-450 (full amount) 1442-453 (partial amount)
Second Presentment	When applicable, the acquirer may process a second presentment within 45 calendar days of the Central Site Business Date (PDS 0158 [Business Activity], subfield 5 [Business Date]) of the chargeback.	1240-205 (full amount) 1240-282 (partial amount)

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Stage	Description	MTI-Function Code(s)
Presentment	Acquirer submits the transaction to the issuer.	1240-200
Arbitration Chargeback	When applicable, the issuer may initiate an arbitration chargeback within 45 calendar days of the Central Site Business Date of the second presentment.	1442-451 (full amount) 1442-454 (partial amount)
Arbitration Case	The acquirer may file an arbitration case to MasterCard, for a decision on the dispute, within 45 calendar days of the Central Site Business Date of the arbitration chargeback.	N/A

1.5 Explanation of Receipt and Processing Date

For purposes of definition, the receipt date for a presented (clearing) transaction or a chargeback is the Central Site Business Date in PDS 0158 (Business Activity), subfield 5 (Business Date).

When calculating clearing time frames, the Central Site Business Date of an outgoing chargeback **is** counted as day one.

The Central Site Business Date of the presentment, or the incoming chargeback, **is not** counted as day one.

1.6 Explanation of Acquirer Reference Data

The acquirer assigns the 23-digit value in DE 31 (Acquirer Reference Data [ARD]) to identify the original transaction when it is processed through GCMS and to identify the transaction throughout its life cycle.

1.6.1 Interchange Rate Designator

The Interchange Rate Designator (IRD) identifies the interchange rate program for which the acquirer presented the transaction, throughout the life cycle of the item, including during presentment, retrieval, and chargeback. The IRD is presented in PDS 0158 (Business Activity), subfield 4 (Interchange Rate Designator).

Refer to the *Interchange Programs and Rates* manual for additional interchange rate program requirements.

1.6.1.1 World MasterCard T&E Interchange Rate Program

The following sections describe chargeback rights that apply to transactions conducted with a U.S. region-issued World MasterCard™ card or World Elite MasterCard™ card at a U.S. region-acquired Travel and Entertainment (T&E) merchant and submitted for the World MasterCard T&E or World MasterCard Standard interchange rate program.

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1.6.1.1.1 World MasterCard Transactions

U.S. dollar limits exist for specific chargebacks on transactions conducted with a U.S. region-issued World MasterCard™ card at a U.S. region-acquired Travel and Entertainment (T&E) merchant and submitted for the World MasterCard T&E or World MasterCard Standard interchange rate program.

MasterCard established these limits to reduce the number of exception items associated with World MasterCard card transactions conducted at T&E merchants.

The following chargeback policies apply to these transactions:

- GCMS will reject chargebacks for message reason codes 4802, 4831, 4837, 4840, 4841, 4842, 4846, 4850, 4853, 4854, 4855, 4857, 4859, 4862, and 4863 if the transaction amount is equal to or less than the established U.S. dollar limit for each of the card acceptor business codes/Merchant Category Codes (MCCs) listed in **Table 1.3**. At its discretion, MasterCard may permit chargebacks under these message reason codes for transactions that are less than the U.S. dollar limit for particular card acceptors within the MCCs listed in **Table 1.3**.
- MasterCard will permit message reason code 4859, RS4 (Airline flight not provided) to be used in the event of an airline bankruptcy.

Table 1.3—Chargeback Dollar Limits for World MasterCard Card Transactions in Certain Merchant Categories

Merchant Category	MCCs	US Dollar Limit
Airlines	3000–3299, 4511	USD 500
Automobile and Vehicle Rentals	3351–3500, 7512, 7513, 7519	USD 250
Cruise Lines and Steamships	4411	USD 500
Eating Places, Restaurants [1]	5812	USD 250
Hotels and Motels	3501–3999, 7011	USD 250
Travel Agencies and Tour Operators	4722	USD 250
Passenger Railway	4112	USD 250

- GCMS will allow chargebacks for message reason codes 4801, 4807, 4808, 4812, 4834, 4835, 4847, 4849, and 4860 for any U.S. dollar amount for the MCCs shown in **Table 1.3** above.

1.6.1.1.2 World Elite MasterCard Transactions

1 Excludes chargebacks submitted for U.S. region IRD 58 (World Restaurant) and WQ (World Elite Restaurant). Chargebacks submitted for these IRDs are permitted for any amount up to the transaction maximum amount of USD 60.

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The following chargeback policies apply to transactions conducted with a U.S. region-issued World Elite™ MasterCard® , World Elite® MasterCard® for Business, or MasterCard® Corporate World Elite™ at a U.S. region-acquired Travel and Entertainment (T&E) merchant and submitted for the World MasterCard T&E or World MasterCard Standard interchange rate program:

- GCMS will reject all chargebacks, regardless of dollar, amount for message reason codes 4802, 4831, 4837, 4840, 4841, 4842, 4846, 4850, 4853, 4854, 4855, 4857, 4859, 4862, and 4863 for each of the MCCs listed in Table 1.3.
- At is discretion, MasterCard may permit chargebacks under these message reason codes for particular card acceptors within the MCCs listed in the table below. MasterCard will permit message reason code 4859, RS4 (Airline flight not provided) to be used in the event of an airline bankruptcy
- GCMS will allow chargebacks under message reason codes 4801, 4807, 4808, 4812, 4834, 4835, 4847, 4849, and 4860 for the MCCs shown in Table 1.3.

1.7 Processing Cycles and Time Frames

Following the first presentment of a transaction, the chargeback life cycle includes the first chargeback and, if necessary, a second presentment, arbitration chargeback, and arbitration case.

Applicable time frames associated with the generation of a first chargeback depends on the message reason code. Refer to Chapter 3, Message Reason Codes, of this guide for the applicable time frames.

1.7.1 GCMS Support of Time Frames

GCMS edits the First Chargeback/1442, Second Presentment/1240, and Arbitration Chargeback/1442 messages to validate chargeback processing and time frame requirements. Refer to the *IPM Clearing Formats* manual for detailed information about IPM messages.

NOTE

A member that experiences severe operational difficulties because of a natural disaster may contact its Customer Operations Services representative and apply for a hardship variance. If approved, MasterCard will waive time frame edits applicable to all message reason codes for a prescribed period.

MasterCard will publish approved variances in the *Global Operations Bulletin* and in the Text Message/1644 message. The member that received the variance is responsible for identifying each transaction accordingly.

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1.7.2 Time Frame for First Presentment

An acquirer has 30 calendar days to process the transaction to the issuer. This time frame is defined as the time between the transaction date and the Central Site Business Date. An issuer must accept a transaction submitted beyond the 30-day time frame if the account is in good standing or the transaction can be honored. When calculating the number of days, do not count the transaction date as day one, but do count the Central Site Business Date as day one.

If the message has no transaction date when processed through GCMS, the date 15 days before the date in PDS 0105 (File ID), subfield 2 (File Reference Date) will be presumed (for rules administration) to be the transaction date, subject to subsequent establishment of the actual date by supporting documentation.

1.7.3 Time Frame for First Chargeback

The time frames for the first chargeback are 45, 60, 120, and 540 calendar days after the Central Site Business Date, depending on the individual reason for the chargeback. GCMS measures this time limit from the Central Site Business Date of the presentment. For certain chargeback reasons, the time frame may be calculated from a day other than the Central Site Business Date. The message reason codes in Chapter 3, Message Reason Codes, detail these exceptions.

When delayed delivery of goods or performance of services by a card acceptor results in a subsequent dispute about the condition of the goods or the quality of the services, MasterCard will calculate the period of 120 days using the delivery or performance date.

In cases that involve the delayed delivery of goods or performance of services that the cardholder asserts the card acceptor never provided, MasterCard will calculate the period of 120 days from the latest anticipated date that the card acceptor was to provide the goods or services.

In cases that involve interrupted services, the period of 120 days will begin on the date that the services cease. In no case shall the first chargeback exceed 540 days (approximately 18 months) from the Central Site Business Date of the first presentment. The issuer must prorate the chargeback amount to reflect the services received. (Refer to section 4.7.13 Example 13—Prorated Chargeback Period for Interrupted Services to determine the proper prorated chargeback period.)

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1.7.4 Time Frame for Second Presentment or Arbitration Chargeback

The time frame for a second presentment or arbitration chargeback is 45 calendar days. GCMS measures this period as the time between the Central Site Business Date that the member received the chargeback or second presentment, and the date the transaction is subsequently processed as a second presentment or arbitration chargeback. GCMS will reject any second presentment or arbitration chargeback submitted more than 45 calendar days after receipt of the previous cycle.

1.7.5 Time Frame for Arbitration Case Filing

If the dispute is not resolved after completion of the first presentment, chargeback, second presentment, and arbitration chargeback cycles, a member may proceed to arbitration within 45 calendar days of the Central Site Business Date of the arbitration chargeback.

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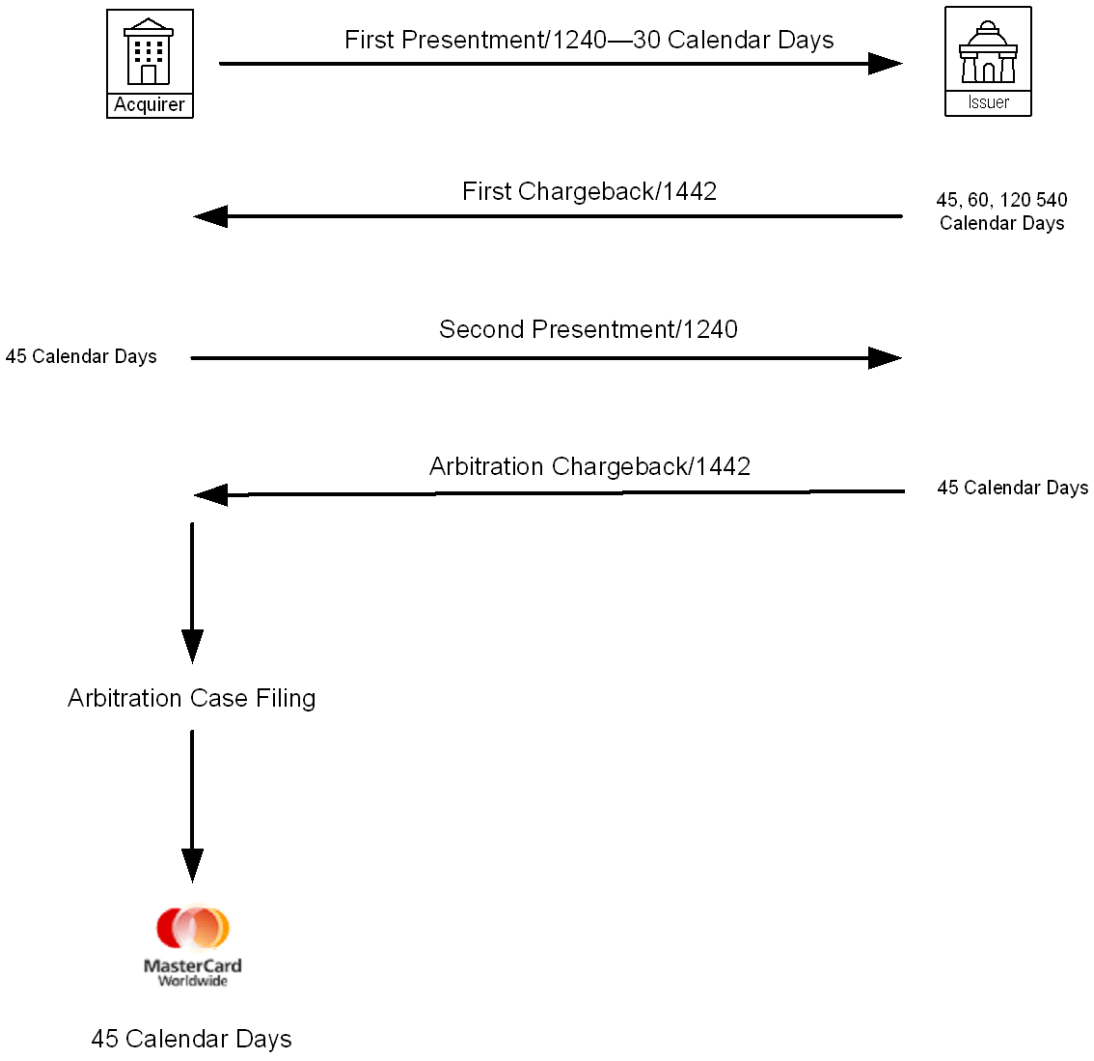
The following diagram shows the chargeback processing cycles and time frames.

Figure 1.1—Chargeback Processing Cycles and Time Frames



1.8 Processing First Presentment/1240 Messages

The first presentment occurs when the acquirer submits transaction data to the issuer for the first time, for posting to the cardholder's account.

To minimize subsequent retrievals, chargebacks, and second presentments, acquirers must ensure that all presented clearing transactions contain accurate and complete data in the applicable first presentment and addendum messages. To further minimize subsequent chargebacks and second presentments, issuers must ensure that all transaction detail provided by the acquirer is readily available to the cardholder and to internal operations.

The acquirer must send all presented transactions to GCMS using the messages and procedures that MasterCard specifies.

NOTE

For information about the message procedures for presentment of transactions, refer to the *IPM Clearing Formats* **manual.**

The acquirer must present all cash disbursements, purchases, credits, unique transactions, and Payment Transactions for the full amount of the original transaction currency as agreed to by the cardholder. The amount may not be increased (or reduced in the case of a credit or a Payment Transaction) unless specifically authorized within this guide. Acquirers must promptly present these transactions to issuers.

Except as otherwise provided in the Standards (for example, section 2.1.12 of this guide), MasterCard will convert all transactions processed through GCMS into the equivalent reconciliation currency amount for settlement. MasterCard (not the card acceptor or acquirer) will convert the transaction using the buy, mid, fixed, and sell rates of the representative group of currencies most frequently traded. Other arrangements are defined for those members participating in bilateral agreements as described in Chapter 1 of the *Settlement Manual*.

NOTE

For more information about currency conversions, refer to Chapter 6 of the *GCMS Reference Manual* **and** Chapter 2, Merchant Acceptance Procedures and Special Transaction Types **of the Chargeback Guide.**

1.9 Processing First Chargeback/1442 Messages

Members must use the appropriate MTI and function code to identify the first chargeback.

MTI	First Chargeback/1442
Function Code 450	Full amount
Function Code 453	Partial Amount

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An issuer may process a First Chargeback/1442 message if it determines that for a valid chargeback reason specified below and detailed in Chapter 3, Message Reason Codes, of this guide, the transaction may be charged back to the acquirer.

Code	Reason
4801	Requested Transaction Data Not Received
4802	Requested/Required Information Illegible or Missing
4807	Warning Bulletin File
4808	Requested/Required Authorization Not Obtained
4812	Account Number Not on File
4831	Transaction Amount Differs
4834	Duplicate Processing
4835	Card Not Valid or Expired
4837	No Cardholder Authorization
4840	Fraudulent Processing of Transaction
4841	Canceled Recurring Transaction
4842	Late Presentment
4846	Correct Transaction Currency Code Not Provided
4847	Requested/Required Authorization Not Obtained and Fraudulent Transaction
4849	Questionable Merchant Activity
4850	Credit Posted as Purchase
4853	Cardholder Dispute—Defective/Not As Described
4854	Cardholder Dispute—Not Elsewhere Classified (U.S. Region Only)
4855	Nonreceipt of Merchandise
4857	Card-Activated Telephone Transaction
4859	Services Not Rendered
4860	Credit Not Processed
4862	Counterfeit Transaction Magnetic Stripe POS Fraud
4863	Cardholder Does Not Recognize—Potential Fraud
4870	Chip Liability Shift
4871	Chip/PIN Liability Shift

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An issuer may exercise one first chargeback per presented transaction within the time frame applicable for the chargeback reason code chosen. Under most circumstances, GCMS will measure the time frame from the Central Site Business Date of the presentment. Refer to section 1.7 Processing Cycles and Time Frames and the specific message reason codes in Chapter 3 for detailed information about time frame measurement.

To generate a chargeback, the issuer must submit the First Chargeback/1442 message with the applicable message reason as described in Chapter 3.

The Corporate Purchasing Department Account Program does not have chargeback rights for the following message reason codes:

- 4835—Card Not Valid or Expired
- 4837—No Cardholder Authorization
- 4840—Fraudulent Processing of Transactions
- 4847—Requested/Required Authorization Not Obtained and Fraudulent Transaction
- 4862—Counterfeit Transaction Magnetic Stripe POS Fraud
- 4863—Cardholder Does Not Recognize—Potential Fraud.

IPM messages are composed of data elements and private data subelements critical to the exchange of transactions between acquirers and issuers. Members must ensure that all of the data that is contained within the IPM messages is accurate and complete.

1.9.1 First Chargeback Amount (DE 4 [Amount, Transaction])

An issuer must not charge back a transaction for an amount that exceeds the full amount of the transaction presented by the acquirer. It may, however, charge back a transaction for an amount less than the full amount of the transaction.

NOTE

This rule applies to all transactions, except for transactions converted to U.S. dollars. Under these circumstances, the chargeback may be for an amount greater than the transaction amount originally presented by the acquirer.

NOTE

To charge back a transaction for an amount less than the full amount of the transaction, issuers must submit the First Chargeback/1442 message with a function code of 453 (partial amount).

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DE 24 (Function Code) identifies chargebacks submitted for an amount that is different from the original transaction amount. Members must provide the partial amount function code throughout the life cycle of the chargeback, when applicable.

- **Members in the U.S. region** processing a First Chargeback/1442 message:

  An issuer in the U.S. region that processes a chargeback will process it in U.S. dollars, using the First Chargeback/1442 message, with no conversion.

- **Members outside the U.S. region** processing a First Chargeback/1442 message:

  An issuer located outside the U.S. region that processes a chargeback will convert the cardholder billing currency amount directly into U.S. dollars. For information about currency conversion processing procedures, please refer to Chapter 6 of the *GCMS Reference Manual*.

- **For intra-European transactions only.** Issuers may process a chargeback for the same or lesser amount of the original presentment received from the acquirer either:

  – In the original presentment reconciliation currency, as specified in DE 5 (Amount, Reconciliation) of the First Presentment/1240 message, or

  – In the amount debited in the issuer's payment currency used for settlement of the original presentment, as specified in DE 6 (Amount, Cardholder Billing) of the First Presentment/1240 message.

For example, if the transaction is in EUR and the cardholder's currency is GBP, the chargeback amount may be in either EUR or GBP.

1.10 Processing Second Presentment/1240 Messages

Members must use the appropriate MTI and function code to identify the second presentment.

MTI	Second presentment/1240
Function Code 205	Full amount
Function Code 282	Partial Amount

An acquirer may process a second presentment if the chargeback is invalid or if the acquirer can provide additional information to correct the original defect that led to the chargeback.

Refer to the specific message reason for more information about second presentments. Refer to section 1.15 Supporting Documentation and section 1.16 Missing Documentation for detailed information about supporting documentation and missing documentation.

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The processing requirements for a second presentment are identical for many of the message reason codes. The following standard procedure applies to these message reason codes unless otherwise stated under the particular message reason code:

- To process a second presentment electronically, the acquirer must process a Second Presentment/1240 message through GCMS with the applicable information in DE 95 (Card Issuer Reference Data) to identify the original chargeback. MasterCard does not require acquirers to return all original supporting documentation that the issuer provided with the original chargeback. Acquirers must provide only the additional documentation, as required in this guide, to support the current processing cycle.
- If both a transaction certificate and related data are presented in the clearing record (but not the authorization record), the acquirer is entitled to be reimbursed by the issuer for a handling fee for a second presentment for message reason codes 4812 (Account Number Not On File) and 4835 (Card Not Valid or Expired). The acquirer can collect a USD 25 handling fee by submitting a Fee Collection/1740 message. Refer to the *GCMS Reference Manual* for more information.

1.10.1 Second Presentment Amount

An acquirer processes a second presentment for the same or lesser amount of the chargeback received from the issuer in U.S. dollars, without any further currency conversion.

For intra-European transactions only. An acquirer may process a second presentment for the same or lesser amount of the chargeback received from the issuer either:

- In the currency of the chargeback, as specified in DE 4 (Amount Transaction) of the First Chargeback/1442 message or
- In the acquirer payment currency used for settlement of the chargeback, as specified in DE 5 (Amount, Reconciliation) of the First Chargeback/1442 message.

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Acquirers cannot process a second presentment for an amount greater than the issuer's chargeback, but the acquirer may process a second presentment for a lesser amount. Acquirers can initiate a partial amount second presentment when an issuer has charged back the full amount of the original presentment. And through communication with the card acceptor, the acquirer accepts responsibility for a portion of the disputed amount. Acquirers notify MasterCard and issuers that the second presentment is for less than the full amount of the first chargeback, by submitting a Second Presentment/1240 message with a function code of 282 (partial amount).

If the amount is not being reduced with the acquirer's second presentment, and the issuer originally submitted the First Chargeback/1442 message with a function code of 453 (partial amount), the acquirer must submit the Second Presentment/1240 message with a function code of 282 (partial amount).

NOTE

To indicate a reduced chargeback amount, the issuer submits a First Chargeback/1442-453 message and the acquirer submits a Second Presentment/1240-282 message. If the issuer or acquirer does not reduce the amount, it should process the second presentment or arbitration amount with the same partial amount function code that it received.

1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message)

Members must use the appropriate MTI and function code to identify the first chargeback.

MTI	Arbitration Chargeback/1442
Function Code 451	Full amount
Function Code 454	Partial Amount

An issuer has the right to collect a USD 25 handling fee upon receipt of a TID provided with a second presentment that reveals a card acceptor name, date, or location differing from the information transmitted in the first presentment. This fee is to reimburse the issuer for expenses incurred resulting from erroneous information provided with the original presentment that prompted the issuance of the unnecessary chargeback. The issuer collects this fee by processing a Fee Collection (Member-Generated)/1740 message to the acquirer with message reason code 7612.

NOTE

The issuer must start the processing cycle again with a First Chargeback/1442 message if it receives a legible copy of the TID through a second presentment of a chargeback for message reason code 4802—Requested/Required Information Illegible or Missing and, after viewing the document for the first time, determines that it has another right of chargeback for a different reason.

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The following standard procedure applies to an arbitration chargeback for each message reason code, unless otherwise stated. The issuer must process an Arbitration Chargeback/1442 message to the acquirer through GCMS, placing the same information in DE 95 (Card Issuer Reference Data) as was identified in the first chargeback and second presentment.

NOTE

The issuer must provide any new documentation that supports the arbitration chargeback or the change in the message reason code to the acquirer.

NOTE

MasterCard strongly encourages members to provide required supporting chargeback documentation through the Chargeback Support Documentation (CSD) application of the MasterCom electronic imaging system. Using CSD ensures timely delivery of the documentation, thus preserving chargeback or second presentment rights.

Please refer to section 3.1.5 Arbitration Chargeback/1442 IPM (Function Codes 451 or 454) Message Reason Code Usage in Chapter 3 of this guide for a list of definitions of the Arbitration Chargeback/1442 IPM message reason codes.

Refer to section 1.15 Supporting Documentation and section 1.16 Missing Documentation in Chapter 1 of this guide for more information about supporting and missing documentation.

1.11.1 Arbitration Chargeback Amount

Issuers process an arbitration chargeback for the same or lesser amount of the second presentment received from the acquirer in U.S. dollars, without any further currency conversion.

For intra-European transactions only. Issuers may process an arbitration chargeback for the same or lesser amount of the second presentment received from the acquirer either:

- In the second presentment reconciliation currency, as specified in DE 5 (Amount, Reconciliation) of the Second Presentment/1240 message, or
- In the amount debited in the issuer's payment currency used for settlement of the second presentment, as specified in DE 6 (Amount, Cardholder Billing) of the Second Presentment/1240 message.

An arbitration chargeback may not be for an amount in excess of the acquirer's second presentment, but it may be for a lesser amount. To indicate a lesser amount, the issuer submits the Arbitration Chargeback/1442 with a function code of 454 (partial amount).

If the acquirer has initiated the second presentment for an amount less than the original chargeback amount, the issuer must process the arbitration chargeback with the function code of 454 (partial amount).

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1.11.2 ATM Transaction Documentation Dispute Procedures

Issuers cannot process an arbitration chargeback for an ATM transaction. When the acquirer supplies second presentment documentation through the MasterCom® system, the issuer has 10 calendar days from the date the image was delivered either to accept or to reject it. The issuer may reject the chargeback only if the information that is relevant to resolve the dispute is illegible. If the issuer determines the documentation is illegible, the issuer must complete a Representment Documentation Dispute Form and fax it to the Debit Dispute Department, along with a copy of the illegible documentation that the acquirer provided. Refer to Appendix C, Forms for instructions for accessing the Representment Documentation Dispute Form . Issuers must complete the MasterCard/Cirrus Representment Documentation Dispute Form and fax it to the appropriate network office. For MasterCard and Cirrus ATM transactions, fax the form to 1 636-722-7255. Refer to the *Cirrus Worldwide Operating Rules* for procedures.

For intra-European transactions only. The issuer is not required to complete a Representment Documentation Dispute Form and may proceed directly to arbitration upon determining that the required second presentment documentation is missing or illegible.

Refer to Appendix A, Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard) for information about chargeback processing procedures for intra-European MasterCard ATM transactions and interregional MasterCard ATM transactions involving cards issued in the Europe region.

1.12 Arbitration Case

After an issuer initiates an arbitration chargeback, neither the issuer nor the acquirer has further rights of chargeback or presentment.

An acquirer may file an arbitration case with MasterCard to resolve the dispute only if the acquirer

- Believes that the issuer's arbitration chargeback was invalid.
- Did not receive the supporting documentation that the issuer should have provided with the arbitration chargeback. (If the arbitration case involves missing documentation, the acquirer must wait eight calendar days before filing the case.)
- Can provide documentary evidence to remedy the arbitration chargeback. (MasterCard does not consider additional documentation that the acquirer should have provided to the issuer with the second presentment.)

Refer to Chapter 4, Arbitration Procedures for more information about arbitration case filing procedures.

NOTE

A member can file an arbitration case only when it has first exercised any available rights under the chargeback processes described in this guide.

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A member that requests to withdraw the arbitration filing before the issuance of a ruling is assessed both the filing fee and a withdrawal fee by MasterCard.

MasterCard will rule on the case based on the documentation provided within the chargeback processing cycles. Therefore, both members should make sure that they present their best case—the issuer with its chargeback and arbitration chargeback, and the acquirer with its second presentment and arbitration case filing.

In circumstances where no applicable message reason code exists to remedy a dispute, and a financial loss has been documented as a direct result of a rule violation, the member may attempt to resolve the matter through compliance procedures.

Refer to Chapter 4, Arbitration Procedures of this guide for the arbitration filing procedures.

Refer to Chapter 5, Compliance Procedures of this guide for the compliance procedures.

1.12.1 Arbitration Case Filing Amount

All arbitration proceedings are for amounts expressed in U.S. dollars. When members initiate an arbitration case filing, the amount must not exceed the full amount of the arbitration chargeback, but it may be for a lesser amount.

1.13 Record Content

Members must process all chargebacks, second presentments, and arbitration chargebacks through GCMS using the following IPM messages:

- First Chargeback/1442
- Second Presentment/1240
- Arbitration Chargeback/1442

IPM messages include specific fields critical to the interchange of transactions between acquirers and issuers. Members must ensure that all the data contained within the IPM message is accurate and complete. Refer to the *IPM Clearing Formats* manual for the message formats.

Members that submit transactions must perform specific edits on each field of the IPM message. In general, the member must edit all fields for correct content and the record must contain all required fields.

If the member processes a message and it does not pass the GCMS edit criteria, GCMS will reject the message.

The following sections identify fields included within the first chargeback, second presentment, and arbitration chargeback messages that are of particular importance in the interchange process. Therefore, members must ensure that they adhere to the criteria specified below when processing a chargeback.

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1.13.1 Card Issuer Reference Data

DE 95 (Card Issuer Reference Data) is a unique value with a maximum of 10 positions that the issuer assigns with its original chargeback. DE 95 is used to track the chargeback throughout its life cycle. The issuer may, at its option, use the first four positions to identify its Member ID number. The DE 95 (Card Issuer Reference Data) may be used to identify the originator and, in turn, the originator may determine and direct the chargeback to the department or affiliate member that initiated the original chargeback.

Additionally, the issuer provides DE 95 (Card Issuer Reference Data) when processing a retrieval request. The acquirer is required to include the same data in a subsequent fulfillment of the retrieval request.

The issuer must not use the same DE 95 (Card Issuer Reference Data) value more than once in a 12-month period. GCMS edits validate all incoming chargebacks against the chargeback history file to ensure that the incoming chargebacks do not contain a Card Issuer Reference Data used previously with the same bank identification number (BIN). Acquirers must not modify the DE 95 (Card Issuer Reference Data) value when submitting a second presentment. The same unique DE 95 value used for the First Chargeback/1442 must be maintained with the Second Presentment/1240, Arbitration Chargeback/1442 and arbitration case filing. GCMS will reject the chargeback, second presentment, or arbitration chargeback if it contains invalid Card Issuer Reference Data.

1.13.2 Documentation Indicator

A member uses PDS 0262 (Documentation Indicator) to indicate the following conditions.

Code	Description
0	No documentation to follow
1	Documentation to follow

The documentation indicator shows that the member is providing documentation to support a chargeback, second presentment, or arbitration chargeback. When documentation is neither required nor sent, the member places a zero (0) in PDS 0262. If the chargeback requires supporting documentation, the member places a one (1) in PDS 0262 (Documentation Indicator). If a member chooses to provide documentation, although it is not required, it again places a one (1) in PDS 0262. Members should not process second presentments or arbitration chargebacks for missing documentation if the message reason code for the previous cycle did not require documentation.

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GCMS will edit this field for all chargeback messages that require supporting documentation, and reject the message if the indicator is not a one (1). For example, GCMS will reject a chargeback for message reason 4860—Credit Not Processed that requires a copy of the credit slip or cardholder letter if the documentation indicator is not a one.

1.13.3 Data Record Text

Members use DE 72 (Data Record) during the different chargeback processing cycles to provide the receiving member with specific information about the transaction. Some chargeback reasons require that the sender of the chargeback, second presentment, or arbitration chargeback enter specific text. If specific text is not required in DE 72 (Data Record), the sender of the message may provide information about the disputed transaction or identify the reason for a returned transaction in DE 72. An issuer may include additional message reason codes in DE 72 (Data Record) if the item qualifies for more than one specific chargeback reason. However, the additional chargeback reasons would serve only as an advisement and would not require a response of either acceptance or denial from the acquirer. The issuer may use the additional message reason codes only if this does not interfere with the required DE 72 text for the chargeback message reason.

1.13.3.1 Data Record Text Examples

In this guide, for message reason code 4812—Account Number Not On File, the acquirer's second presentment conditions chart shows "None" under the DE 72 (Data Record) heading. This indicates that text is not required. However, the acquirer should identify the reason for the second presentment in DE 72, for example, "CHARGEBACK PAST TIME."

Message reason code 4834—Duplicate Processing requires that the issuer provide the contents of DE 31 (Acquirer Reference Data) of the first transaction posted to the cardholder's account in DE 72 (Data Record) of the chargeback. In this instance, the issuer must complete and use the required text of "FIRST REF NNNNNNNNNNNNNNNNNNNNN."

Refer to the individual message reason codes in Chapter 3, Message Reason Codes of this guide to determine whether there is a particular requirement to provide text.

1.14 Retrieval Requests

Before initiating certain chargebacks, the issuer may be required to request a copy of the TID to substantiate the chargeback. To request a retrieval, the issuer submits a Retrieval Request/1644-603 message. The issuer uses the following retrieval request message reasons.

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Code	Reason
6305	Does not agree with amount billed
6321	Does not recognize
6322	Chip transaction request
6323	Personal records request
6341	Fraud investigation
6342	Potential chargeback/compliance

The acquirer is under an obligation to fulfill this request by providing a copy or substitute draft of the TID, or alternatively must provide a response advising the issuer why the acquirer cannot honor the request.

Refer to Chapter 6, Retrieval Requests and Fulfillments of this guide for further information about processing retrieval requests and fulfillments.

1.15 Supporting Documentation

The term "documentation" is used throughout the various chargeback cycles. Documentation may be required to support the chargeback, second presentment, or arbitration chargeback.

Translation of Documentation. Members must provide the relevant documentation or information to substantiate the chargeback cycle or compliance case in the English language or with an accompanying translation in English. The member must provide a copy of the original documentation that was translated.

When Members Share a Common Language. A translation of the documentation is not necessary if the dispute is initiated between two members that share a common language. However, if such a dispute escalates to an arbitration or compliance case, the filing member must provide an English translation of the relevant selections of the documentation that corroborates the dispute when filing a case. The filing member also must include a copy of the original documentation that was translated.

Documentation Processed Through MasterCom. When a member forwards chargeback documentation using the CSD application of the MasterCom electronic imaging system, the system automatically generates the chargeback record information and forwards it with the supporting documentation.

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If a second presentment or arbitration chargeback occurs, the member should provide only new documentation through the MasterCom system. (Members are not required to return all original supporting documentation provided by the sending member for each subsequent phase of the chargeback process. They must provide only the additional documentation as required in this guide to support the current processing cycle.)

For procedures to process chargeback support documentation through the MasterCom system, refer to the *MasterCom Administrator's Manual* and the online help for the MasterCom electronic imaging system.

Any action received in MasterCom must be responded to in MasterCom. Any action responded to outside of MasterCom will not be considered a proper response to the request. | Nov 2007

NOTE

Members should recognize that for transactions processed using the MasterCard *PayPass* PAN mapping service, the cardholder PAN for chargeback supporting documentation will differ from the PAN originally transmitted by the acquirer.

1.15.1 Documentation Types

Any requirement to provide documentation is identified for each message reason code in Chapter 3, Message Reason Codes of this guide.

Some examples of the types of documentation include the following:

- **The TID**—The member is required to send the original or a legible photocopy of the actual TID that was generated upon completion of the transaction. There are exceptions to this rule, for example, when the type of transaction allows the acquirer to provide an electronically reproduced substitute draft of the transaction or when the cardholder uses a PIN. This guide notes the applicable exceptions.
- **A cardholder copy of the slip**—The original or a reproduction of the actual cardholder's copy of the slip, as provided by the cardholder.
- **A written cardholder complaint (letter or form)**—The cardholder's letter that provides specific information about his or her dispute of the transaction. The issuer, in lieu of a written complaint generated by the cardholder, may provide an electronic mail (e-mail) message sent by the cardholder. By providing this type of documentation, the issuer is certifying that there is a relationship between the issuer and the cardholder and that the message is a true, accurate, and complete (unedited) message that the issuer received from the cardholder.

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- **A written complaint (letter, form, or e-mail message) from a company or government agency representative on behalf of a corporate card cardholder for (1) non-fraudulent type disputes and (2) message reason code 4837**—No Cardholder Authorization chargebacks when the authorized cardholder no longer is employed by the company or government agency and the issuer has closed the account—Providing specific information about the dispute of the transaction, including the cardholder's name, account number, transaction date, transaction amount, disputed amount, and a statement that the complaint has been written by a company or government agency representative on behalf of a corporate card cardholder. In providing an e–mail message, the issuer is certifying that there is a relationship between the issuer and the cardholder on whose behalf the message was generated and that the message is true, accurate, and complete (unedited).
- **An Expedited Billing Dispute Resolution Process Form for non-fraudulent type disputes**—Completed by the issuer's customer service representative while on the telephone with the cardholder or a company or government agency representative on behalf of a corporate card cardholder. The Expedited Billing Dispute Resolution Process Form may be provided in place of a written complaint generated by or on behalf of the cardholder. The Expedited Billing Dispute Resolution Process Form may be used only for non–fraud-related message reason codes 4831, 4841, 4846, 4853, 4854, 4855, 4857, 4859, and 4860. (Refer to Appendix C, Forms of this guide for instructions on accessing required forms.) The customer service representative signs the form or electronically prints his or her name on the form. MasterCard will not require a cardholder signature in documentation supporting these chargebacks. Nov 2007
- **Progressive cardholder documentation**—A cardholder complaint (letter or form), created under the condition described in the three preceding bullets of this section, that is sent as supporting documentation with an arbitration chargeback. The progressive cardholder documentation must specifically address new information or a card acceptor's rebuttal that was provided with a second presentment. The progressive cardholder documentation must be dated after the issuer received the second presentment documentation.
- For chip-read transactions, the transaction certificate and related data.
- Any other documentation that may be appropriate to support a particular chargeback, second presentment, or arbitration chargeback; such as, Electronic Data Capture (EDC) log, magnetic stripe-reading (MSR) terminal or hybrid terminal printer certification, card acceptor rebuttal, or the authorization log.

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1.16 Missing Documentation

When the member does not receive required supporting documentation within eight calendar days of receiving the chargeback, second presentment, or arbitration chargeback, it may submit a second presentment, arbitration chargeback, or file an arbitration case between the 9th calendar day and the 45th calendar day after receipt of the message. (This action does not apply to chargebacks that do not require supporting documentation.)

For example

- If the acquirer did not receive the required documentation to support a chargeback, the acquirer can submit a Second Presentment/1240, message reason code 2002 for "Nonreceipt of required documentation to support a chargeback."
- If the issuer did not receive the required documentation to support a second presentment, the issuer can submit an Arbitration Chargeback/1442, message reason code 4901 for "Required documentation not received."

NOTE

The member must use the correct message reason code to indicate that documentation for the previous cycle was not received.

GCMS rejects any second presentment or arbitration chargeback message that indicates "missing documentation" if the Chargeback History File indicates that the member provided documentation through the MasterCom system.

GCMS also rejects any arbitration chargeback that follows a valid second presentment containing a message reason code of 4901 in the following situation:

- The Chargeback History File indicates that documentation for the issuer's first chargeback was not provided through the MasterCom system.

  And

- The chargeback message reason always requires that documentation be provided.

1.17 Incompatible or Invalid Acquirer Reference Data

When processing a chargeback, an issuer must provide the acquirer with an Acquirer Reference Data (ARD) in the First Chargeback/1442 message.

If the acquirer receives an invalid ARD, or one that is incompatible with the cardholder account number and transaction amount, the acquirer must submit a Second Presentment/1442 message within 45 calendar days of the Central Site Business Date of the message. No documentation is required to support a second presentment caused byan invalid/incompatible ARD.

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1.17.1 Second Presentment

When the acquirer submits a second presentment because the issuer supplied an incompatible or invalid ARD, and no documentation is required or provided, the acquirer must submit a second presentment with message reason code 2001, "Invalid Acquirer Reference Data on chargeback; no documentation required or provided."

When the acquirer did receive documentation, the acquirer must submit a second presentment with message reason code 2004, "Invalid Acquirer Reference Data on chargeback; documentation was received."

1.17.2 Arbitration Chargeback

An issuer may remedy the second presentment within 45 calendar days of its receipt by providing the valid or compatible ARD with its arbitration chargeback. If the issuer's investigation shows that it did provide correct information with its original chargeback, a copy of the incoming report showing the ARD must be provided as supporting documentation.

When initiating the arbitration chargeback, the issuer must state, "Correct reference number supplied" in DE 72 (Data Record).

1.17.3 Arbitration Case

When two members cannot resolve the validity or compatibility of the ARD, an arbitration case may be filed with MasterCard to resolve the dispute.

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1.18 Invalid Chargeback, Second Presentment, and Arbitration Chargeback

NOTE

This guide does not address every example of a remedy that a member may take when it believes that another member has incorrectly effected a chargeback, second presentment, or arbitration chargeback. However, a member always may reverse such incorrect processing during the next available processing cycle and must be prepared to prove its claim in arbitration if the other member so proceeds.

A member that receives an erroneous chargeback, second presentment, or arbitration chargeback must use the next processing cycle, if available, to reverse the message.

For example, an acquirer must process a second presentment if it determines that it received an erroneous chargeback from an issuer; and an issuer must process an arbitration chargeback if it determines that it received an erroneous second presentment from an acquirer.

The member that receives the second presentment or arbitration chargeback may accept it, or process a second presentment or arbitration chargeback, as applicable, if either of these processing cycles is available. If not, the member may proceed to arbitration.

1.19 Chargeback Information and Documentation Retention Period

Members are required to store chargeback information and supporting documentation for all chargebacks, second presentments, arbitration chargebacks, and arbitration cases. Members do not need to keep these copies after the dispute is resolved or if the time duration for processing disputes has elapsed.

Refer to section 6.7 Transaction Information Document Retention Period for the retention requirements for TIDs.

1.20 Miscellaneous Fees and Charges

Members must settle all miscellaneous fees and charges by submitting a Fee Collection/1740 message. This message contains the information that members need to process miscellaneous fees and charges.

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1.20.1 Function Codes

The function codes used with the Fee Collection/1740 message are as follows.

Code	Description
700	Collection (or first submission)
780	Collection Return (or first resubmission)
781	Collection Resubmission (second submission)
782	Collection Arbitration Return (final resubmission)

Refer to the *GCMS Reference Manual* for additional information about the Fee Collection/1740 message.

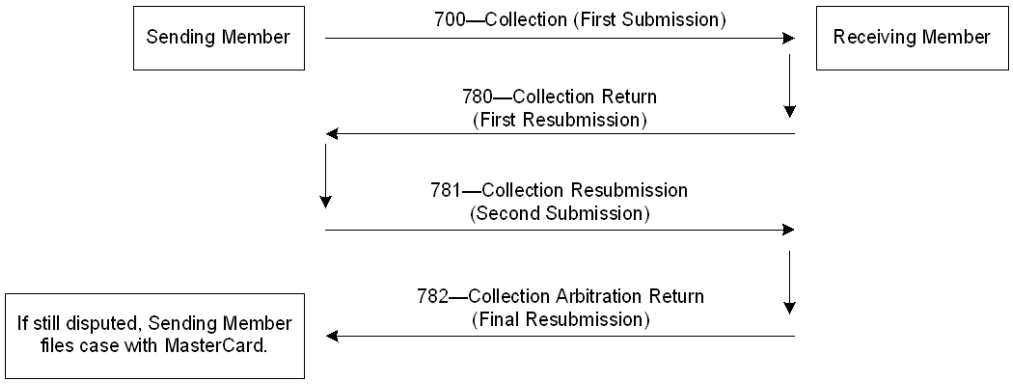
1.20.2 Submitting the Fee Collection/1740 Message

A member that processes a Fee Collection/1740 Message through GCMS must mail any required supporting documentation in accordance with the instructions on the specific ICA form or as specified in this section. The PDS 0137 (Fee Collection Control Number) must be noted clearly on all documentation to allow the receiving member to match the documentation to the applicable message and transaction.

1.20.3 Returning and Resubmitting the Fee Collection/1740 Message

The following diagram shows the function codes that members use when submitting a Fee Collection/1740 message.

Figure 1.2—Submitting the Fee Collection/1740 Message



The receiving member may submit a Fee Collection/1740 message within 45 calendar days after receipt of the message through GCMS for any of the following reasons.

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DE 72 (Data Record) must indicate one of the following reasons for return:

- "Supporting documentation not received"—The receiving member must wait 21 calendar days from the date it receives the message through GCMS before returning it for this reason.
- "Misrouted to wrong member"
- "Past applicable time frame"
- "The message text was not provided or was incomplete"
- "Fee charged exceeds amount allowed"
- "Fee inaccurate because of entry error"
- "Charged twice for same fee"
- "Unauthorized fee/charge—receiving member did not approve or agree to accept fee/charge"—Applies only to transaction message reason codes for good-faith acceptance (message reason code 7606) and collection letters (message reason code 7607).
- "Improper handling fee"—An erroneous or inappropriate progressive handling fee was received. The reason for the return must be given following the required text for the message reason code specified in the *GCMS Reference Manual*.

If a member returns a fee or charge for any of the above reasons, the member may resubmit it through GCMS within 45 calendar days of receipt of the message, but only if the reason for return has been corrected. For example, the missing documentation or correct amount has to have been supplied. The member should enter an explanation in DE 72 (Data Record).

Any fee or charge that is improperly resubmitted may be returned within 45 calendar days of receipt of the Fee Collection/1740 message. Before returning the message for missing documentation, the receiving member must wait 21 calendar days from the date it receives the message through GCMS. The member should enter an explanation in DE 72.

No third submission through GCMS will be permitted. The member may file a compliance case to resolve any remaining unsolved dispute concerning the Fee Collection/1740 message. See Chapter 5, Compliance Procedures, of this guide for compliance filing procedures.

NOTE

For case filings initiated for a violation of this section, MasterCard does not require a pre-compliance item (good-faith letter).

The sending member must reverse any Fee Collection/1740 message that is duplicated in error. To do so, members may enter a value of R in PDS 0025 (Message Reversal Indicator), subfield 1 (Message Reversal Indicator).

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1.21 Correction of Errors (Unjust Enrichment)

This section is applicable for intra-European transactions only. If a member has been unjustly enriched, due to an error relating to the Payment Scheme, the member must reimburse the amount with which it has been enriched to the member or members who have suffered the corresponding loss. This rule applies for all products.

NOTE

Solely for purposes of this section 1.21, "payment scheme" shall mean MasterCard Worldwide, including all of its subsidiaries and affiliates, its products and services, the Standards that govern the products and services, and its members.

1.22 MasterCard Electronic

M/Chip™ is the MasterCard global payment solution for placing MasterCard® Maestro® , and Cirrus® transaction functionality on a smart card chip. One of the key benefits of an M/Chip-based MasterCard Electronic card is the ability to avoid inadvertent offline acceptance. M/Chip also helps to reduce counterfeit fraud by providing more robust offline and online card authentication methods (CAMs).

1.22.1 Second Presentment Procedures for Inadvertent Acceptance of MasterCard Electronic

Acquirers that have opted out of MasterCard Electronic may process a second presentment indicating in DE 72 (Data Record) that the transaction was authorized and that the acquirer has opted out of participating in MasterCard Electronic. Nov 2007

European acquirers that do not have a MasterCard Electronic acquiring license are automatically considered to have opted out of MasterCard electronic.

The conditions shown in Table 1.4 represent remedies or options that the acquirer can use to process a second presentment.

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Table 1.4—Second Presentment Options for MasterCard Electronic Acquirers

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer must substantiate that it has opted out of MasterCard Electronic participation, the transaction did not require authorization, and an authorization request was not made.	2713 Invalid Chargeback	Confirmation letter from MasterCard that the acquirer opted out of MasterCard Electronic card participation	NOT MCE
The acquirer must substantiate that it has opted out of participating in MasterCard Electronic, and that the transaction was authorized.	2713 Invalid Chargeback	None	NOT MCE AUTH MMDDYY NNNNNN Replace "MMDDYY" with the date the issuer authorized the transaction. Replace "NNNNNN" with the authorization approval code.

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1.22.2 Arbitration Chargeback Procedures for Inadvertent Acceptance of MasterCard Electronic

If a second presentment failed to remedy the first chargeback, the issuer should process the arbitration chargeback using the appropriate reason code and indicating in DE 72 (Data Record) if a **C** was not present in DE 48 (Additional Data).

Table 1.5—Arbitration Chargeback for MasterCard Electronic

Arbitration Chargeback	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
For transactions authorized via Banknet or EPS-Net, the issuer determines that **C** is not present in DE 48 (or DE 048) (Additional Data) of the Authorization Request /0100 message.	Applicable Message Reason Code	Authorization log reflecting the code contained in DE 48 (or DE 048) (Additional Data), subelement 76 of the Authorization Request /0100 message	None

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Chapter 2 Merchant Acceptance Procedures and Special Transaction Types

This chapter explains the merchant acceptance rules and procedures and includes excerpts from the Bylaws and Rules manual.

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Overview

Every card acceptor that accepts MasterCard® cards must sign a Merchant Agreement with its acquirer. In signing this agreement, the card acceptor agrees to certain terms and conditions when accepting these cards as payment for goods or services.

At the same time, the acquirer agrees to accept and pay the card acceptor for all transactions that have been properly presented in accordance with the Merchant Agreement.

This section explains the card acceptor acceptance rules and procedures and may help members decide whether a compliance right exists. It also describes the different transaction types.

Section	Contains information about
2.1	Acceptance procedures
2.2	Hotel, Motel and Resort acceptance information
2.3	Processing cash disbursements
2.4	Processing Debit MasterCard purchases with cash back transactions
2.5	Processing unique transactions
2.6	Processing payment transactions
2.7	Cardholder-Activated terminal requirements
2.8	Processing EMV chip Data
2.9	Indemnification
2.10	Quick Payment Service (QPS) Program
2.11	Time-Share disputes
2.12	Processing *PayPass* transactions
2.13–2.19	Rules that commonly are used in the chargeback and compliance resolution process found in the *Bylaws and Rules*

Refer to the *Bylaws and Rules* manual for the complete and unedited rules as well as additional rules not contained in this guide.

NOTE

When filing a compliance case, members should cite the appropriate manual and section number or title.

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2.1 Acceptance Procedures

The following sections provide the procedures and requirements for acceptance, authorization, and completion of certain transaction types.

NOTE

Members should cite the appropriate section number when filing compliance cases.

2.1.1 Acceptance Procedures for Purchase Transactions

The following sections contain information and requirements relevant to the card acceptor's acceptance procedures for purchase transactions.

2.1.1.1 Card Must be Present

A MasterCard card must be presented to the card acceptor for all transactions except in the case of mail orders, phone orders, non–face-to-face unique transactions, e-commerce transactions, and preauthorized orders.

2.1.1.2 Determine Whether the Card is Valid

The card acceptor must complete the following steps to determine whether each card presented is a valid MasterCard card:

1. Check the valid date and the expiration date on the face of the card. If the card is expired or not yet valid, the card acceptor must obtain an authorization from the issuer.
2. Check the applicable Warning Bulletin. If the account number is listed, the card acceptor must not complete the transaction without obtaining an authorization from the issuer.
3. Compare the four-digit truncated account number imprinted in the signature panel with the last four digits of the embossed account number on the face of the card.
4. Unless a hybrid terminal is used, compare the embossed account number on the face of the card with the number displayed or printed from the POI terminal.
5. If a photograph of the cardholder is present on the card, compare the photograph on the card with the person presenting the card.
6. Check that the card is signed.
7. For unique transactions processed in a face-to-face environment (with the exception of truck stop transactions and card-read transactions where a non-signature CVM is used), request personal identification of the cardholder in the form of an unexpired, official government document. Compare the signature on the personal identification with the signature on the card.

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2.1.1.3 Unsigned Cards

If the card is not signed, the card acceptor must

- Obtain an authorization from the issuer
- Ask the cardholder to provide identification (but not record the cardholder identification information)
- Require the cardholder to sign the card

The card acceptor must not complete the transaction if the cardholder refuses to sign the card.

2.1.1.4 Suspicious Cards

If the card acceptor believes that there is a discrepancy in the signature, or if the last four digits of the embossed account number do not match the four-digit truncated account number on the signature panel or displayed on the terminal, or if the photographic identification is uncertain, the card acceptor must contact its acquirer for instructions.

If any unexpired MasterCard card does not have a MasterCard hologram or MasterCard HoloMag™, the card acceptor must pick up the card and contact its acquirer's Code Ten operator to advise it of the pick-up and to receive mailing instructions.

2.1.2 Obtaining an Authorization

The following sections contain information and requirements relevant to the card acceptor's obtaining of an authorization.

2.1.2.1 Treat All Transactions the Same

With respect to securing authorizations of transactions, an acquirer must treat all transactions at a card acceptor location in the same manner.

2.1.2.2 Retain the Card While Obtaining Authorization

The card acceptor must use its best efforts, by reasonable and peaceful means, to retain the card while making an authorization request.

2.1.2.3 When to Obtain an Authorization

The card acceptor must obtain an authorization from the issuer for

- All non–face-to-face transactions, regardless of the transaction amount
- All face-to-face transactions, card-read or key-entered, occurring at locations with a POS device that has both online and magnetic stripe-read capability, regardless of the transaction amount

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- All Debit MasterCard purchase with cash back transactions, for the full transaction amount inclusive of DE 4 (Amount Transaction) and DE 54 (Additional Amounts).
- Any of the following instances
  - The transaction amount exceeds the published floor limit.
  - The card is expired or not yet valid.
  - The card is not signed. (See section 2.1.1.3 Unsigned Cards, of these rules for identification requirements and card acceptor procedures.)
  - The card acceptor wishes to delay presenting the transaction record.
  - The transaction receipt cannot be imprinted because of a malfunction, although the card is present and embossed.
  - The card acceptor's POS device is unable to read the magnetic stripe or the chip (if one is present) on the card.
  - The account number is listed in the applicable Warning Bulletin.
  - The card acceptor is suspicious of the transaction for any reason.

An online authorization is not required in the following instances

- Transactions at Cardholder Activated Terminal (CAT) Level 3
- Chip-read transactions, unless required by the chip or terminal (See section 2.1.5 for more information about obtaining authorization for chip-read transactions.)
- Transactions identified in group 1 of the QPS program (such as card acceptor business codes [MCCs] 5814—Fast Food Restaurants, 7832—Motion Picture Theaters, and 7523—Automobile Parking Lots and Garages) that are under the applicable QPS group 1 floor limit. QPS transactions are identified with a MasterCard assigned value of "Qxx" in DE 43 (Card Acceptor Name/Location), subfield 1 (Card Acceptor Name) of the IPM clearing message.
- POS device failure or telecommunication failure. A POS device failure is defined as a situation in which the POS device itself is unable to both read the card and accept key-entry of the card data. In case of a POS device failure or telecommunication failure, the published floor limits apply.
- In-flight duty-free transactions until 31 March 2007. Effective 1 April 2007, MasterCard will enforce a zero floor limit for all in-flight duty free transactions, including in countries that currently have a floor limit other than zero.

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2.1.2.4 Reporting a Suspicious Transaction

To report a suspicious transaction, the card acceptor must contact the authorization center, state "This is a Code Ten," and await instructions. Members in regions other than the U.S. region may adopt a term other than "Code Ten" for use when a card acceptor is suspicious, subject to the corporations approval.

In all instances, except where the transaction exceeds the applicable floor limit, the card acceptor must inform the authorization center of the reason for the authorization request.

2.1.2.5 Pick-Up-Card Response

If a cardholder account is listed in the applicable Warning Bulletin, the card acceptor **must not** complete the transaction.

The card acceptor must retain the card by reasonable and peaceful means and notify the authorization center for further instructions. If a card acceptor is advised by the authorization center to pick up the card or is given other instructions, the card acceptor must use its best efforts, by reasonable and peaceful means, to comply with the instructions. If the authorization center cannot be reached, the card acceptor must retain the card by reasonable and peaceful means until the center can be reached.

2.1.3 Obtaining an Authorization for Hotel/Motel, Cruise Line, and Vehicle Rental Transactions

The following sections contain information and requirements that are relevant to the card acceptor's obtaining of authorizations for hotel/motel, cruise line, and vehicle rental transactions.

2.1.3.1 Authorization Procedures

Hotel, motel, vehicle rental, and cruise line card acceptors must comply with the authorization procedures outlined in section 2.1.2 Obtaining an Authorization and the requirements set out below.

2.1.3.2 Initiating the Transaction

When the transaction is initiated, the card acceptor must request an authorization for an estimated transaction amount if the estimate exceeds the applicable floor limit. The card acceptor also may request an authorization for any additional estimated amounts as needed.

Card acceptors engaging in vehicle rental transactions may not include charges representing either:

- The vehicle insurance deductible amount.
- An amount to cover potential damages when the cardholder waives insurance coverage at the time of the rental.

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Vehicle rental card acceptors must disclose to the cardholder at the time of the rental the amount for which the authorization was obtained.

Charges for damages must be processed as a separate transaction. The card acceptor must provide a reasonable estimate of the cost to repair the damages and obtain agreement from the cardholder. If the cardholder chooses to pay for the repairs using his or her MasterCard card, the card acceptor must

- Prepare a specific sales slip with proof of card presence
- Provide the estimated amount for repairs indicating that the amount will be adjusted accordingly pursuant to completion of the repairs and submission of the invoice for such repairs
- Obtain a signature from the cardholder.

The final transaction amount may not exceed the card acceptor's estimated amount by more than 15 percent (or less, as directed by local ordinances). The card acceptor must submit a credit if the final cost of repairs is less than the estimated amount on the sales slip. The card acceptor has 30 days from the date of the subsequent transaction related to damages to submit the item into clearing.

2.1.3.3 Completing the Transaction

When the transaction is completed (that is, when customer checks out of the hotel/motel, departs the cruise ship, or returns the vehicle) and the final transaction amount is determined, the following will apply.

IF…	THEN…
The final transaction amount does not exceed the card acceptor's floor limit	The card acceptor is not required to obtain an authorization, but it must check the account number against the applicable Warning Bulletin.
The final transaction amount does not exceed the card acceptor's estimated amount by 15 percent	The card acceptor is not required to request a secondary authorization. The initial authorization guarantees the full amount of the transaction.
The final transaction amount exceeds the card acceptor's estimated amount by 15 percent	The card acceptor must request a secondary authorization on the additional amount.
The final transaction amount exceeds the card acceptor's applicable floor limit, **but** a previous authorization was not received because the card acceptor's estimate did not exceed its applicable floor limit	The card acceptor must obtain an authorization for the full amount of the transaction.

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2.1.3.4 Subsequent Authorization Requests

If the issuer declines a subsequent authorization request, the card acceptor is guaranteed the cumulative amount of previous authorizations, plus 15 percent.

If a pick-up-card response is received in response to a subsequent authorization request, the card acceptor must pick up the card. The card acceptor is guaranteed the cumulative amount of the previous authorizations, plus 15 percent.

2.1.4 Obtaining an Authorization When a Gratuity is Added

The following sections contain information and requirements relevant to the card acceptor's obtaining of an authorization when a gratuity is added, either before or after the authorization process.

2.1.4.1 Authorization Procedures

The following procedures apply to transactions in which the cardholder adds a gratuity.

IF...	THEN...
The transaction amount is below the card acceptor floor limit, **and** the cardholder adds a gratuity in an amount less than or equal to 20 percent of the transaction amount	The card acceptor **is not** required to obtain an authorization even though the total transaction amount may exceed the card acceptor floor limit.
A card acceptor obtained an authorization for a transaction, **and** the cardholder adds a gratuity in an amount greater than 20 percent of the transaction amount	The card acceptor must obtain an authorization for the additional amount. The issuer is responsible for the full amount of the transaction.
The transaction amount is below the card acceptor floor limit, **and** the cardholder adds a gratuity in an amount greater than 20 percent of the transaction amount which causes the transaction amount to exceed the card acceptor floor limit	The card acceptor must obtain an authorization for the total amount of the transaction.

2.1.5 Obtaining an Authorization for Chip-read Transactions

When an authorization from the issuer is required for a chip-read transaction, before completing the transaction the card acceptor must obtain a transaction certificate and related data.

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For all non–face-to-face chip-read transactions completed via cardholder-controlled remote devices, the card acceptor must obtain an online authorization and the transaction must be Full Grade. For such transactions, issuers may transmit an Authorization Response Cryptogram (ARPC) with an authorization number instead of the transaction certificate and related data.

Acquirers may process a chip-read transaction that takes place at the offline-only hybrid terminal of a card acceptor with no fixed location (for example, aboard a plane, train or ship) though the terminal's authorization request is declined, if **all** the following conditions are satisfied:

1. The terminal is an EMV-capable hybrid terminal with no online capability which does not perform fallback procedures from chip to magnetic stripe.
2. The terminal prompted for PIN as the cardholder verification method (CVM) and the chip provided offline verification of the PIN entered by the cardholder.
3. The terminal recommended transaction approval.
4. The chip card declined the offline authorization request.
5. The card acceptor is properly identified under one of the following card acceptor business codes (MCCs):
   a. MCC 4111 (Transportation—Suburban and Local Commuter Passenger, including Ferries)
   b. MCC 4112 (Passenger Railways)
   c. MCC 5309 (Duty Free Stores)
6. The acquirer must provide in the First Presentment/1240 message:
   a. The value of F (Offline Chip) in DE 22 (Point of Service Entry Mode), subfield 7 (Card Data Input Mode).
   b. The Application Authentication Cryptogram (AAC) in DE 55 (Integrated Circuit Card [ICC] System-Related Data).

The acquirer processes such declined transactions at the risk of receiving authorization-related chargebacks.

For more information about chip card processing, refer to the *M/Chip Functional Architecture for Debit and Credit* manual.

2.1.6 Completing the Transaction Information Document (TID)

The following sections contain information and requirements relevant to the completion of the Transaction Information Document (TID).

2.1.6.1 Include All Goods on One TID

All goods and services purchased in the same transaction must be included on a single TID.

2.1.6.2 TID Information Requirements

The information in section 2.1.6.2.1 A Description of the Goods through section 2.1.6.2.7 Cardholder Identification must be included on the TID.

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2.1.6.2.1 A Description of the Goods

A description of the goods and services and their price, including applicable taxes, must be entered on the TID in detail sufficient to identify the transaction. If no currency is identified on the TID, the transaction is deemed to have taken place in the currency that is legal tender at the point of interaction. If the card acceptor offers multiple currencies, the TID (or receipt page that can be printed by the cardholder in the case of an electronic commerce transaction) must reflect **all** of the following information:

- The transaction amount in the merchant's local currency (the goods or services total)
- The converted transaction amount in the currency chosen and agreed to by the cardholder and the merchant (the sale total)
- The currency symbol or code of each
- The method agreed to by the cardholder was converted from the amount in the merchant's local currency (for example, conversion rate). Either of the following statements:
  - "I have chosen not to use the MasterCard currency conversion process and I will have no recourse against MasterCard concerning the currency conversion or its disclosure"

    Or
  - "I understand that MasterCard has a currency conversion process and that I have chosen not to use the MasterCard Currency conversion process and I will have no recourse against MasterCard with respect to any matter related to the currency conversion or disclosure thereof."

2.1.6.2.2 The Transaction Date

The transaction date must be entered on the TID.

2.1.6.2.3 An Imprint of the Card or Electronically Derived Card Information

A legible imprint of the card must be made on the TID, or the card acceptor may electronically record the customer's card information and the card acceptor location.

If a transaction is completed without obtaining a card imprint or electronically derived card information, the card acceptor must note legibly on the sales receipt sufficient detail to identify the cardholder, the card acceptor, and the card issuer. This information must include at least the name and address of the card acceptor, the name or trade name of the issuer as it appears on the face of the card, the account number, the MasterCard security character, the expiration date (or dual date), the cardholder name, and any company name. An acquirer may not process a second presentment with this manually recorded information.

If the transaction is completed without obtaining a card imprint or electronically derived card information, the card acceptor is deemed to have warranted the true identity of the customer as the cardholder, unless the card acceptor obtained and noted on the TID independent evidence of the cardholder's true identity.

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If a cardholder presents a MasterCard Unembossed card, the card acceptor must record the customer card information electronically, along with the card acceptor location. Transactions based on mail orders, telephone orders, preauthorized orders, electronic commerce orders, MasterCard Guaranteed Reservations and Advanced Resort Deposits may be completed without a card imprint or electronically derived card information.

2.1.6.2.4 The Authorization Number

If an authorization is obtained from the issuer, the authorization number must be entered on the TID, unless the transaction is an offline chip-read transaction. If more than one authorization is obtained over the course of the transaction (as may occur for hotel, motel, or vehicle rental transactions), all authorization numbers, the amounts authorized, and the date of each authorization must be entered on the TID.

2.1.6.2.5 The Primary Account Number

The primary account number (PAN) must be truncated on all cardholder-activated terminal Transaction Information Documents (TIDs). PAN truncation is permitted on any other TID type. The Corporation strongly recommends that only the last four (4) digits of the PAN be printed on the cardholder receipt, replacing all preceding digits with fill characters that are neither blank spaces or numeric characters, such as **X**, *****, or **#**.

The cardholder TID generated by newly installed, replaced, or relocated POI terminals, whether attended or unattended, must reflect only the last four (4) digits of the PAN. All preceding digits must be replaced with fill characters that are neither blank spaces or numeric characters, such as **X**, *****, or **#**.

2.1.6.2.6 Delayed Presentment

When the card acceptor receives approval for delayed presentment, the authorization number and the words “Delayed Presentment” must be noted legibly on the TID.

2.1.6.2.7 Cardholder Identification

For unique transactions processed in a face-to-face environment (with the exception of truck stop transactions and card-read transactions where a non-signature CVM is used), the card acceptor must record on the TID a description of the unexpired, official government document provided as identification by the cardholder, including any serial number, expiration date, jurisdiction of issue, customer name (if not the same name as embossed on the card), and customer address.

2.1.6.2.8 The Transaction Certificate

The transaction certificate is not required on the TID. However, if the acquirer elects to record the transaction certificate on the TID, the card acceptor must enter the complete transaction certificate on the TID.

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2.1.6.2.9 Prohibited Information

The TID or any other document must not reflect the following information:

- The PIN, any part of the PIN, or any fill characters representing the PIN
- The card validation code 2 (CVC 2), which is indent-printed on the signature panel of the card

MasterCard prohibits the recording of PIN data and CVC 2 data in any manner for any purpose

2.1.6.3 Obtain the Cardholder's Signature

In a face-to-face environment, the card acceptor must give the cardholder the option of a signature-based transaction. Unless the cardholder uses a PIN, the cardholder must sign the TID.

2.1.6.3.1 Compare Signatures

Unless the cardholder uses a PIN, the card acceptor must compare the signature on the TID with the signature on the card to determine whether they appear to be the same.

2.1.6.3.2 Discrepancy Between Signatures

If the card acceptor believes that the signature on the card does not match the signature on the TID, the card acceptor must contact the acquirer for instructions. The signature would not match if the signature panel were signed "Jan H. Hanley" and the sales receipt "Bob Hanley" or "F. Hanley." The signature would be acceptable if signed "Jan H. Hanley," "J. H. Hanley" or "Jan Hanley." The signature would be acceptable if a title such as Mr., Mrs., or Dr. is missing or is included.

2.1.6.3.3 Signature Not Required

Transactions based on mail orders, telephone orders, preauthorized orders, electronic commerce orders, MasterCard Guaranteed Reservations, Advanced Resort Deposits, and Express Checkouts may be completed without the cardholder's signature. The card acceptor must type or legibly print on the signature line of the TID the letters **MO**, **TO**, **PO**, **EC**, **Guaranteed Reservation/No Show**, **Advance Deposit**, or **Signature on File – Express Check-out**, as appropriate. The card acceptor must retain and make available to the acquirer upon request the cardholder's written request to the card acceptor for preauthorization. The card acceptor must not deliver goods or perform services covered by a preauthorization after receiving notification that the preauthorization is canceled or that the MasterCard card covered by the preauthorization is not to be honored.

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2.1.6.3.4 PIN as Substitute for Signature

At points of interaction where MasterCard authorizes the use of a PIN as a cardholder verification method (CVM), the card acceptor is not required to obtain the cardholder's signature if the cardholder uses a PIN.

The card acceptor must obtain a successful PIN validation when PIN is used at a hybrid terminal as a CVM for credit transactions.

2.1.6.4 Give the Cardholder a Copy of the Receipt

The card acceptor must provide the cardholder with a true and completed copy of the TID.

2.1.7 Multiple TIDs and Partial Payment

The following sections provide information on multiple Transaction Information Documents (TIDs) and partial payment.

2.1.7.1 Split Tickets are Prohibited

A card acceptor is prohibited from using two or more TIDs, also known as a split ticket, to avoid an authorization request.

2.1.7.2 Include All Goods on a Single TID

All goods and services purchased in a single transaction must be included in one total amount on a single TID provided in the following subsections: | Nov 2007

2.1.7.2.1 Multiple Cards are Presented

More than one card may be presented for payment on a single transaction and an authorization is obtained for the portion of the transaction charged to a MasterCard card. | Nov 2007

2.1.7.2.2 Multiple Items are Billed

Multiple items may be purchased and individually billed to the same account, and an authorization is obtained for each item purchased. | Nov 2007

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2.1.7.2.3 Partial Payment

A card acceptor is prohibited from effecting a MasterCard card transaction where only a part of the total amount is included on a single TID except in the following instances:

- When the cardholder bills a portion of the transaction amount to a MasterCard card and pays the remaining balance by cash or check.
- When the goods or services will be delivered or performed after the transaction date, one TID represents a deposit, and the second TID represents payment of the balance. The second TID is contingent on the delivery or performance of the goods or services.

An authorization must be obtained for the total amount of the transaction if it exceeds the applicable floor limit. The card acceptor must note on the TIDs the words "deposit" or "balance," as appropriate. The TID representing the balance must not be presented until the goods or services are delivered or performed.

For example, if a chargeback right is not available, section 2.1.7, Multiple TIDS and Partial Payment, will address situations where the cardholder has paid a "deposit" for merchandise that was agreed to be picked up at the card acceptor's location by the cardholder. The cardholder then goes to the card acceptor location and discovers that the merchant is bankrupt or out of business and the cardholder is unable to receive the merchandise.

This example is provided for illustration only and is not to be cited as an excerpt from section 2.1.7 of the Chargeback Guide.

2.1.8 Returned Merchandise, Adjustments, Credits, and Other Specific Terms of a Transaction

The following sections provide information on returned merchandise, adjustments, credits, and other specific terms of a transaction.

2.1.8.1 Card Acceptor Disclosure of Specific Transaction Terms

The card acceptor may impose specific terms governing a transaction. In the event of a dispute, and subject to compliance with other Standards, such specific terms shall be given effect, provided that such specific terms were disclosed to and accepted by the cardholder before completion of the transaction. The card acceptor may impose specific transaction terms by, for example, printing the specific terms on the invoice or TID in close proximity to the cardholder signature line before presenting the invoice or TID to the cardholder for signature. Specific transaction terms also may be disclosed by other means, such as by signage or literature, provided the disclosure is sufficiently prominent and clear so that a reasonable person would be aware of and understand the disclosure before the transaction is completed.

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Specific transaction terms may include, for example, such words as "Exchange Only," "In-Store Credit Only," or "Original Packaging Required for Returns." Specific terms may address such matters as late delivery, delivery charges, or insurance charges.

2.1.8.2 Returned Merchandise and Canceled Services

A card acceptor is not required to accept returned merchandise or the cancellation of services unless a right of return or cancellation was a condition of the transaction. If the card acceptor agrees to accept merchandise for return or to cancel services, the card acceptor must credit the same account used to purchase the merchandise or service.

If the merchandise or service is purchased with a MasterCard card, upon a partial or entire return of merchandise or cancellation of service, or if the card acceptor agrees to a price adjustment, the card acceptor may not provide a full or partial refund or adjustment by cash or check or by any means other than by a credit to the card account used to purchase the merchandise or service. The cardholder must be provided a copy of the credit receipt.

A cash or check refund is permitted for involuntary refunds by airlines or other carriers or card acceptors only when required by law.

2.1.8.2.1 Credit Receipt Requirements

The credit receipt must contain the following information:

- The date.
- A description of the returned merchandise, canceled services, or adjustment made.
- The amount of the credit.
- The card acceptor's signature.

2.1.9 Charges for Loss, Theft, or Damage

A charge for loss, theft, or damage must be processed as a separate transaction from the underlying rental, lodging, or similar transaction. The cardholder must authorize the charge after being informed of the loss, theft, or damage.

2.1.10 Acceptance Requirements at Hybrid Terminals

For all chip-read transactions, the card acceptor's hybrid terminal must

- Display to the cardholder all mutually supported application labels or preferred names. Multiple matching applications must be displayed in the issuer's priority sequence.
- Allow the cardholder to select the application to be used when multiple matching applications exist.
- Display to the cardholder the transaction amount.

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2.1.11 Currency Conversion

At its option, a card acceptor may offer currency conversion at the POI. If the card acceptor offers currency conversion at the POI, it must

- Before initiation of the transaction, (i) inform the cardholder that the cardholder has the right to choose the method of currency conversion to be applied to the transaction (for example, by the card acceptor or by MasterCard) and (ii) obtain the cardholder's choice of currency conversion method.
- Before completion of the transaction, (i) inform the cardholder of the same elements as are set forth in section 2.1.6.2.1 if the cardholder chooses the option of currency conversion by the card acceptor, and (ii) obtain the cardholder's consent to those elements.

Please refer to section 2.1.6.2.1 A Description of the Goods of this guide for the transaction receipt requirements applicable to currency conversion by the card acceptor.

No specific currency conversion method may be implemented as a default.

If the cardholder chooses currency conversion by the Corporation, the card acceptor must present the transaction for clearing in the currency in which goods, services, or both, were priced (for a sale of goods or services) or in the currency that was dispensed to the cardholder (for cash disbursement transactions).

The same currency conversion method must be used for a refund as was used for the corresponding purchase.

2.1.12 Debit MasterCard Purchase with Cash Back Transactions

A purchase with cash back transaction is a transaction arising from the use of a Debit MasterCard card but not any other MasterCard card. A purchase with cash back transaction is an optional service that a merchant may offer, with the prior approval of its acquirer, at the point of sale in a card-present, face-to-face environment only. A purchase with cash back transaction is not a cash disbursement. Refer to the *Bylaws and Rules* manual for Standards regarding cash disbursements.

Purchase with cash back transactions may be effected only in a card-present, face-to-face environment. Acquirers and merchants must ensure that cash is provided **only** when combined with a purchase transaction. The purchase, cash back, and total transaction components of the purchase with cash back transaction must be in the same currency.

Acquirers and merchants that choose to provide purchase with cash back transactions first must establish an education program for retail employee staff, including but not limited to POS terminal operators. Merchants must comply with the authorization procedures set forth in section 2.1.2 Obtaining an Authorization of this guide.

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Acquirers or merchants may establish a minimum and maximum cash back amount of the purchase with cash back transaction, provided that:

- Any such minimum or maximum amount is applied uniformly to all cardholders.
- A minimum amount is not greater than and the maximum amount is not less than the minimum and maximum amounts established for any other payment means at the merchant location.

The maximum amount of cash back provided in a Debit MasterCard card transaction must be USD 100 or the equivalent in local currency. In the **Europe region**, the maximum cash back amount must be EUR 100 or the equivalent in local currency, except in the United Kingdom, where the maximum cash back amount is GBP 100.

2.2 Hotel, Motel and Resort Acceptance Information

The following sections provide acceptance information for MasterCard Guaranteed Reservations, Express Checkout, and Advance Resort Deposit services.

NOTE

Members should cite the appropriate section number when filing compliance cases.

2.2.1 MasterCard Guaranteed Reservations

If a hotel, motel, or resort is participating in the MasterCard Guaranteed Reservations service for all MasterCard cardholders, the hotel, motel, or resort is obligated to have a room available when the MasterCard cardholder arrives (until checkout time the next day). The cardholder is obligated to cancel a confirmed reservation before 18:00 at the hotel, motel, or resort (card acceptor's local time). If the cardholder fails to cancel the confirmed reservation, the hotel, motel, or resort can charge the cardholder a no-show charge equal to one night's lodging.

The following procedure will prevail:

1. A MasterCard cardholder phones a participating hotel, motel, or resort and requests to guarantee a room with his or her MasterCard card, the reservation clerk explains the terms of the MasterCard Guaranteed Reservations service, specifically including the fact that an authorization will be performed at the time of arrival and the cancellation procedure that the cardholder must follow to avoid being charged a no-show charge equal to one night's lodging.

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2. The clerk records the cardholder's account number, card expiration date, name embossed on the card, and address; confirms the room rate and location; issues the cardholder a reservation confirmation number; and advises the cardholder to retain it. MasterCard recommends that the hotel, motel, or resort also confirms the guaranteed reservation in writing, advising the cardholder of his or her confirmation number and cancellation procedures.
3. If a cardholder who has guaranteed his or her reservation by use of his or her MasterCard card calls the hotel, motel, or resort to cancel the reservation within the agreed upon period, then the hotel, motel, or resort is obligated to cancel the guaranteed reservation and issue the cardholder a cancellation number that verifies that the reservation has been canceled. The cardholder should be advised to retain the cancellation number. MasterCard also recommends that the hotel, motel, or resort confirm the cancellation in writing, advising the cardholder of the cancellation number.
4. A cardholder who has guaranteed a reservation by use of his or her MasterCard card arrives within the specified period (until checkout time the next day), the hotel, motel, or resort is obligated to provide a room.

   If the hotel, motel, or resort is unable to provide a room, then the hotel, motel, or resort is obligated to provide at no additional charge a comparable room for one night, transportation to the other lodging, and a three-minute domestic or long distance phone call, whichever the cardholder deems necessary to advise of a change of location.
5. Before the cardholder's expected arrival, the hotel, motel, or resort shall prepare a registration card and assign a room number on that card.
6. If the cardholder does not cancel and does not stay at the hotel, motel, or resort, then the hotel, motel, or resort may bill the cardholder for one night's room rate. The following procedure should be followed:

   a. The hotel, motel, or resort completes a TID filling in the cardholder's name, MasterCard account number, card expiration date, date of no show, assigned room number and card acceptor identification, and writes the words "guaranteed reservation/no-show" in place of the cardholder's signature.

   b. The hotel, motel, or resort follows its usual authorization procedures.

   c. Assuming the account is not listed in the Warning Bulletin, and either the transaction amount is under the floor limit or authorization has been provided, the card acceptor deposits the no-show charge in the usual manner. No special deposit requirements are imposed on the card acceptor.

   d. The actual no-show registration card, reflecting the assigned room number, shall be retained six months from the date that the TID is deposited.
7. Where the account number used to guarantee the reservation results in a no-show that was unidentifiable to a specific issuer or was fictitious, the bearer of the liability will be the acquirer.

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8. Where the transaction is identifiable to a specific issuer but is not identifiable to a specific account number within that institution, the bearer of the liability will be the acquirer.
9. MasterCard reserves the right to prevent the acquirer from allowing a specific hotel, motel, or resort to participate in the MasterCard Guaranteed Reservations service where in the opinion of MasterCard management, the hotel, motel, or resort has abused the privilege.

2.2.2 Express Checkout

If a card acceptor is participating in the Express Checkout service for all MasterCard cards, the card acceptor must:

1. At the time of check-in, inquire whether the MasterCard cardholder would like to use the Express Checkout service or routinely provide the necessary form (Express Checkout Authorization Form) in its "welcome package."
2. Have the MasterCard cardholder complete and sign the Express Checkout Authorization Form. MasterCard recommends that the Express Checkout Authorization Form minimally include the name, address, and phone number of the hotel, motel, or resort, and space for the cardholder's name, address, room number, cardholder signature, and account number. Additionally, the account number may be imprinted on the form. The form should state clearly that the cardholder directs the hotel, motel, or resort to charge his or her MasterCard account number for his or her bill and process his or her MasterCard TID without a cardholder signature.
3. Imprint a TID with the cardholder's MasterCard account number and follow its normal authorization procedures.
4. On the cardholder's departure the card acceptor must complete the TID, indicating the total amount of the bill and print legibly in the space allotted for the customer's signature the words "signature on file—express checkout."
5. Process the TID in the usual manner. There are no special deposit requirements imposed on the card acceptor.
6. Mail a copy of the itemized bill, TID, and the Express Checkout Authorization Form to the cardholder at the address noted on the authorization form within three business days of the date the cardholder checked out.
7. Retain and make available to MasterCard and the issuer all pertinent records pertaining to the itemized bill and authorization requests in the event of a dispute.

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2.2.3 Advance Resort Deposit

If a hotel, motel, or resort is participating in the Advance Resort Deposit service for all MasterCard cards, the following procedures apply:

1. If a MasterCard cardholder phones a participating card acceptor or travel agent and requests an advance deposit with his or her MasterCard card, the reservation clerk explains the terms of the reservation, cancellation, and refund policies to the cardholder.
2. The reservation clerk takes the cardholder's account number, card expiration date, name, and address and confirms the room rate and location.
3. The reservation clerk is required to confirm the status of the card. The reservation clerk must follow its normal authorization procedures for a non-face-to-face transaction. If the result of the authorization call is denial, the reservation clerk must so advise the cardholder.
4. The reservation clerk completes a TID filling in the cardholder's name, MasterCard account number, card expiration date, reservation confirmation number, and MasterCard card acceptor identification and writes the words "advance deposit" in place of the cardholder's signature. MasterCard recommends that the card acceptor note on the TID any special terms and conditions regarding its refund policy.
5. The card acceptor mails a letter of confirmation, a copy of the TID (including the reservation confirmation number) and information concerning its cancellation and refund policies to the cardholder at the address previously provided.
6. The card acceptor deposits the TID for the advance deposit in the usual manner. No special deposit requirements are imposed on the card acceptor.
7. If a cardholder cancels his or her reservation in accordance with the agreed upon procedures, the hotel, motel, or resort is obligated to cancel the reservation and issue a credit to the cardholder.
8. If the transaction results in a dispute, and if the account number used to make the deposit is unidentifiable as to a specific issuer or was fictitious, the bearer of the liability will be the acquirer. Where the transaction is identifiable to a specific issuer but is not identifiable to a specific account number within that institution, the bearer of the liability will be the acquirer.

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2.3 Processing Cash Disbursements

Only members and their authorized agents may disburse cash disbursements, as stated in section 8.1 of the *Bylaws and Rules* manual.

An interchange cash disbursement shall not be made, and no authorization shall be requested, if a card is not presented or if the card presented has expired.

NOTE

For more information on maximum amount, refer to section 8.4 of the *Bylaws and Rules* manual.

NOTE

For more information on discounts and service charges, refer to section 8.5 of the *Bylaws and Rules* manual .

2.3.1 Procedures for Completing the Cash Disbursement Transaction

Transactions that occur at the member's facilities or through an authorized agent for cash or quasi cash shall be processed as follows:

1. Include on a single cash disbursement TID all cash being disbursed in the same transaction. Enter on the cash disbursement TID the amount of the cash disbursement in local currency (excluding any applicable taxes or other charges) as the total.
2. Enter on the cash disbursement TID the date of the transaction.
3. Except when there is an approved card-read transaction, imprint legibly on the cash disbursement TID the embossed data from the customer's card and from the plate on the imprinter. If a cardholder presents a MasterCard Unembossed card, the card acceptor must obtain an approval on a card-read transaction.
4. If an embossed MasterCard card is presented but the clerk cannot obtain approval on a card-read transaction and completes the cash disbursement TID without a card imprint, the clerk must legibly note on the cash disbursement TID the information embossed on the card presented. This information includes the cardholder account number, the MasterCard initials (if any), the expiration date (or dual date), and the name of the cardholder. If a business affiliation is embossed on the card, it also should be written on the cash disbursement TID. An acquirer may not process a Second Presentment/1240 with this manually-recorded information.
5. Obtain the Cardholder Verification Method (CVM) or the signature of the customer on the cash disbursement TID.

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6. Compare the first four digits of the embossed account number with the four digits printed below the embossed account number.

IF the four digits of the embossed account number are…	THEN…
The **same** numbers in the same sequence as the four digits printed below the embossed account number	Before completing the transaction, record the four printed digits on the cash disbursement TID in the space provided.
Not the same numbers in the same sequence as the four digits printed below the embossed account number	Do not complete the transaction. Notify the authorization center.

7. Except for card-read transactions where a non-signature CVM is used, request a personal identification of the cardholder. The identification must be an official government-issued document (such as, a passport, identification document, or driver's license) that
   a. Bears **one** of the following:
      i. The cardholder's signature
      ii. The cardholder's photograph
      iii. The cardholder's signature and photograph
   b. If an expiration date is indicated on the document, that document must not be expired.
8. Acquirers should ensure that their card acceptors shall, to the extent allowed by applicable law, record on the face of the TID
   a. A description of the identification
   b. The jurisdiction of issue
   c. The unique identification number (such as identification card number, passport number, or driver's license number)
   d. The name of the cardholder (if different than the name embossed on the card or if no name appears on the card)
9. Except for card-read transactions where a non-signature CVM is used, compare the signature on the cash disbursement TID with the signature on the card and identification presented (if the bearer's signature is on the document). Ascertain that they appear to be the same. If the card, identification, or both bear a photograph of the cardholder, check that the cardholder and the person presenting the card appear to be the same person.
10. Each cash disbursement must be authorized in accordance with Chapter 2 of the Authorization System Manual. Type or legibly print on the cash disbursement TID the authorization approval code evidencing any authorization obtained.
11. Provide the customer with a completed copy of the cash disbursement TID.

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2.3.2 When to Notify the Authorization Center

The card acceptor shall notify the authorization center if **any** of the following conditions exist:

- A card is not imprinted on a cash disbursement TID, except when there is an approved card-read transaction.
- The signature of the customer does not appear to be the same as the signature on the identification or the card.
- The customer does not resemble a picture on a card or on any identification.
- The first four digits of the embossed account number are not the same as the four digits printed below the embossed account number.
- The card acceptor is, for any reason, suspicious of the transaction.

Each member shall use its best efforts, by reasonable and peaceful means, to retain cards while making an authorization request. If, in response to an authorization request, the member requesting authorization is instructed to obtain or to hold onto a card or is given other instructions, it shall use its best efforts, by reasonable and peaceful means, to comply with such instructions.

2.3.3 Completing the Cash Disbursement Transaction at a POI Terminal at a Member Institution or at its Authorized Agent Location

Transaction processing at cash disbursement locations occurs via a point-of-interaction (POI) terminal. If the account number embossed on the card does not exactly match the account number printed on the terminal receipt or displayed on the terminal, the member or its authorized agents must take the following actions, as applicable:

- Decline the transaction.
- Attempt to retain the card by reasonable and peaceful means.
- Note the physical description of the cardholder.
- Immediately contact the acquirer. The acquirer, in turn, must immediately notify the issuers of both the embossed and encoded account numbers.

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These requirements do not apply to members or their authorized agents using terminals that have been programmed to require the member or their authorized agent to key enter the account number or a specified number of digits from the account number. These terminals report an invalid comparison between key-entered account data and the magnetic stripe-read account number data. Generally, the terminals do not display the magnetic stripe-read account number. Therefore, the clerk is unable to identify the card issuer from the encoded number on the magnetic stripe. However, the acquirer must notify the issuer of the embossed account number.

2.4 Processing Debit MasterCard Purchase with Cash Back Transactions

A merchant may provide cash back to a cardholder that purchases goods or services with a Debit MasterCard Card only in a card-present face-to-face environment.

2.4.1 Acquirer Obligations

Each acquirer is responsible for ensuring that the correct transaction type code is used in the transmission of information on transactions generated by its card acceptors.

- The acquirer must submit purchase with cash back DE 3 (Processing Code), subfield 1 (Cardholder Transaction Type), value of **09**—purchase with cash back.
- The purchase amount and cash back amount must each be in the same currency.
- The total transaction amount (inclusive of the purchase amount and cash back amount) must be transmitted in DE 4 (Amount, Transaction).
- The cash back amount must be transmitted in DE 54 (Amounts, Additional).

2.5 Processing Unique Transactions

This section describes the following information specific to processing unique transactions:

- Acquirer and card acceptor obligations and rules
- Card acceptor business/merchant category codes (MCCs)
- Indemnification guidelines

2.5.1 Acquirer Obligations

Each acquirer is responsible for using the proper Cardholder Transaction Type code in the transmission of information about transactions generated by its card acceptors.

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When a purchase or cash disbursement transaction is not clearly appropriate, the acquirer must use the unique Cardholder Transaction Type code and the specified four-digit card acceptor business code, as specifically defined in the following section.

For a…	DE 3 (Processing Code), subfield 1 (Cardholder Transaction Type) equals…
Purchase transaction	00
Cash disbursement transaction	12
Unique transaction	18

NOTE

Acquirers may not submit a Payment Transaction as a unique transaction. Instead, acquirers must submit as Payment Transactions (DE 3 [Processing Code], subfield 1 [Cardholder Transaction Type] with a value of 28) and use the specified four-digit card acceptor business code as defined under section 2.6 in this guide.

MasterCard, at its discretion, may monitor member and card acceptor compliance with the provisions set forth under "Indemnification" later in this chapter.

Except as specifically allowed in section 2.5.1, the MasterCard policy against surcharges applies to unique transactions.

2.5.2 Unique Transaction Identification Requirements

Acquirers must properly identify all unique transactions in all authorization and clearing messages. In addition, acquirers must ensure that electronic commerce transactions are properly identified in the authorization and clearing messages as defined in the *IPM Clearing Formats* manual and in the *Customer Interface Specification* manual.

The following types of transactions are defined as unique transactions. They must be processed as indicated below, using the specific card acceptor MCCs assigned.

- **Money Transfer—Merchant (MCC 4829)**

  This is a transaction in which funds are delivered or made available to a person or persons other than the MasterCard cardholder initiating the money transfer, at a location other than the location at which the money transfer is initiated. These transactions include non–face-to-face transactions, such as those facilitated through the Internet.

  Any fee charged, whether or not it is included in the total transaction amount, must be clearly disclosed to the cardholder before the transaction is completed. Members must include the identity and location of the money transfer agent that accepts the card and effects the transaction in the card acceptor descriptor record as the site where the transaction was effected.

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- **Quasi Cash—Member Financial Institution (MCC 6050)**

  This type of transaction identifies the purchase, with a MasterCard card, of travelers cheques, foreign currency, money orders, precious metals, or savings bonds at a member financial institution. This MCC also identifies transactions in which a member financial institution accepts a MasterCard card in direct payment of an existing debt, such as a private label card or vehicle loan.

  Any fee charged, whether or not it is included in the total transaction amount, must be disclosed clearly to the cardholder before completing the transaction. This MCC must be used for non–face-to-face transactions, such as those facilitated through the Internet.
- **Quasi Cash—Merchant (MCC 6051)**

  This type of transaction identifies the purchase, with a MasterCard card, of travelers cheques, foreign currency, or money orders, or the use of a MasterCard card to open a deposit account, at a location other than a member financial institution. This MCC also identifies transactions in which a merchant accepts a MasterCard card for payment of an existing debt, such as a private label card or vehicle loan.

  MCC 6051 may not be used to identify any sale other than as described, including, by way of example and not limitation: gambling transactions (MCC 7995 must be used), the sale of any prescription drug (MCC 5122 or MCC 5912 must be used), or the sale of any tobacco product (MCC 5993 must be used).

  Any fee charged and included in the total transaction amount must be clearly disclosed to the cardholder before the transaction is completed.
- **Remote Stored Value Load—Member Financial Institution (MCC 6529)**

  This type of transaction is a non-face-to-face sale (excluding ATM transactions) of electronic value or the funding of a deposit account at a member financial institution by means of a MasterCard card.

  Any fee charged, whether or not it is included in the total transaction amount, must be disclosed clearly to the cardholder before the transaction is completed. Card acceptors must refund any unused electronic value to the cardholders by crediting their MasterCard card accounts.
- **Remote Stored Value Load—Merchant (MCC 6530)**

  This type of transaction is a non-face-to-face sale (excluding ATM transactions) of electronic value or the funding of a deposit account at a location other than a member financial institution by means of a MasterCard card.

  MCC 6530 may not be used to identify any sale other than as described, including, by way of example and not limitation: gambling transactions (MCC 7995 must be used), videotext transactions (MCC 5967 must be used), the sale of any prescription drug (MCC 5122 or MCC 5912 must be used), or the sale of any tobacco product (MCC 5993 must be used).

  Any fee charged and included in the total transaction amount must be clearly disclosed to the cardholder before the transaction is completed.
- **Money Transfer—Member Financial Institution (MCC 6534)**

  This type of transaction is a transaction in which funds are delivered or made available to a person or persons other than the MasterCard cardholder initiating the money transfer, at a location other than the member location

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at which the money transfer is initiated. These transactions include non–face-to-face transactions, such as those facilitated through the Internet.

Any fee charged, whether or not it is included in the total transaction amount, must be disclosed clearly to the cardholder before the transaction is completed.

- **Truck Stop Transactions (MCC 7511)**

  This type of transaction is any transaction, other than an ATM transaction, that occurs at the fuel desk of a truck stop, weigh station, public scale, or port of entry.

  Any fee charged, and included in the total transaction amount, must be clearly disclosed to the cardholder before the transaction is completed. Truck stop transactions must be conducted face-to-face.

- **Gambling Transactions (MCC 7995)**

  Any transaction, other than an ATM transaction or PIN-Based In-Branch Terminal transaction, involving the placing of a wager, the purchase of a lottery ticket, in-flight commerce gaming, or the purchase of chips or other value usable for gambling in conjunction with gambling activities provided by wagering or betting establishments such as casinos, racetracks, jai alai frontons, card parlors, airlines, and the like.

  Any fee charged in connection with such gaming transactions must be clearly disclosed to the cardholder in advance of completing the transaction and included in the total transaction amount. Such a fee may not be charged for in-flight commerce gaming transactions.

  Acquirers must identify all such gambling transactions with card acceptor business code 7995 so that issuers are fully aware of the nature of these transactions. Acquirers must process face-to-face gambling transactions in accordance with section 2.5.4 and section 2.5.5.

2.5.3 Completing the Unique Transaction at a POI Terminal

At card acceptor locations processing unique transactions via a POI terminal, if the account number on the front of the card does not exactly match the account number printed on the terminal receipt or displayed on the terminal, the card acceptor must follow the actions detailed under section 2.3.3.

2.5.4 Processing Procedures for Gambling Transactions

Acquirers must incorporate the following requirement into all merchant agreements with gambling merchants and ensure compliance therewith:

A merchant must not credit winnings, unspent chips, or other value usable for gambling to a MasterCard cardholder account.

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Acquirers must incorporate the following requirements into all card merchant agreements with Internet casinos:

- Internet casinos must request that cardholders identify the state or foreign country where they are physically located at the time of the transaction. They must record the response and retain it, along with the cardholder's account number, the transaction amount, and the date. Internet casino card acceptors must retain this information for a minimum of one year from the transaction date and provide it to the acquirer on request.
- As a condition of having a merchant account with a MasterCard acquirer, Internet casino card acceptors must post a notice on their Web sites (in a position such that the notice will be displayed before requesting a MasterCard account number, such as a click-through notice) stating that assertions have been made that Internet gambling may not be lawful in some jurisdictions, including the United States, and suggesting that the cardholder check whether Internet gambling is lawful under applicable law.
- Internet casinos must not sell chips or other value that can be used, directly or indirectly, to gamble at locations other than at those merchants the card acceptor wholly owns.
- Internet casinos must not credit winnings or unspent chips or other value usable for gambling to a MasterCard cardholder account.
- All non–face-to-face gambling transactions (MCC 7995) must include the indent-printed CVC 2 value in DE 48 (Additional Data), subelement 92 of the Authorization Request/0100 message.

2.5.5 Applicability of Standards

Transactions covered by this chapter are subject to MasterCard Standards governing retail sales transactions except as otherwise provided here and under section 2.9 "Indemnification."

- The floor limit for all unique transactions shall be zero.
- With the exception of truck stop transactions and of card-read transactions where a non-signature CVM is used, if a unique transaction is processed in a face-to-face environment, the cardholder must present a personal identification of the cardholder identical to that required for a cash disbursement as follows.

  The identification must be an official government-issued document (for example, a passport, identification document, or driver's license) that bears one of the following:

  – The cardholder's signature
  – The cardholder's photograph
  – The cardholder's signature and photograph

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- If an expiration date is indicated on the document, that document must not be expired.
- Acquirers should ensure that their card acceptors shall, to the extent allowed by applicable law, record on the face of the TID
  - A description of the identification
  - The jurisdiction of issue
  - The expiration date (if indicated on the document)
  - The unique identification number (such as identification card number, passport number, or driver's license number)
  - The name of the cardholder (if different than the name embossed on the card or if no name appears on the card)
- Except for card-read transactions where a non–signature CVM is used, to ensure that the cardholder's signature compares favorably in accordance with section 3.7 of the *Security Rules and Procedures* manual , the signature on the MasterCard card must be compared to
  - The cardholder's signature on the identification presented (if provided on the document)
  - The cardholder's signature on the TID
- If the identification has a photograph of the cardholder, the card acceptor must check that the person presenting the card appears to be the same person.
- Authorization requests and clearing messages shall identify the transactions as unique.

2.6 Processing Payment Transactions

A Payment Transaction is a transfer of funds to a MasterCard account via the Interchange System. A Payment Transaction is not a credit that reverses a previous MasterCard purchase. A Payment Transaction only may be effected

- By a member pursuant to a member-to-member, intracountry, or intercountry business service arrangement
- Pursuant to a MasterCard program
- Pursuant to a member or merchant program
- If conducted pursuant to a member-to-member, intracountry, or intercountry business service arrangement, the business service arrangement must be agreed to in writing, in advance, by MasterCard
- Any Third Party Processor (TPP) that provides Payment Transactions on behalf of a member must be registered as a Member Service Provider (MSP) in accordance with Chapter 7 of the *Bylaws and Rules* manual. For Payment Transaction registration procedures, refer to section 2.6.3 Payment Transaction Registration Procedures.

MasterCard reserves the right to audit or to monitor any Payment Transaction program at any time.

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2.6.1 Payment Transaction Program Requirements

Except as otherwise set forth herein, each Payment Transaction is subject to the Standards, including the indemnity set forth in section 1.1 of the *Bylaws and Rules* manual **and must comply with all requirements set forth herein**.

1. A Payment Transaction must not be effected in a manner that is inconsistent with an expressed cardholder preference.
2. Each Payment Transaction must be authorized separately and distinctly by the issuer of the account to which the funds are to be transferred as described in "Payment Transaction Authorization," in Chapter 9 of the *Authorization System Manual*, and must be identified as a Payment Transaction in the Authorization Request/0100 message.
3. A Payment Transaction must be effected on the date agreed upon by the card acceptor and the person whose account is to be funded.
4. Separate Payment Transaction requests must be effected separately and may not be aggregated as a single Payment Transaction. Conversely, a Payment Transaction may not be separated into two or more Payment Transactions. Each Payment Transaction must be authorized, cleared, and settled distinctly and separately.
5. A Payment Transaction **may not** be effected for any of the following reasons:
   a. To "authenticate" a MasterCard account or a cardholder, for example, by effecting or attempting to effect a Payment Transaction for a nominal amount.
   b. For any illegal purpose or any other purpose deemed by MasterCard to be impermissible.
   c. To transfer the proceeds from a MasterCard transaction to a MasterCard merchant.
6. A Payment Transaction must be submitted to MasterCard for clearing within one (1) day of the issuer's approval of the authorization request.
7. Funds for the Payment Transaction must be deemed collected and in the control of the acquirer before the Payment Transaction is submitted into interchange.
8. A Payment Transaction only may be reversed for reason of a documented clerical error. In such an event, the error must be reversed within three calendar days of the date the Payment Transaction was submitted into interchange. Reversible clerical errors include, by way of example and not limitation, the erroneous capture of transaction data, a duplicate transaction, or an error caused by the transposition of data.

MasterCard, at its discretion, may monitor acquirer and card acceptor compliance with the provisions set forth in section 2.9, "Indemnification," of this guide.

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2.6.2 Payment Transaction Identification Requirements

The acquirer must identify each Payment Transaction with the following values.

For this type of message…	In field…	Use this value…
Authorization Request/0100 message	DE 3, subfield 1 (Cardholder Transaction Type)	28
	DE 18 (Card Acceptor Business Code)	**6532–** If the Payment Transaction is processed by a member. **or** **6533–** If the Payment Transaction is processed by a merchant. **or** A value specified for Payment Transactions in the applicable member-to-member, intracountry, or intercountry BSA, if one is in place
	DE 48, subfield 77 (Payment Transaction Type Indictor) DE 48, TCC (Transaction Category Code)	Payment Transaction program type P.
First Presentment/1240 message	DE 3, subfield 1 (Cardholder Transaction Type)	28
	DE 26 (Card Acceptor Business Code)	As described for DE 18 (Merchant Type) in the Authorization Request/0100 message.
	DE 48, PDS 0043 (Program Registration ID)	Payment Transaction program type.

In V5 format Authorization Request/0100 messages, TCC is optional. If present, the value of **P** will appear in subelement ID 9F53, which is carried in DE 55 (Integrated Circuit Card [ICC] System-Related Data) of chip-read transactions.

The value used for the Payment Transaction program type must be that which best describes the purpose of the Payment Transaction.

Value	Payment Transaction Program Type
C01	Person-to-person payment
C02	Rebate or reward
C03	Value load
C05	Any other purpose

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Payment Transactions must be identified using one of the following specific card acceptor business codes/merchant category codes (MCCs) unless processed pursuant to a BSA agreement:

- Payment Transaction—Member Financial Institution (MCC 6532)
- Payment Transaction—Merchant (MCC 6533)

Members participating in a BSA agreement may submit Payment Transactions with the MCC defined within the BSA agreement.

The acquirer also should provide either the customer service phone number or the URL address.

IF the acquirer provides the…	THEN the acquirer must place this data in…
Customer service phone number	PDS 0170 (Card Acceptor Inquiry Information), subfield 1 (Customer Service Phone Number)
URL address	PDS 0175 (Card Acceptor URL)

The message originator may also submit a Payment Transaction Detail addendum with a Payment Transaction. This addendum provides the issuer and cardholder with enhanced data about the card acceptor, the recipient of funds, and other transaction details.

2.6.3 Payment Transaction Registration Procedures

A card acceptor (whether member or merchant) that wants to offer Payment Transactions to its customers must be proposed for registration by MasterCard.

The Payment Transaction registration request must establish, to the satisfaction of MasterCard, that a MasterCard member has agreed to be the acquirer of record of Payment Transactions effected by the card acceptor and to be fully responsible to MasterCard and other MasterCard members for such Payment Transactions, in full compliance with the Standards.

The acquirer proposing such registration must receive a written or e-mail confirmation of the registration before the card acceptor can process Payment Transactions.

When determining whether to register a member or merchant to use the Payment Transaction, MasterCard considers various factors, including but not limited to, the following:

- The member or merchant's financial condition
- The adequacy of Payment Transaction disclosures to the cardholder (for example, disclosure of transactional limitations, such as per-day maximum Payment Transaction limits that apply across all payment methods)
- Cardholder procedures for inquiries and disputes
- Risk management procedures
- Compliance with MasterCard Standards

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MasterCard retains sole discretion of a registration decision, which is final and not subject to appeal. MasterCard also reserves the right to audit or to monitor any registered card acceptor or Payment Transaction program and to approve, disapprove, or rescind approval of a Payment Transaction program, card acceptor registration, or both, at any time.

2.7 Cardholder-Activated Terminal Requirements

Cardholder-activated terminals (CATs) are unattended devices. As such, no card acceptor representative is present at the time of the transaction.

For example, CATs may be ticket dispensing machines, vending machines, automated fuel dispensers, toll booths, and parking payment terminals.

MasterCard provides the following types of CATs:

- CAT Level 1: Automated Dispensing Machines (CAT 1)
- CAT Level 2: Self-Service Terminals (CAT 2)
- CAT Level 3: Limited Amount Terminals (CAT 3)
- CAT Level 4: In-Flight Commerce Terminals (CAT 4)
- CAT Level 5: Reserved for future use.
- CAT Level 6: Electronic Commerce Transactions (CAT 6)
- CAT Level 7: Transponder Transactions (CAT 7)

Because CATs are unattended, the traditional point-of-interaction (POI) acceptance procedures do not apply, such as the card acceptor's examination of the MasterCard card to detect abnormalities and the comparison of the cardholder signature to the signature on the TID.

Transactions completed with an EMV chip card at a non-EMV chip-enabled CAT that take place in a country or region that participates in the Chip Liability Shift Program are eligible to be charged back under that program. Refer to section 2.8 Processing EMV Chip Transactions for more information.

Use of the CAT Level Indicator—A CAT transaction is identified through the use of the appropriate CAT level indicator value in the authorization and clearing messages.

In Authorization Request/0100 and Authorization Request Response/0110 messages, the CAT level indicator is located in DE 61 (Point-of-Service Data), subfield 10 (Cardholder-Activated Terminal Level).

In First Presentment/1240, Chargeback/1442, Second Presentment/1240, and Arbitration Chargeback/1442 messages, the CAT level indicator is located in PDS 0023 (Terminal Type).

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	The CAT level indicator for…	
Terminal Type [1]	**Authorization message(DE 61, subfield 10) is…**	**Clearing message (PDS 0023) is…**
CAT Level 1	1	CT1
CAT Level 2	2	CT2
CAT Level 3	3	CT3
CAT Level 4	4	CT4
CAT Level 6	6	CT6
CAT Level 7	7	CT7

For additional requirements, please refer to the *Customer Interface Specification* and the *IPM Clearing Formats* manuals.

2.7.1 General Requirements

The following general acceptance requirements apply to all CATs:

1. **Characteristic**
   a. All CAT transactions are non–face-to-face transactions.
   b. All CAT transactions have no card acceptor representative present at the time of the transaction.
   c. All CAT transactions are initiated by the cardholder.
   d. All CAT transactions have the card number captured as a result of reading the EMV chip or magnetic stripe on the card or by using an electronic device (including, but not limited to, transponders, PCs, and mobile phones).
   e. Messages used at CATs must communicate to the cardholder, at a minimum, the following:
      i. Invalid transaction
      ii. Unable to route
      iii. Invalid PIN—Re-enter (This message does not apply to transactions at CAT 2, CAT 4, CAT 6, and CAT 7.)
      iv. Capture card (This message is subject to the ability of the terminal to retain cards.)

1 CAT Level 5 is reserved for future use.

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2. **Authorization**
   a. The Authorization Request/0100 message must include a valid card acceptor/merchant category code (MCC), point-of-sale (POS) country code, POS postal code, and CAT level indicator.
   b. Depending on the CAT level indicator, other specific data is required for authorization. Refer to Chapter 9, Authorization Services Details, of the *Authorization System Manual*, Chapters 4 and 5 of the *Customer Interface Specification* manual, and to the information provided within section 2.7 of this manual.
3. **Transaction Information Document (TID)**
   The acquirer is responsible for providing requested TIDs in accordance with Chapter 6 of this manual.
4. **Clearing**
   a. The card acceptor identification number and CAT level indicator must be present in the First Presentment/1240, First Chargeback/1442, Second Presentment/1240, and Arbitration Chargeback/1442 messages. Refer to the *IPM Clearing Formats* manual for more information.
   b. The First Presentment/1240 message of a CAT transaction must contain one of the following values in DE 22 (Point of Service Data Code), subfield 7 (Card Data: Input Mode):
      i. **B**—(Magnetic stripe reader input; track data captured and passed unaltered.) This value does not apply to transactions at CAT 3 devices.
      ii. **C**—(Online Chip)
      iii. **F**—(Offline Chip)
      iv. **2**—(Magnetic stripe reader input) This value applies only to transactions at CAT 3 devices.
   c. Depending on the CAT level indicator, other specific data is required for clearing. Refer to the *IPM Clearing Formats* manual and to the information provided within Cardholder-Activated Terminal Requirements of this manual.
5. **Scrip**
   No CAT may accept a MasterCard card for the purchase of scrip.
6. **EMV Chip**
   A CAT device may be an EMV hybrid device.

2.7.2 CAT Level Requirements

The following requirements apply to the specific CAT levels indicated.

2.7.2.1 Dual Capability for CAT 1 and CAT 2

A CAT device may have dual capability as a CAT 1 and a CAT 2. Dual capability allows a CAT device to identify each transaction as CAT 1 or CAT 2 depending on the presence of a PIN (online or offline).

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IF…	THEN…
A cardholder is prompted for a PIN and enters a PIN (online or offline),	the acquirer must identify the transaction with the CAT Level 1 indicator.
A cardholder is not prompted for a PIN and does not enter a PIN (online or offline),	the acquirer must identify the transaction with the CAT Level 2 indicator.

A CAT 1 device that supports transactions with offline PIN as the CVM (but not online PIN) must have dual capability; therefore, such CAT device must support transactions with "No CVM" (that is, no PIN) as the CVM.

2.7.2.2 CAT Level 1: Automated Dispensing Machines (CAT 1)

1. **Cardholder Verification Method (CVM)**

   a. CAT 1 devices must accept PIN as the CVM.

      i. Online PIN is the mandatory CVM for magnetic stripe-read transactions.

      ii. PIN (online or offline) is the mandatory CVM for EMV chip-read transactions.

      CAT 1 devices must support online PIN and may support offline PIN as CVMs.

      CAT 1 devices must not support only offline PIN as the CVM.

   b. CAT 1 devices must not accept signature as the CVM.

   c. CAT 1 devices must not accept "No CVM" as the CVM.

   d. All members must comply with the security requirements for PIN and key management, as specified in Chapter 4, Terminal and PIN Security Standards, of the *Security Rules and Procedures* manual and in Chapter 9, Authorization Services Details, of the *Authorization System Manual.*

2. **Card Acceptor Business Codes/Merchant Category Codes (MCCs)**

   Transactions at CAT 1 devices must be coded with the MCC that most accurately describes the card acceptor's primary business. Refer to Chapter 3, Card Acceptor Business Codes/Merchant Category Codes, of the *Quick Reference Booklet* for more information.

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3. **Authorization**
   a. CAT 1 devices must have online capability.
      i. All magnetic stripe-read transactions, regardless of amount, must be authorized online by the issuer on a zero floor limit basis.
      ii. EMV chip-read transactions greater than USD 100, or its local currency equivalent, must be authorized online by the issuer.
      The acquirer must read and transmit full, unaltered card-read data.
   b. CAT 1 devices may have offline capability.
      EMV chip-read transactions less than or equal to USD 100, or its local currency equivalent, may be authorized offline by the EMV chip.
4. **Limit-1 Processing**
   Limit-1 processing does not apply to transactions at CAT 1 devices.
5. **X-Code Processing**
   For transactions at CAT 1 devices, the MIP X-Code authorization response must be a decline. The issuer is liable for transactions that are approved under acquirer MIP X-Code, up to the MIP X-Code limits specified by MasterCard. Refer to Chapter 2, Basic Authorization Concepts, of the *Authorization Systems Manual* for further details.
6. **Maximum Transaction Amount**
   There is no maximum amount limit for transactions at CAT 1 devices authorized online by the issuer.
   There is a maximum amount limit of USD 100, or its local currency equivalent, for transactions authorized offline by the EMV chip.
7. **Card Retention**
   Card retention at CAT 1 devices is not required; however, if the terminal capability is available, the card acceptor may do so only at the issuer's specific direction.
   a. The retained card must be logged and secured under appropriate audit controls, in accordance with Chapter 5, Card Recovery and Return Standards, of the *Security Rules and Procedures* manual.
   b. The retained card must promptly be rendered useless and then returned to the acquirer in accordance with Chapter 5, Card Recovery and Return Standards, of the *Security Rules and Procedures* manual.
8. **Chargeback Rights**
   For chargeback rights applicable to transactions at CAT 1 devices refer to
   – section 3.5 Message Reason Code 4808—Requested/Required Authorization Not Obtained
   – section 3.9 Message Reason Code 4835—Card Not Valid or Expired
   – section 3.15 Message Reason Code 4847—Requested/Required Authorization Not Obtained and Fraudulent Transaction of this manual
9. **EMV Chip**
   A CAT 1 device that is also an EMV hybrid device must be capable of performing fallback procedures from chip to magnetic stripe, unless it is prohibited by a region.
10. **Security Attributes**
    a. CAT 1 devices may support Address Verification Service (AVS) and Cardholder Validation Code (CVC) 2 verifications.
    b. All acquirers of CAT 1 devices must have received one-time CVC 1 certification from MasterCard.

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2.7.2.3 CAT Level 2: Self-Service Terminal (CAT 2)

The following contains information about CAT Level 2.

1. **Cardholder Verification Method (CVM)**
   a. CAT 2 devices must accept "No CVM" as the CVM
   b. CAT 2 devices must not accept signature or PIN (online or offline) as the CVM.
2. **Card Acceptor Business Codes/Merchant Category Codes (MCCs)**

   Transactions at CAT 2 devices must be coded with the MCC that most accurately describes the card acceptor's primary business. Refer to Chapter 3, Card Acceptor Business Codes/Merchant Category Codes, of the *Quick Reference Booklet* for more information.
3. **Authorization**
   a. All magnetic stripe-read transactions, regardless of amount, must be authorized online by the issuer on a zero floor limit basis.

      The acquirer must read and transmit full, unaltered card-read data.
   b. EMV chip-read transactions must be authorized either:
      i. online by the issuer with full, unaltered card-read data transmitted by the acquirer, or
      ii. offline by the EMV chip for transactions less than or equal to USD 100, or its local currency equivalent.
4. **Limit-1 Processing**

   Limit-1 processing does not apply to transactions at CAT 2 devices.
5. **X-Code Processing**

   The issuer is liable for transactions that are approved under acquirer MIP X-Code, up to the MIP X-Code limits specified by MasterCard. Refer to Chapter 2, Basic Authorization Concepts, of the *Authorization System Manual* for further details.
6. **Maximum Transaction Amount**
   a. There is no maximum amount limit for transactions at CAT 2 devices authorized online by the issuer.
   b. There is a maximum amount limit of USD 100, or its local currency equivalent, for transactions authorized offline by the EMV chip.
7. **Card Retention**

   Card retention at CAT 2 devices is not required; however, if the terminal capability is available, the card acceptor may do so only at the issuer's specific direction.
   a. The retained card must be logged and secured under appropriate audit controls, in accordance with Chapter 5, Card Recovery and Return Standards, of the *Security Rules and Procedures* manual.
   b. The retained card must promptly be rendered useless and then returned to the acquirer in accordance with Chapter 5, Card Recovery and Return Standards, of the *Security Rules and Procedures* manual.

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8. **Chargeback Rights**

   For chargeback rights applicable to transactions at CAT 2 devices, refer to section 3.9 Message Reason Code 4835—Card Not Valid or Expired and section 3.15 Message Reason Code 4847—Requested/Required Authorization Not Obtained and Fraudulent Transaction of this guide.

9. **EMV Chip**

   A CAT 2 device that is also an EMV hybrid device must be capable of performing fallback procedures from chip to magnetic stripe, unless it is prohibited by a region.

10. **Security Attributes**

    a. CAT 2 devices may support Address Verification Service (AVS) and Cardholder Code Validation (CVC) 2 verifications.

    b. All acquirers of CAT 2 devices must have received one-time CVC 1 certification from MasterCard.

2.7.2.4 CAT Level 3: Limited Amount Terminals (CAT 3)

The following contains information about CAT Level 3.

1. **Cardholder Verification Method (CVM)**

   a. CAT 3 devices must accept "No CVM" as the CVM.

   b. CAT 3 devices may accept offline PIN as the CVM for EMV chip-read transactions.

      When accepting offline PIN as the CVM, all members must comply with the security requirements for PIN and key management, as specified in Chapter 4, Terminal and PIN Security Standards, of the *Security Rules and Procedures* manual and in Chapter 9, Authorization Services Details, of the *Authorization System Manual*.

   c. CAT 3 devices must not accept signature as the CVM.

2. **Card Acceptor Business Codes/Merchant Category Codes (MCCs)**

   a. Use of CAT 3 devices is restricted to specific MCCs, as published from time to time by MasterCard in the *Global Operations Bulletin*.

   b. Use of any other MCCs must be approved in advance by MasterCard. To request such an approval, acquirers must complete and submit the Variance Request Form, available in Appendix D of the *Cirrus Worldwide Operating Rules* and the *Maestro Global Rules* manuals.

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3. **Authorization**

   a. A CAT 3 device must not have online capability.

   b. EMV chip-read transactions may be authorized offline by the EMV chip.

   c. A CAT 3 device must check the account number against the Electronic Warning Bulletin when the device has such capability.

4. **Limit-1 Processing**

   Limit-1 processing does not apply to transactions at CAT 3 devices.

5. **X-Code Processing**

   X-Code processing does not apply to transactions at CAT 3 devices.

6. **Maximum Transaction Amount**

   a. The maximum transaction amount is USD 40, or its local currency equivalent, for magnetic stripe and EMV chip-read transactions.

   b. For intra-European transactions the maximum transaction amount is EUR 50 for magnetic stripe and EMV chip-read transactions.

7. **Card Retention**

   There is no card retention requirement for CAT 3 devices.

8. **Chargeback Rights**

   For chargeback rights applicable to transactions at CAT 3 devices, refer to Message Reason Code 4808—Requested/Required Authorization Not Obtained , Message Reason Code 4835—Card Not Valid or Expired , and Message Reason Code 4847—Requested/Required Authorization Not Obtained and Fraudulent Transaction of this guide.

9. **EMV Chip**

   A CAT 3 device that also is an EMV hybrid device is prohibited from performing fallback procedures from EMV chip to magnetic stripe.

10. **Security Attributes**

    A CAT 3 device does not support Address Verification Service (AVS) and Cardholder Validation Code (CVC) 2 verification, as a CAT 3 device does not have the capability to request an online authorization from the issuer.

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2.7.2.5 CAT Level 4: In-Flight Commerce (IFC) Terminals (CAT 4)

The following contains information about CAT Level 4.

1. **Cardholder Verification Method (CVM)**
   a. CAT 4 devices must accept "No CVM" as the CVM.
   b. CAT 4 devices must not accept signature or PIN (online or offline) as the CVM.
2. **Card Acceptor Business Codes/Merchant Category Codes (MCCs)**

   Identification of transactions at CAT 4 devices is restricted to certain MCCs, as detailed in the Authorization section that follows.
3. **Authorization**
   a. All magnetic stripe-read transactions, regardless of amount, must be authorized online by the issuer on a zero floor limit basis. Transactions are either authorized air-to-ground during the transaction or in a delayed batch.

      The acquirer must read and transmit full, unaltered card-read data.
   b. EMV chip-read transactions must be authorized either:
      i. Online by the issuer with full, unaltered card-read data transmitted by the acquirer. Transactions are either authorized air-to-ground during the transaction or in a delayed batch.
      ii. Offline by the EMV chip.
   c. An authorization request at a CAT 4 device may not contain a key-entered account number or expiration date.
   d. The acquirer must convert all "refer to card issuer" and "capture card" messages received from issuers to "decline."

Acquirer/Service Provider Requirements and Transaction Identification Specifications

a. Gambling transactions are not permitted at CAT 4 devices acquired within the Europe region.
b. Acquirers must ensure timely delivery and installation of the IFC Blocked Gaming File to gambling service providers. IFC Blocked Gaming File access is required before every gambling transaction. Refer to Chapter 9, "Authorization Services Detail," of the *Authorization System Manual* for further details.
c. Transactions at CAT 4 devices are conducted on interactive video terminals by passengers on airline flights.

   The acquirer must not use an airline MCC (MCC 4511, 3000–3299) but must assign the proper MCC for each type of IFC transaction. Use of CAT 4 devices is restricted to the following five MCCs:
   i. 5309—Duty Free Stores
   ii. 5964—Direct Marketing—Catalog Merchants
   iii. 7299—Other Services—not elsewhere classified
   iv. 7994—Video Game Arcades/Establishments
   v. 7995—Gambling Transactions

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d. For each flight, acquirers must generate one Authorization Request/0100 message per MCC for each MasterCard cardholder account. "Flight" is defined as one or more segments of a continuous air flight with the same flight number.
e. The acquirer must identify the transaction in the Authorization Request/0100 message with a transaction category code (TCC) of **U** or **R** as defined below.
    i. For **gambling** transactions, the acquirer must use **U** (Unique Transactions).
    ii. For any transaction **other than gambling**, the acquirer must use **R** (Retail Purchase).
f. DE 43 (Card Acceptor Name/Location), subfield 1 (Card Acceptor Name) must include the card acceptor name and flight identification. The flight identification must be a recognizable identification of the airline (not necessarily the airline alphabetic International Air Transport Association [IATA] indicator).
g. The city field description should contain the following:
    i. For **mailed purchases and gambling transactions** the city field description must include the card acceptor customer service telephone number. The customer service telephone number does not need to be a toll-free number.
    ii. For all CAT 4 transactions **other than mailed purchases and gambling**, the city field description may include a customer service telephone number.
h. For all transactions at CAT 4 devices, except mailed purchase transactions, the transaction date is defined as the date that the flight departs from the originating city.
    The transaction date for mailed purchases is defined as the shipment date unless otherwise disclosed to the cardholder.
i. The acquirer must ensure that the card acceptor provides full disclosure to the cardholder via the CAT 4 device before the initiation of any transactions, as detailed below. The CAT 4 device must prompt the cardholder to acknowledge these disclosure terms before initiating transaction(s). Disclosure must include the following:
    i. Full identification of the card acceptor and provision for recourse in terms of cardholder complaints or questions.
    ii. Notification that transactions will be billed upon the issuer's approval of the authorization request.
    iii. For mailed purchase transactions only, any additional shipping or handling charges.
    iv. Policy on refunds or returns
    v. Provision for a paper TID

    For gambling transactions, card acceptors must additionally disclose the following:
    i. Maximum winnings (USD 3,500) and maximum losses (USD 350)
    ii. Notification that total net transaction amount (whether a net win or loss) will be applied against the cardholder's account.
    iii. Notification that cardholder must be at least 18 years of age to play.
    iv. Notification that some MasterCard card issuers may not allow gambling.

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j. The acquirer must ensure that the card acceptor can provide an itemized TID to the cardholder for all transactions at CAT 4 devices. The acquirer must ensure that, at the cardholder's option, the card acceptor can effect this offer in one of three ways:

   i. Printing a TID at the passenger's seat

   ii. Printing a TID from a centralized printer on the plane

   iii. Mailing a TID to the cardholder

   The CAT 4 device must provide the mailed TID offer and, if accepted, must require the cardholder to input his or her name and address. For gambling transactions the card acceptor must provide a TID to the cardholder by methods (i) or (ii), described above.

   The TID must contain the following elements:

   i. Identification of the passenger's flight, seat number, and date of departure.

   ii. Itemized transaction detail

   iii. Gambling transaction specified as a net win or net loss.

   iv. The cardholder's account number truncated on the TID.

Additional Requirements for Gambling Transactions

a. Net gambling losses cannot exceed USD 350 per flight per MasterCard cardholder account. Net payouts to cardholders for gambling wins cannot exceed USD 3,500 per flight per MasterCard cardholder account. The card acceptor must monitor losses and winnings throughout the flight to ensure compliance.

b. A gambling win transaction will result in posting of net winnings (credit) to the cardholder's account. Under no circumstance may winnings be paid in cash or other form of payment.

c. Before participating in gambling activity, the acquirer must undertake all reasonable and necessary steps to assure itself and, if requested, MasterCard, that such gambling activity will be effected in full compliance with all applicable laws and regulations. By participating in gambling activity the member agrees to indemnify, defend, and hold MasterCard harmless with respect to any claim, damage, loss, fine, penalty, injury, or cause of action arising or resulting from or attributable to the member's gambling activity.

Cardholder Account Number Verification—In-Flight Verification Prior to Transaction Initiation

a. The acquirer must ensure that the card acceptor conducts a Mod-10 check digit routine to verify card authenticity.

b. The acquirer must ensure that the card acceptor confirms that the card account number is within a valid MasterCard BIN range and must begin with 51, 52, 53, 54, or 55.

c. For gambling transactions, the acquirer must ensure that the MasterCard cardholder's account number is checked against the IFC Blocked Gaming File. Cardholders whose account numbers are listed on the IFC Blocked Gaming File must be prohibited from initiating any gambling transaction.

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Additional Authorization Requirements for Gambling Transactions

All gambling losses authorized post-flight must be submitted for authorization for the net amount. All gambling transactions authorized during the flight will be for the full wager amount (USD 350 or a lower amount predetermined by the airline and gambling card acceptor). No gambling wins will be submitted for authorization.

4. **Clearing Requirements for All Transactions**

   a. An acquirer is not permitted to submit declined transactions (including those defined in **3.d**. above) into clearing.

   b. No surcharges or service fees may be assessed on any transaction, including gambling transactions.

   Additional Clearing Requirements for Gambling Transactions

   a. Gambling transactions submitted for clearing must be for the net amount won or lost.

   b. Gambling win transactions will be submitted as a credit transaction (DE 3 [Processing Code], subfield 1 [Cardholder Transaction Type]) with a value of 20 (Credit [Purchase Return]). Interchange will be paid to issuers by acquirers on gambling win transactions.

   c. An acquirer may resubmit a gambling transaction for a different amount within the specified transaction limits if it previously was rejected for exceeding the specified transaction limits—USD 3,500 for wins and USD 350 for losses.

5. **Effective Date of the IFC Blocked Gaming File**

   Updates to the IFC Blocked Gaming File will be effective on the first and the 15th day of each month. MasterCard must receive account ranges or BINs that issuers choose to list on the next effective updated IFC Blocked Gaming File at least two weeks before the effective date.

6. **Limit-1 Processing**

   Limit-1 processing does not apply to transactions at CAT 4 devices.

7. **X-Code Processing**

   The issuer is liable for transactions that are approved under acquirer MIP X-Code, up to the MIP X-Code limits specified by MasterCard. Refer to Chapter 2, "Basic Authorization Concepts," of the *Authorization System Manual* for further details.

8. **Maximum Transaction Amount**

   There is no maximum amount limit for any transaction at CAT 4 devices, except for gambling transactions.

9. **Card Retention**

   There is no card retention requirement for CAT 4 devices.

10. **Chargeback Rights**

    There are no chargeback restrictions for transactions at CAT 4 devices.

11. **EMV Chip**

    A CAT 4 device that also is an EMV hybrid terminal is prohibited from performing fallback procedures from EMV chip to magnetic stripe.

12. **Security Attributes**

    CAT 4 devices may support Address Verification Service (AVS) and Cardholder Validation Code (CVC) 2 verifications.

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2.7.2.6 CAT Level 5: Reserved for Future Use

This CAT level is not currently in use and is reserved for future use.

2.7.2.7 CAT Level 6: Electronic Commerce Transactions (CAT 6)

Refer to Chapter 9, "Authorization Services Details," of the *Authorization Systems Manual* for MasterCard requirements regarding the identification of electronic commerce transactions.

2.7.2.8 CAT Level 7: Transponder Transactions (CAT 7)

The following contains information about CAT Level 7.

1. **Cardholder Verification Method (CVM)**
   a. CAT 7 devices must not accept "No CVM" as the CVM.
   b. CAT 7 devices must not accept signature or PIN (online or offline) as the CVM.
2. **Card Acceptor Business Codes/Merchant Category Codes (MCCs)**

   Transactions at CAT 7 devices must be coded with the MCC that most accurately describes the card acceptor's primary business. Refer to Chapter 3, "Card Acceptor Business Codes/Merchant Category Codes," of the *Quick Reference Booklet* for more information.
3. **Authorization**
   a. All magnetic stripe-read transactions, regardless of amount, must be authorized online by the issuer on a zero floor limit basis.

      The acquirer must read and transmit full, unaltered card-read data.
   b. EMV chip-read transactions must be authorized either:
      i. Online by the issuer with full, unaltered card-read data transmitted by the acquirer
      ii. Offline by the EMV chip
4. **Limit-1 Processing**

   Limit-1 processing does not apply to transactions at CAT 7 devices.
5. **X-Code Processing**

   The issuer is liable for transactions that are approved under acquirer MIP X-Code, up to the MIP X-Code limits specified by MasterCard. Refer to Chapter 2, "Basic Authorization Concepts," of the *Authorization System Manual* for further details.
6. **Maximum Transaction Amount**

   There is no maximum amount limit for transactions at CAT 7 devices.
7. **Card Retention**

   There is no card retention requirement for CAT 7 devices.
8. **Chargeback Rights**

   There are no chargeback restrictions for transactions at CAT 7 devices.

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9. **EMV Chip**

   A CAT 7 device that also is an EMV hybrid device is prohibited from performing fallback procedures from chip to magnetic stripe.

10. **Security Attributes**

    CAT 7 devices may support Address Verification Service (AVS) and Cardholder Validation Code (CVC) 2 verifications.

2.8 Processing EMV Chip Transactions

An EMV chip card is a credit card or debit card containing a computer chip with memory and interactive capabilities used to identify and store additional data about the cardholder, cardholder account, or both. An EMV chip card also is called an integrated circuit card.

Acquirers must send EMV chip data in DE 55 (Integrated Circuit Card [ICC] System-Related Data) of the Authorization Request/0100 message if processed via the Banknet telecommunications network, or in DE 055 [Integrated Circuit Card (ICC) System-Related Data] if processed via EPS-Net.

For purposes of exception processing, acquirers are advised also to send the data in DE 55 (Integrated Circuit Card [ICC] System-Related Data) of the First Presentment/1240 message rather than in the generic addendum message, to ensure it is recognized as EMV chip data.

If the acquirer has provided EMV chip data in DE 55 of the First Presentment/1240 message and provides the data again when fulfilling a retrieval request, the acquirer may collect a USD 25 (or EUR 25 for intra-European transactions) handling fee.

For intra-European transactions only, effective 01 April 2007, if the acquirer does not supply correct data in DE 55 of the First Presentment/1240 message, the issuer may collect a EUR 25 handling fee.

Refer to the *Customer Interface Specification* manual, the *V5 Interface Specifications* manual, and Chapter 7 of the *IPM Clearing Formats* manual for a complete listing of the required and optional subelements used to provide chip data in CIS format (DE 55), V5 format (DE 055), or IPM format (DE 55) when the transaction is an EMV chip transaction.

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2.8.1 A Valid EMV Chip Transaction

At a POI terminal, the EMV chip on an EMV chip card may generate one of the following application cryptograms:

- **Application Authentication Cryptogram (AAC)**—Indicates that the transaction has been declined offline either because of rejection of the transaction or a restriction against the use of the card in that environment.

  NOTE

  For certain types of offline transaction, such as call referrals, refunds, and PIN-verified on-board transactions, the terminal should complete the transaction although the card has generated an AAC. Refer to Obtaining an Authorization **for more information.**
- **Authorization Request Cryptogram (ARQC)**—Indicates that the transaction must go online to the issuer for authorization.
- **Transaction Certificate (TC)**—Indicates that the transaction has been approved.

A valid EMV chip transaction effected at a POI terminal is authorized by the issuer or the chip and generates a unique Transaction Certificate (TC).

The production of a TC and related data for each EMV chip transaction introduces new information that can help determine the actual circumstances of a transaction and issuer and acquirer liabilities. However, the TC itself does not constitute a guarantee of payment to the acquirer, nor does the lack of a TC or an invalid TC provide an automatic right of chargeback to the issuer.

A non–face-to-face chip-read transaction effected using a cardholder-controlled remote device is considered valid if the acquirer has received an **Authorization Response Cryptogram (ARPC)** (a cryptogram generated by the issuer that contains the decision to approve or decline the transaction) and authorization response code that both indicate approval of the transaction.

EMV chip compliance is determined by reference to the chip technical specifications in effect at the time of chip certification.

2.8.1.1 Chip/PIN Transactions

A **chip/PIN transaction** is a MasterCard transaction completed at a hybrid PIN-capable terminal with a hybrid PIN-preferring card, using the chip and with offline or online PIN as the CVM.

A **hybrid PIN-preferring card** means a hybrid MasterCard card that

- Has received MasterCard card design approval.
- Is loaded with a MasterCard-approved EMV application that is capable of checking the cardholder's PIN offline.
- Has passed the MasterCard card personalization certification process.
- Has been personalized in a way that the offline PIN CVM option (encrypted or clear text) as described in EMV appears in the cards CVM list with a higher priority than both the online PIN and signature options with a condition code appropriate for the current transaction.

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A **hybrid PIN-capable terminal** describes a hybrid terminal that has the same hardware, software, and configuration as a terminal that:

- Has full EMV Level 1 and Level 2 Type Approval status to the then current specifications.
- Has completed the terminal integration process prescribed by MasterCard in the appropriate environment of use, including the certification of the acquirer host interface.
- Is capable, at a minimum, of offline verification of the PIN (encrypted and cleartext) associated with a hybrid PIN-preferring card as described by EMV. A hybrid PIN-capable terminal may also be capable of online PIN verification.

A **CAT Level 1 terminal** is a hybrid PIN-capable terminal if it meets the above requirements.

2.8.1.2 CVM Fallback

The following requirements apply with respect to cardholder verification method (CVM) fallback from PIN to signature on an EMV chip transaction:

1. When a hybrid PIN-preferring card is used at a hybrid PIN-capable terminal, the cardholder may be verified by signature if PIN verification (offline or online) fails for any reason other than PIN decline by the issuer or by Stand-In, provided signature is identified as a permitted CVM during the EMV transaction process. Hybrid PIN-capable terminals may support the PIN override function described in the EMV specifications.
2. CVM fallback transactions must be authorized and properly identified as being completed with signature as the CVM.
3. The issuer is liable for lost, stolen and never-received-issue fraudulent CVM fallback transactions completed with authorization, provided that the proper merchant acceptance procedures were followed (for example, a CVM was used). The acquirer is liable for lost, stolen and never-received-issue fraudulent CVM fallback transactions completed without authorization.

2.8.1.3 Technical Fallback

In both the chip and the chip/PIN environment, a technical failure involving either the EMV chip or the hybrid terminal may result in a technical fallback transaction. A technical fallback transaction

- May be initiated with the magnetic stripe only if the chip cannot be read.
- May be paper-based (including PAN key entry) only if both the chip and the magnetic stripe cannot be read.
- May be completed with signature or, where applicable, PIN as the CVM.
- Must be authorized by the issuer and properly identified as being captured with a fallback technology.

The issuer is liable for fraudulent magnetic stripe-read and paper-based technical fallback transactions completed with authorization, provided that the proper merchant acceptance procedures were followed (for example, a CVM was used). The acquirer is liable for fraudulent magnetic stripe-read and paper-based technical fallback transactions completed without authorization.

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2.8.2 Chip Liability Shift Program

EMV chip technology can provide a more secure alternative to non-chip technology for reducing counterfeit-fraud transactions, and if PIN is used as the cardholder verification method (CVM), lost, stolen, and never-received-issue (NRI) fraudulent transactions. Therefore, certain countries and MasterCard regions have decided to migrate to the EMV chip platform, and some have also decided to require or are considering requiring PIN as the preferred CVM.

Many of these same countries and regions have instituted a chip liability shift program for domestic and intraregional transactions to protect members that have made the early investment in EMV chips.

For domestic or intraregional transactions…	
A chip liability shift in…	**Has been in effect since…**
Europe region	1 January 2005
Latin America and the Caribbean region	1 January 2005
South Africa	1 January 2005
Asia/Pacific region	1 January 2006
South Asia/Middle East/Africa region	1 January 2006
A chip/PIN liability shift in…	**Has been in effect since…**
Europe region	1 January 2005

Chip liability shift means that when a counterfeit, fraud transaction occurs in a country or region that has migrated to the EMV chip card platform, the liability for the transaction will shift to the non–chip-compliant party. In addition, if a country or MasterCard region has decided to require a PIN as the preferred CVM, the liability for lost, stolen, and never-received cards resulting in fraudulent MasterCard transactions when one member is not yet able to support chip/PIN transactions will be borne by that member.

A country or MasterCard region that has instituted a domestic or intraregional chip or chip/PIN liability shift may become a participant in the Chip Liability Shift Program for interregional transactions as described in section 2.8.2.3 Reason Codes and Chargeback Rights.

2.8.2.1 Levels of Participation

The Chip Liability Shift Program offers two levels of participation:

- **Level 1—Chip Liability Shift**
  - Issuers assume counterfeit fraud-related liability if a non-EMV chip card is presented at a chip-capable terminal.
  - Acquirers assume counterfeit fraud-related liability if an EMV chip card is presented at a non–chip-capable terminal.

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- **Level 2—Chip/PIN Liability Shift**
  - Issuers assume lost, stolen, and never-received issued fraud-related liability unless a card is a hybrid PIN-preferring card used at a terminal that is not a hybrid PIN-capable terminal.
  - Acquirers assume lost, stolen, and never received issued fraud-related liability if a hybrid PIN-preferring card is used at a terminal that is not a hybrid PIN-capable terminal.
  - A country or region cannot participate at Level 2 without first or concurrently participating at Level 1.

2.8.2.2 Participating Countries and Regions

The following countries and regions have implemented domestic or intraregional liability shifts, participate in the Chip Liability Shift Program for interregional transactions, or both.

Domestic or Intraregional Liability Shifts		Interregional Chip Liability Shift Program	
Chip Liability Shift	Chip/PIN Liability Shift	Chip Liability Shift (Level 1)	Chip/PIN Liability Shift (Level 2)
Asia Pacific region		Malaysia and Taiwan only	
Europe region	Europe region	Europe region	Europe region
Latin America and the Caribbean region			
South Asia/Middle East/Africa region			

2.8.2.3 Reason Codes and Chargeback Rights

Chip technology does not introduce new chargeback reasons, except with respect to chip or chip/PIN liability shifts as described in this section and in Chapter 3 of this guide. Otherwise, members may initiate a chargeback for exactly the same reasons, and using exactly the same procedures, as those for magnetic stripe transactions.

Members participating in domestic or intraregional chip or chip/PIN liability shifts or the interregional Chip Liability Shift Program may use the following message reason codes to address counterfeit fraud or lost, stolen, or never received card fraud transactions.

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For Chargebacks processed…	Issuer may use this message reason code…	If transaction involved…	And both parties participate in a…	
On or after 13 April 2007	4870 (Chip Liability Shift)	Counterfeit fraud	Chip liability shift	
On or after 12 October 2007	4871 (Chip/PIN Liability Shift)	Lost, stolen, or never-received-as-issued (NRI) fraud	Chip/PIN liability shift	Nov 2007

For Second Presentments processed…	Acquirer may use this message reason code…	And both parties participate in a…	
On or after 13 April 2007	2870 (Chip Liability Shift)	Chip liability shift	
On or after 12 October 2007	2871 (Chip/PIN Liability Shift)	Chip/PIN liability shift	Nov 2007

NOTE

The issuer may only invoke the chip and the chip/PIN liability shift with the first chargeback under message reason code 4870 and 4871. **Nov 2007**

Acquirers may use message reason code 2870 (Chip Liability Shift) to invoke the chip liability shift as a final remedy to a chargeback initiated under one of these message reason codes. An arbitration chargeback is not allowed if the second presentment was valid. Nov 2007

Reason Code	Description
4807	Warning Bulletin File
4812	Account Number Not on File
4837	No Cardholder Authorization
4857	Card-Activated Telephone Transactions
4862	Counterfeit Transaction Magnetic Stripe POS Fraud

Effective 12 October 2007, the acquirer should use Second Presentment/1240 message reason code 2871 (Chip/PIN Liability Shift) to indicate that a chip/PIN liability shift is the reason for the second presentment in response to message reason code 4837. Nov 2007

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Acquirers continue to have the right to submit second presentments for chargebacks initiated using the message reason codes listed above for **any** of the following situations:

- The issuer initiated an invalid chargeback.
- The acquirer already issued a credit.
- The acquirer has new information that was unknown to the issuer before the original chargeback (for example, a new card acceptor name, or different transaction date).

To remedy a chargeback initiated under message reason code 4870 when the chip liability shift does not apply or to remedy a chargeback under 4871 when the chip/PIN liability shift does not apply, the acquirer must use message reason code 2713 (Invalid Chargeback). Nov 2007

Any country or region that participates in the Chip Liability Shift Program for interregional transactions must implement a domestic or intraregional chip liability shift using the same reason codes as the Chip Liability Shift Program before they can participate in the program.

2.8.2.3.1 Data Record Text

If the first chargeback was initiated under the Chip Liability Shift Program (using message reason code 4870 or 4871) but the transaction was ineligible, the acquirer's Second Presentment should use message reason code 2713 (Invalid Chargeback) and include in DE 72 (Data Record) the message CHIP LIABILITY NA or CHIP/PIN LIABILITY NA. Nov 2007

2.8.2.4 Participation Criteria

Any country or region may participate in the Chip Liability Shift Program for interregional transactions if that country or region has done **all** of the following:

1. Stated its intention to migrate to EMV chip for its own country or region by a valid decision-making process (as defined in section 2.8.2.4.1).
2. Derived a chip liability shift program for domestic or intraregional transactions by a valid decision-making process that uses the same reason codes as the Chip Liability Shift Program.
3. Decided to participate in the Chip Liability Shift Program for interregional transactions by a valid decision-making process.
4. Notified MasterCard of its intent to participate in the Chip Liability Shift Program for interregional transactions (as defined in Notifying MasterCard of Intent to Participate).

MasterCard will announce the effective date of participation of the country or region in a *Global Operations Bulletin*.

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2.8.2.4.1 Valid Decision-making Processes

Country—A country may mandate the EMV chip platform or chip/PIN transactions domestically, adopt a chip or chip/PIN liability shift for domestic transactions, or participate in the Chip Liability Shift Program for interregional transactions at Level 1 or Level 2 by an affirmative vote of that country's members that represents 75 percent of the currency volume of both acquiring and issuing transactions. This 75 percent currency volume comprises all MasterCard, Maestro, and Cirrus transactions.

Region—A region may mandate the EMV chip platform or chip/PIN on a regional basis, adopt a chip or chip/PIN liability shift for intraregional transactions, or participate in the Chip Liability Shift Program for interregional transactions by an affirmative vote of that region's members that represents 75 percent of the currency volume of both acquiring and issuing transactions. This 75 percent currency volume comprises all MasterCard, Maestro, and Cirrus transactions.

When a region decides to adopt a chip liability shift or participate in the interregional Chip Liability Shift Program, the decision applies to each country in the region unless a country or countries are specifically included or excluded. A region's participation in the Chip Liability Shift Program will override any participation in this program on a country basis.

2.8.2.4.2 Notifying MasterCard of Intent to Participate

If a country or region has decided, by a valid decision-making process, to adopt a chip or chip/PIN liability shift for domestic or intraregional transactions, an authorized representative of the MasterCard country or region must notify MasterCard management in writing of the decision.

If a country or region has decided, by a valid decision-making process, to participate in the Chip Liability Shift Program for interregional transactions, an authorized representative of the MasterCard country or region must notify MasterCard management in writing to express the country or region's intent to participate. The notification must specify the level of participation (Level 1 or Level 2, as described in section 2.8.2.1 Levels of Participation) and scope, whether intraregional (for a country) or interregional with other like participants.

2.9 Indemnification

An acquirer presenting a record of a transaction shall be subject to the indemnity and other requirements set forth in the *Bylaws and Rules*, but not limited to, those set forth in Chapter 1 of the rules portion of the *Bylaws and Rules* manual.

MasterCard reserves the right to audit a member's card acceptor records and files to ensure compliance with the rules set forth in sections 9.1 and 9.2 of the *Bylaws and Rules* manual. Noncompliance may subject the member to chargebacks, noncompliance assessments, and other responsibilities and obligations set forth in the MasterCard standards.

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The issuer must make a good-faith effort to limit the amount of any loss, damage, or costs, and the issuer must provide the acquirer with actual notice of any claim or proceeding.

2.10 Quick Payment Service (QPS) Program

The Quick Payment Service (QPS) program applies to those qualifying members in the United States, Canada, Asia/Pacific, and South Asia/Middle East/Africa regions that are registered with MasterCard Worldwide. Chargeback protection for QPS transactions that occur in the Asia/Pacific and South Asia/Middle East/Africa regions will take effect **12 October 2007**. For all requirements pertaining to the QPS program, please refer to the *Quick Payment Service Program Guide*.

A properly identified, QPS transaction is protected against chargebacks under the following reason codes.

Reason Code	Description
4801	Requested Transaction Data Not Received
4802	Requested/Required Information Illegible or Missing
4808	Requested/Required Authorization Not Obtained
4837	No Cardholder Authorization

The chargeback protection under these reason codes applies for QPS transactions below an amount specified for each applicable card acceptor business code (MCC). Merchants have chargeback protection for reason code 4808 if an online authorization was requested and approved or if an authorization was not required.

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2.10.1 QPS Reference Table

The following reference table lists applicable chargeback reason codes for QPS card acceptor business codes (MCCs). (For specific requirements for QPS merchants, please refer to the *Quick Payment Service Program Guide.*).

Table 2.1—QPS Reference Table

MCC	Description	Chargeback Protection Amount	Magnetic Stripe Authorization Required	Customer Signature	Receipt	Chargeback Protection
4121	Taxis and Limousines (US Region only)	USD 25	Yes	Optional	Optional	4801, 4802, 4837

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MCC	Description	Chargeback Protection Amount	Magnetic Stripe Authorization Required	Customer Signature	Receipt	Chargeback Protection
5411	Supermarkets	USD 25	Yes	Optional	Optional	4801, 4802, 4837
5499	Miscellaneous Food Stores	USD 25	Yes	Optional	Optional	4801, 4802, 4837
5541	Service Stations	USD 25	Yes	Optional	Optional	4801, 4802, 4837
5735	Music Stores	USD 25	Yes	Optional	Optional	4801, 4802, 4837
5814	Fast Food Restaurants	USD 25	Optional	Optional	Optional	4801, 4802, 4837
5912	Drug Stores	USD 25	Yes	Optional	Optional	4801,4802, 4837
5942	Book Stores	USD 25	Yes	Optional	Optional	4801, 4802, 4837
5994	Newsstands	USD 25	Yes	Optional	Optional	4801, 4802, 4837
7216	Dry Cleaners	USD 25	Yes	Optional	Optional	4801, 4802, 4837
7523	Parking Lots	USD 50	Optional	Optional	Optional	4801, 4802, 4837
7832	Movie Theaters	USD 35	Optional	Optional	Optional	4801, 4802, 4837
7841	Video Stores	USD 25	Yes	Optional	Optional	4801, 4802, 4837

For information about *PayPass™* participation requirements, please refer to the *Quick Payment Service Program Guide*.

2.11 Time-Share Disputes

This section describes a frequently violated MasterCard rule, as defined below, and is only applicable to intra-European transactions.

A European acquirer must ensure that a time-share merchant must provide a full credit refund when the conditions below are both met:

- The transaction receipt was processed.
- The cardholder canceled the transaction within 10 calendar days of the transaction date.

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MasterCard Europe recommends that any cancellation by the cardholder be sent by registered mail, requesting return receipt.

If the merchant does not provide the refund in accordance with the above conditions, the card issuer may file a chargeback under reason code 4860, against the acquirer of the time-share merchant, in order to obtain a refund.

Refer to section 3.23.1 Supporting Requirements for Issuer's Chargeback of this guide for further details.

2.12 Processing *PayPass* Transactions

A transaction effected by use of a MasterCard *PayPass*™ card or device does not follow standard merchant acceptance procedures, since a *PayPass* card or device remains in the cardholder's possession throughout the transaction. Merchants are exempt from the requirements set forth in sections 2.1.1 Acceptance Procedures for Purchase Transactions and Authorization Procedures, solely pertaining to the acceptance of a MasterCard *PayPass* card or device.

A properly identified *PayPass* transaction occurs when DE 22 (Point of Service Data Code), subfield 1 (Terminal Data: Card Data Input Capability) contained a value of 07 (PAN auto entry via contactless M/Chip) or 91 (PAN auto-entry via contactless magnetic stripe) and DE 61, subfield 11 (CANNOT FIND IN IPM FORMATS) contained a value of 3 (Contactless M/Chip) or 4 (Contactless Magnetic Stripe) in the Authorization Request message if online authorization is performed and DE 22, subfield 1 contained a value of A (PAN auto-entry via contactless magnetic stripe) or a value of M (PAN auto-entry via contactless M/Chip) and subfield 7, contained a value of A (PAN auto-entry via contactless magnetic stripe) or a value of M (PAN auto-entry via contactless M/Chip) in the First Presentment/1240 message.

A signature is not required and a receipt is optional for a transaction equal to or less than USD 25 using a *PayPass* card or device. A properly identified *PayPass* transaction (magnetic stripe read or M/Chip), equal to or less than USD 25, is protected against chargebacks under the following reason codes. In addition, for message reason code 4837—No Cardholder Authorization, the transaction must be properly authorized for protection against chargebacks if not already provided chargeback protection under the QPS program.

Reason Code	Description
4801	Requested Transaction Data Not Received
4802	Requested/Required Information Illegible or Missing
4837	No Cardholder Authorization

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Information from the Bylaws and Rules Manual

NOTE

This section is a direct excerpt from the Rules portion of the *Bylaws and Rules* manual. Members should cite the appropriate rule number when filing a compliance case.

The following terms and conditions, if violated, may result in a member initiating a dispute procedure. The compliance procedure may apply when no chargeback reason code exists to use as a remedy and where all good-faith efforts to resolve a dispute have failed, and the member can show direct financial loss. Refer to Chapter 5, Compliance Procedures of this guide for compliance procedures.

Rules 3.16—Dispute Resolution

The following sections are excerpts of the Rules portion of the *Bylaws and Rules* manual.

Rules 3.16.1—Chargebacks

Members should cite Rules 3.16.1.

An issuer has the right to charge back an interchange transaction to the acquirer in accordance with the Standards, including those set forth in the *Chargeback Guide*. An issuer must credit the acquirer for any payment received with respect to a charged back transaction after the transaction was charged back.

When an issuer has billed a transaction to its cardholder's account for payment, and then chooses to exercise a chargeback right, the issuer must promptly credit the cardholder's account the amount of the chargeback. Under no circumstance should an issuer ultimately be reimbursed twice for the same transaction, nor should a cardholder be credited twice because of a chargeback credit and a separate credit initiated by the merchant.

An acquirer that receives a chargeback may accept responsibility for the transaction or it may pursue a permitted remedy as set forth in the Corporation's *Chargeback Guide*. Rulings by the Corporation with respect to arbitration cases may be appealed as set forth in section 4.9 of the *Chargeback Guide*. The decision of the Corporate Secretary with respect to arbitration case appeals shall be final.

For example, after a merchant receives a chargeback, it must not enter the item invalidly into interchange by rebilling the cardholder via a "new first presentment" unless the chargeback rule states that is the proper procedure. Normally, if the merchant can remedy the dispute it must submit the transaction as a second presentment.

This example is provided for illustration only and is not excerpted from Bylaws and Rules.

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Rules 3.16.1.1—Unauthorized Acceptance of MasterCard Electronic Cards

Members should cite Rules 3.16.1.1.

Except as may be otherwise provided in the MasterCard Electronic Rules, an issuer has the right to charge back an interchange transaction initiated with a MasterCard Electronic™ card if a MasterCard merchant accepts a MasterCard Electronic card for payment and a dispute arises pertaining to the transaction. The Standards as set forth in the *Chargeback Guide* will apply.

Rules 3.16.2—Compliance

Members should cite Rules 3.16.2.

A member may file a compliance case against another member alleging a violation of the rules in accordance with the provisions set forth in the Corporation's *Chargeback Guide*. Rulings by the Corporation with respect to compliance cases may be appealed as set forth in section 4.9 of the *Chargeback Guide*. The decision of the Corporate Secretary with respect to compliance case appeals shall be final.

Rules 9.9—Responsibility for Transactions

Members should cite Rules 9.9.

All merchants are responsible for ensuring that the cardholder understands that the merchant is responsible for the transaction, including the goods or services that are the subject of the transaction, and for related customer service, dispute resolution, and performance of the terms and conditions of the transaction.

Rules 9.11—Honor MasterCard Cards

The following sections are excerpts of the Rules portion of the *Bylaws and Rules* manual.

Rules 9.11.1—Honor All MasterCard Cards

Members should cite Rules 9.11.1.

The merchant must honor all valid MasterCard cards without discrimination when properly presented for payment. The merchant must maintain a policy that does not discriminate among customers seeking to make purchases with a MasterCard card. A merchant that does not deal with the public at large (for example, a private club) is considered to comply with this rule if it honors MasterCard cards of cardholders that have purchasing privileges with the merchant.

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Rules 9.11.2—Cardholder Identification

Members should cite Rules 9.11.2.

A merchant must not refuse to complete a MasterCard card transaction solely because a cardholder who has complied with the conditions for presentment of a card at the POI refuses to provide additional identification information, except as specifically permitted or required by the Standards. A merchant may require additional identification from the cardholder if the information is required to complete the transaction, such as for shipping purposes. A merchant in a country or region that supports use of the MasterCard Address Verification Service (AVS) may require the cardholder's ZIP or postal code to complete a cardholder-activated terminal (CAT) transaction, or the cardholder's address and ZIP or postal code to complete a mail order, phone order, or e-commerce transaction.

For example, a merchant may ask for additional identification information when it needs a shipped-to address for a mail order transaction.

This example is provided for illustration only and is not excerpted from Bylaws and Rules.

Rules 9.11.3—Electronic Commerce Transactions

Members should cite Rules 9.11.3.

A merchant must not refuse to complete an electronic commerce transaction using a MasterCard card solely because the cardholder does not have a digital certificate or other secured protocol.

Rules 9.11.4—Scrip-dispensing Terminals

Members should cite Rules 9.11.4.

MasterCard cards must not be accepted at terminals that dispense scrip.

Rules 9.12—Prohibited Practices

The following sections are excerpts of the Rules portion of the *Bylaws and Rules* manual.

Rules 9.12.1—Discrimination

Members should cite Rules 9.12.1.

A merchant must not engage in any acceptance practice that discriminates against or discourages the use of MasterCard cards in favor of any other acceptance brand.

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Rules 9.12.2—Charges to Cardholders

Members should cite Rules 9.12.2.

A merchant must not directly or indirectly require any MasterCard cardholder to pay a surcharge or any part of any merchant discount or any contemporaneous finance charge in connection with a MasterCard card transaction. A merchant may provide a discount to its customers for cash payments. A merchant is permitted to charge a fee (such as a bona fide commission, postage, expedited service or convenience fees, and the like) if the fee is imposed on all like transactions regardless of the form of payment used.

- A surcharge is any fee charged in connection with a MasterCard transaction that is not charged if another payment method is used.
- The merchant discount fee is the fee the merchant pays to its acquirer to acquire transactions.

Rules 18.A.2.3—Charges to Cardholders

Members should cite Rules 18.A.2.3.

Section 9.12.2 of these rules does not apply in the European Economic Area.

If a merchant applies a surcharge for payment by MasterCard card, the amount of the surcharge must be clearly indicated to the cardholder at the POI location and must bear a reasonable relationship to the merchant's cost of accepting MasterCard cards.

Rules 9.12.2.1—Charges for Unique Transactions

Members should cite Rules 9.12.2.1.

A merchant is permitted to charge a fee for a unique transaction in accordance with the Standards found in Chapter 2, Merchant Acceptance Procedures and Special Transaction Types of the *Chargeback Guide*.

Rules 9.12.3—Minimum/Maximum Transaction Amount Prohibited

Members should cite Rules 9.12.3.

A merchant must not require, or post signs indicating that it requires, a minimum or maximum transaction amount to accept a valid MasterCard card.

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Rules 9.12.4—Prohibited Transactions

Members should cite Rules 9.12.4.

A merchant must not submit for payment into interchange, and a member must not accept from a merchant for submission into interchange, any transaction:

- That represents the refinancing or transfer of an existing cardholder obligation that is deemed to be uncollectible, or
- That arises from the dishonor of a cardholder's personal check, or
- That arises from the acceptance of MasterCard cards at terminals that dispense scrip.

Rules 9.12.5—Other Forms of Payment

Members should cite Rules 9.12.5.

A merchant must not accept any payment from a customer in any other form (for example, cash or check) with respect to a charge for goods or services that are included on a transaction information document (TID) resulting from the use of a MasterCard card.

Rules 9.14—Presenting Transactions

The following sections are excerpts of the Rules portion of the *Bylaws and Rules* manual.

Rules 9.14.1—Valid and Invalid Transactions

Members should cite Rules 9.14.1.

A merchant must present to its acquirer only valid transactions between itself and a bona fide cardholder.

A merchant must not present transactions that it knows or should have known to be fraudulent or not authorized by the cardholder, or authorized by a cardholder that is in collusion with the merchant for a fraudulent intent. Within the scope of this rule, the merchant is responsible for the actions of its employees.

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Rules 9.14.2—Present Transactions within Three Business Days

Members should cite Rules 9.14.2.

The merchant must present records of valid transactions to its acquirer no later than three bank business days after the date of the transaction, except:

- The record must not be presented until after the goods are shipped or the services are performed unless, at the time of the transaction, the cardholder agrees to a properly disclosed delayed delivery of the goods or services.
- When the merchant receives authorization for a delayed presentment (in which case the words "Delayed Presentment" must be noted on the transaction receipt).
- When the merchant is obligated by law to retain the sales slip or return it to a buyer upon timely cancellation, in which case the merchant should present the record within 10 business days after the transaction date.
- When the merchant has multiple locations and uses a central facility to accumulate and present records to the acquirer. In this case, the merchant must present the record in accordance with applicable laws and regulations and, in any event, within 30 days of the transaction date.

If a chargeback right is not available, section 9.14.2 of the *Bylaws and Rules* will address situations when the merchant delayed in processing a credit that caused a financial loss due to currency fluctuation.

Section 9.14.2 of the *Bylaws and Rules* also addresses situations when the cardholder has paid the "full" amount to a merchant for merchandise agreed to be picked up at the merchant location by the cardholder. Subsequently, the cardholder goes to the merchant location and discovers that the merchant is bankrupt or out of business and the cardholder is then unable to receive the merchandise.

This example is provided for illustration only and is not excerpted from Bylaws and Rules.

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Rules 9.15—Account, Cardholder, Transaction, and Merchant Information

The following sections are excerpts of the Rules portion of the *Bylaws and Rules* manual.

Rules 9.15.1—Sale or Exchange of Account and Cardholder Information Prohibited

Members should cite Rules 9.15.1.

A merchant must not sell, purchase, provide, exchange or in any manner disclose MasterCard account number information to anyone other than its acquirer, to the Corporation, or in response to a government request. This prohibition applies to card imprints, transaction receipts, carbon copies, mailing lists, tapes, or other media obtained as a result of a MasterCard card transaction.

Rules 9.15.2—Fraudulent or Unauthorized Use of Account Information Prohibited

Members should cite Rules 9.15.2.

A merchant must not request or use MasterCard account number information for any purpose that it knows or should have known to be fraudulent or in violation of MasterCard Standards, or for any purpose that the cardholder did not authorize.

Rules 9.15.3—Account, Cardholder, and Transaction Data Must Be Kept Secure

Members should cite Rules 9.15.3.

Merchants and DSEs must keep all systems and media containing MasterCard account, cardholder, or transaction information (whether physical or electronic) in a secure manner so as to prevent access by, or disclosure to any unauthorized party. Merchants and DSEs must destroy all media not necessary to retain, in a manner that will render the data unreadable. Only MasterCard account, cardholder, and transaction information may be stored, and then only to the extent permitted by the Standards.

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If an account compromise occurs, the following will apply:

- The merchant must notify the acquirer immediately.
- The acquirer must provide the Corporation with complete information about the account compromise.
- If the account compromise results from the merchant's failure to comply with this rule, the acquirer promptly must engage a data security firm acceptable to the Corporation to assess the vulnerability of the merchant systems and provide the results of such audit (or a forensics examination if required by MasterCard) promptly to the Corporation.
- If the acquirer fails to engage promptly the services of a data security firm acceptable to the Corporation or fails to provide the findings of the audit, or any forensics examination, promptly to the Corporation, the Corporation may assess the acquirer in accordance with the schedule set forth in section 9.5.2 and may assess all investigative costs that the Corporation incurs.
- The acquirer must cooperate, and ensure that its merchant cooperates, with the investigation and resolution of the account compromise, including any forensic audit or other measure that the Corporation deems necessary in its sole discretion.

Refer to section 10.3 of the *Security Rules and Procedures* manual for additional requirements applicable in the event of account data compromise.

Rules 9.15.4—Account Information Must Not Be Recorded on a Mailer

Members should cite Rules 9.15.4.

A merchant must not ask a cardholder to record a MasterCard card account number or other account information on the exterior of any order form or other similar device designed to be mailed.

Rules 9.15.5—Merchant Identification

Members should cite Rules 9.15.5.

A merchant must prominently and unequivocally inform the cardholder of the identity of the merchant at all points of interaction so that the cardholder readily can distinguish the merchant from any other party such as a supplier of goods or services to the merchant.

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Rules 9.15.6—Data Storage Entity (DSE) Identification

Members should cite Rules 9.15.6.

The merchant must inform the acquirer promptly of the identity of any DSE that engages, or proposes to engage, in the processing, transmission, or storage of MasterCard account data, transaction data, or both, for or on behalf of the merchant, whether directly or indirectly, regardless of the manner or duration of such activities.

The member must promptly register each entity that will provide DSE services to any of the member's merchants using the MasterCard Registration Program (MRP) system on MasterCard Online.

Rules 9.15.7—Storage of Account, Cardholder, and Transaction Data

Members should cite Rules 9.15.7.

A merchant and any DSE must not store in any system or in any manner, discretionary card-read data, CVC 2 data, PIN data, Address Verification Service (AVS) data, or any other prohibited information as set forth in the MasterCard Standards including, but not limited to, sections 10.2.1 and 10.2.2 of the *Security Rules and Procedures* manual, except during the authorization process for a transaction, that is, from the time an Authorization Request message is transmitted and up to the time the Authorization Request Response message is received. MasterCard permits a merchant and any DSE to store only the card account number, expiration date, cardholder name, and service code, in a secure environment to which access is limited, and then only to the extent that this data is required for bona fide business purposes and only for the length of time that the data is required for such purposes.

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Chapter 3 Message Reason Codes

This chapter details the procedures that members must follow for each individual message reason code.

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Overview

This chapter lists the message reason codes in numeric order.

Members also will find tables that help identify the available chargebacks according to the dispute category.

Chargebacks fall into five categories. Refer to the Authorization-related Chargebacks through Errors in Processing or Procedure sections of this guide for information about chargeback categories:

- Authorization
- Fraud
- Cardholder disputes
- Retrieval request and documentation required
- Errors in processing or procedure

In addition to reporting all fraud, including counterfeit transactions, to the System to Avoid Fraud Effectively (SAFE), members also must report all transactions generating a fraud-related chargeback to SAFE. MasterCard may assess up to USD 1,000 per chargeback for every transaction that generated a fraud-related chargeback and was not reported to SAFE as specified in Chapter 1 of the *Complete SAFE Manual*. All information provided to SAFE must be accurate, complete, and reported in accordance with fraud reporting categories that MasterCard may establish from time to time.

Additional Processing Notes

Each section from Message Reason Code 4801—Requested Transaction Data Not Received through Message Reason Code 4871—Chip/PIN Liability Shift of this guide addresses a distinct message reason code. Some or all of those sections contain "Additional Processing Notes." Additional Processing Notes are not themselves chargeback requirements or conditions. Rather, Additional Processing Notes are provided to guide or illustrate particular circumstances or events and to address circumstances or events of frequent concern to members. MasterCard treats each chargeback distinctly and in light of the particular circumstances. In that regard, Additional Processing Notes do not change any MasterCard bylaw, rule, operating regulation, procedure, or other Corporation Standard. As set forth in section 1.2 of the *Bylaws and Rules* manual, MasterCard has the sole right to interpret such Corporation Standards, including those in this guide.

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Authorization-related Chargebacks

The following message reason codes are authorization-related.

Reason Code	Description
4807	Warning Bulletin File
4808	Requested/Required Authorization Not Obtained
4812	Account Number Not On File

The transaction date (Date and Time, DE 12 [Local Transaction]) may be different from the actual sale or processing date. If an issuer verifies whether a transaction has been authorized, MasterCard suggests that the issuer check three days (at a minimum) on either side of the transaction date on its authorization logs.

Merchant Authorization Reversals

MasterCard has implemented merchant authorization reversals that allow merchants to cancel the original authorization amount, provided that the corresponding transaction has not been submitted into clearing.

After processing a merchant authorization reversal, if the transaction inadvertently is submitted to clearing and then is subsequently charged back for an authorization-related chargeback by the issuer, the acquirer may not submit a second presentment because the original authorization is no longer considered valid because of the existence of the merchant authorization reversal. However, if the issuer declines the merchant authorization reversal request, the acquirer retains second presentment rights up to the amount of the original authorization.

For more information, see Arbitration Example 16—Merchant Reversals in Chapter 4 of this guide.

Fraud-related Chargebacks

The following message reason codes are fraud-related.

Reason Code	Description
4837	No Cardholder Authorization
4840	Fraudulent Processing of Transactions
4847	Requested/Required Authorization Not Obtained and Fraudulent Transaction
4849	Questionable Merchant Activity
4862	Counterfeit Transaction Magnetic Stripe POS Fraud

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Reason Code	Description
4863 (Arbitration chargeback message reasons RS2 and RS3)	Cardholder Does Not Recognize—Potential Fraud
4870	Chip Liability Shift
4871	Chip/PIN Liability Shift

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In addition to reporting all fraud, including counterfeit transactions, to the System to Avoid Fraud Effectively (SAFE), members also must report transactions generating a fraud-related chargeback to SAFE. MasterCard may assess up to USD 1,000 per chargeback for every transaction that generated a fraud-related chargeback and was not reported to SAFE as specified in Chapter 1 of the *Complete SAFE Manual*. All information provided to SAFE must be accurate, complete, and reported in accordance with fraud reporting categories that MasterCard may establish from time to time.

For message reason codes 4837, 4840, 4847, 4862, and 4870 and fraud-related disputes for message reason codes 4857, 4863, RS 2, and 4863 RS 3, the issuer must supply an e-mail message or a signed cardholder declaration stating that the cardholder did not make or authorize the transaction.

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Prompt reporting of fraud-related transactions helps to identify questionable card acceptor (merchant) activity more quickly and protects the member's chargeback rights.

MasterCard SecureCode and Universal Cardholder Authentication Field (UCAF) Liability Shift Program

An issuer located in a region that has not adopted an intraregional liability shift for merchant-only UCAF adoption for message reason codes 4837 and 4863 must implement MasterCard® SecureCode™ .

Issuers in regions without a merchant-only liability shift are not required to implement MasterCard SecureCode on the following card types:

- All commercial cards, including MasterCard BusinessCard® , MasterCard Executive BusinessCard® , Debit MasterCard BusinessCard® , MasterCard Corporate Card® , MasterCard Corporate Executive Card® , MasterCard Corporate Purchasing Card® , MasterCard Corporate Fleet Card® , and Multi-Card, World MasterCard® for Business, World Elite™ MasterCard® for Business, MasterCard Corporate World, and MasterCard® Corporate World Elite® .
- Non–rechargeable prepaid cards
- Non–rechargeable stored value cards
- Non–rechargeable gift cards

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Members should refer to the *SecureCode Member Enrollment and Implementation Guide* for specific requirements for compliance with this mandate.

A MasterCard region that previously implemented an intraregional merchant-only liability shift may agree to require issuers in that region to implement MasterCard SecureCode. MasterCard has required all Asia/Pacific members that participate as issuers in another international cardholder authentication program to certify that they have enabled their cardholders and their e-commerce merchants for MasterCard SecureCode.

Global SecureCode Liability Shift: MasterCard has implemented a global liability shift program under message reason codes 4837, 4849, and 4863 for e-commerce transactions when all of the following conditions occur:

- The card acceptor is UCAF-enabled.
- The issuer provided the UCAF data for that transaction.
- All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied.
- The Authorization Request Response/0110 message reflected the issuer's approval of the transaction.

Processing procedures and applicable remedies for e-commerce transactions processed under the global liability shift program for message reason codes 4837, 4849, and 4863 are found in sections Message Reason Code 4837—No Cardholder Authorization, Message Reason Code 4849—Questionable Merchant Activity, and Message Reason Code 4863—Cardholder Does Not Recognize—Potential Fraud of this guide.

Some MasterCard regions have implemented intraregional liability shift programs under message reason codes 4837 and 4863 for e-commerce transactions when the card acceptor supports MasterCard SecureCode.

The liability for e-commerce transactions shifts from the acquirer to the issuer for message reason codes 4837 and 4863 intraregional chargebacks in the Europe, Asia/Pacific, Latin America/Caribbean, and South Asia/Middle East/Africa (SAMEA) regions when:

- The card acceptor is UCAF-enabled.
- All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied.
- The Authorization Request Response/0110 message reflected the issuer's approval of the transaction.

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Global Merchant-only Liability Shift for Interregional Transactions:
MasterCard has implemented a global merchant-only liability shift for interregional transactions. In the case of an interregional SecureCode transaction between members located in different regions, liability for e-commerce transactions shifts from the acquirer to the issuer for a message reason code 4837, 4849 or 4863 chargeback when **all** of the following conditions apply: Nov 2007

- The card acceptor is UCAF-enabled.
- All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied.
- The Authorization Request Response/0110 message reflected the issuers approval of the transaction.
- The card is not a commercial card, including MasterCard Business Card, Executive Business Card, Debit Business Card, Corporate Card, Executive Corporate Card, Purchasing Card, Fleet Card, Multi-Card, World MasterCard for Business, World Elite MasterCard for Business, Corporate World MasterCard, and MasterCard Corporate World Elite. Nov 2007

Conditions for Using Message Reason Code 4837

For intraregional e-commerce transactions in the Europe, Latin America/Caribbean, Asia/Pacific, and SAMEA regions, the issuer may not use this message reason code if:

- The issuer or its agent authorized the transaction for which the UCAF collection indicator in DE 48 (Additional Data), subelement 42 (Electronic Commerce Indicators) is **set to 1 or 2**.
- All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied.

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For interregional e-commerce transactions for members located in different regions, the issuer may not use this message reason code if:

- The issuer or its agent authorized the transaction for which the UCAF collection indicator in DE 48 (Additional Data), subelement 42 (Electronic Commerce Indicator) is **either:**
  - Set to **1** and the card is not a commercial card, including MasterCard BusinessCard, MasterCard Executive BusinessCard, Debit MasterCard BusinessCard, MasterCard Corporate Card, MasterCard Corporate Executive Card, MasterCard Corporate Purchasing Card, MasterCard Corporate Fleet Card, and Multi-Card, World MasterCard for Business, World Elite MasterCard for Business, MasterCard Corporate World, and MasterCard Corporate World Elite.

    Or
  - Set to **2** the issuer or its agent authorized the transaction for which the UCAF collection indicator in DE 48 (Additional Data), subelement 42 (Electronic Commerce Indicator) is set to **2**.

    and
- All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied.

Conditions and Supporting Requirements for Acquirer's Second Presentment

The following conditions represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4837 in the Europe, Latin America/Caribbean, Asia/Pacific, and SAMEA regions and between members located in different regions under the merchant-only interregional liability shift for SecureCode transactions.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
For Intraregional Liability Shifts The acquirer can show that the transaction was approved and the card acceptor was UCAF-enabled. (DE 48, subelement 42 contained a UCAF collection Indicator value of "1" or "2" in the Authorization/0100 message). All of the required e-commerce indicators were provided in the Authorization Request/0100 message and the clearing record.	2008 Issuer authorized transactions	None	AUTH MMDDYY/NNNNNN SL n Replace "MMDDYY" with the date the issuer authorization the transaction Replace "NNNNNN" with the authorization approval code Replace "n" of SL n with the value contained in DE48 s42 f3 of the authorization message

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
For the SecureCode Interregional Liability Shifts The acquirer can show that: • The transaction occurred between members located in different regions; and • The card was not a commercial card (including MasterCard BusinessCard, MasterCard Executive BusinessCard, Debit MasterCard BusinessCard, MasterCard Corporate Card, MasterCard Corporate Executive Card, MasterCard Corporate Purchasing Card, MasterCard Corporate Fleet Card, and Multi-Card, World MasterCard for Business, World Elite MasterCard for Business, MasterCard Corporate World, and MasterCard Corporate World Elite; and • The authorization request for the disputed transaction was approved by the issuer or its service provider; and • The UCAF collection indicator. (DE 48, subelement 42, position 3) contained the value of "1" in the Authorization/0100 message; and • All of the required e-commerce indicators were provided in the Authorization Request/0100 message and the clearing record.	2008 Issuer authorized transactions	None	AUTH MMDDYY/NNNNNN SL 1. Replace "MMDDYY" with the date the issuer authorized the transaction Replace "NNNNNN" with the authorization approval code

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Conditions for Using Message Reason Code 4863

For intraregional e-commerce transactions, the issuer may not use this message reason code if:

- The issuer or its agent authorized the transaction for which the UCAF collection indicator in DE 48 (Additional Data), subelement 42 (Electronic Commerce Indicators) is **set to 1 or 2**; and
- All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied.

For interregional e-commerce transactions between members located in different regions, the issuer may not use this message reason code if:

- The issuer or its agent authorized the transaction for which the UCAF collection indicator in DE 48 (Additional Data), subelement 42 (Electronic Commerce Indicator) is **either**:
  - Set to **1** and the card is not a commercial card, including MasterCard BusinessCard, MasterCard Executive BusinessCard, Debit MasterCard BusinessCard, MasterCard Corporate Card, MasterCard Corporate Executive Card, MasterCard Corporate Purchasing Card, MasterCard Corporate Fleet Card, and Multi-Card, World MasterCard for Business, World Elite MasterCard for Business, MasterCard Corporate World, and MasterCard Corporate World Elite

    Or
  - Set to **2** and the issuer or its agent authorized the transaction for which the UCAF collection indicator in DE 48 (Additional Data), subelements 42 (Electronic Commerce Indicator) is set to **2**

    And
- All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied.

Conditions and Supporting Requirements for Acquirer's Second Presentment

The following conditions represent valid remedies or options that the acquirer can use to process a second presentment for the message reason code 4863 in the Europe, Asia/Pacific, Latin America/Caribbean, and SAMEA regions and between members located in different regions under the merchant-only interregional liability shift for SecureCode transactions.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
For Intraregional Liability Shifts The acquirer can show that the transaction was approved and that the card acceptor was UCAF-enabled. (DE 48, subelement 42 contained a UCAF Status Indicator of **1 or 2**). All of the required e-commerce indicators were provided in the Authorization Request/0100 message and the clearing record.	2008 Issuer authorized transactions	None	AUTH MMDDYY/NNNNNN SL n. Replace "MMDDYY" with the date the issuer authorized the transaction Replace "NNNNNN" with the authorization approval code Replace "n" of SL n with the value contained in DE48 s42 f3 of the authorization message
For the SecureCode Interregional Liability Shifts The acquirer can show that: • The transaction occurred between members located in different regions; and • The card was not a commercial card (including MasterCard BusinessCard, MasterCard Executive BusinessCard, Debit MasterCard BusinessCard, MasterCard Corporate Card, MasterCard Corporate Executive Card, MasterCard Corporate Purchasing Card, MasterCard Corporate Fleet Card, and Multi-Card, World MasterCard for Business, World Elite MasterCard for Business, MasterCard Corporate World, and MasterCard Corporate World Elite; and • The authorization request for the disputed transaction was approved by the issuer or its service provider; and	2008 Issuer authorized transactions	None	AUTH MMDDYY/NNNNNN SL 1. Replace "MMDDYY" with the date the issuer authorized the transaction Replace "NNNNNN" with the authorization approval code

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
• The UCAF collection indicator. (DE 48, subelement 42, position 3) contained the value of "1" in the Authorization/0100 message; and • All of the required e-commerce indicators were provided in the Authorization Request/0100 message and the clearing record.			

Cardholder Dispute Chargebacks

The following message reason codes apply to cardholder disputes.

Reason Code	Description
4841	Cancelled Recurring Transaction
4853	Cardholder Dispute—Defective Merchandise/Not as Described
4854	Cardholder Dispute—Not Elsewhere Classified (U.S. region only)
4855	Nonreceipt of Merchandise
4857	Card-Activated Telephone Transaction
4859	Services Not Rendered

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Listed below are some key points to remember before charging back using any of the above cardholder dispute type message reason codes:

- With the exception of message reason code 4859, cardholder dispute chargebacks will not be available to the issuer for Payment Transactions.
- The cardholder must supply a written complaint (or optionally, the issuer may complete and submit a Expedited Billing Dispute Resolution Process Form) to the acquirer in support of message reason codes 4846, 4853, 4854, 4855, 4859 (if applicable), and 4841 (if applicable) stating, as appropriate, the following: Nov 2007
  - The cardholder engaged in the transaction.
  - The cardholder returned or attempted to return the merchandise where applicable.
  - The cardholder attempted to contact or did contact the card acceptor to resolve the dispute.
  - The card acceptor refused to make a price adjustment, repair or replace the goods or other items of value, provide the services, or issue a credit.
- **Merchant Contact Requirement.** Before processing a chargeback, the cardholder must contact the merchant to attempt to resolve the dispute. The cardholder must specify how he attempted to contact the merchant and what the result was. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchant's response is not sufficient to validate the chargeback and in arbitration will be considered invalid. Nov 2007
- The issuer can provide an unedited e-mail message from the cardholder instead of the written cardholder complaint or completed form. The message must meet the requirements given above. By providing this type of documentation, the issuer certifies that it has a relationship with the cardholder, and that the e-mail message is true, accurate, and complete as received from the cardholder.

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- For transactions that occur outside of a cardholder's country, the issuer may act on behalf of the cardholder and fulfill the above requirements by contacting the card acceptor or card acceptor's acquirer. This exception is permitted because geographic or other barriers can make it difficult for the cardholder to resolve the dispute directly with the card acceptor. | Nov 2007
- The issuer may provide the Expedited Billing Dispute Resolution Process Form to the acquirer instead of a cardholder letter for non-fraud chargeback reasons 4831, 4841, 4846, 4853, 4854, 4855, 4857, and 4859. | Nov 2007
- If the cardholder states that the card acceptor delayed the delivery date of goods, the 120-calendar day period is calculated from the latest date that the card acceptor advised the cardholder to expect the goods. (For example, merchandise was on back order, and was not available on the originally agreed upon date. The cardholder, in good faith, agrees to wait. The new delivery date elapses and the merchandise still is not delivered.)

  The cardholder letter or other supporting documentation must state the expected delivery date as advised by the card acceptor. Issuers should be aware however, the acquirer could refute the chargeback under the following circumstances:

  – The acquirer shows proof that the card acceptor made, or attempted to make, the delivery and the cardholder refused the delivery.

  – The acquirer provides documentation establishing that the card acceptor did not state that it would provide the goods on the date given by the cardholder.
- The cardholder may initiate a dispute and receive a full credit for the transaction if the issuer processes a valid chargeback under the conditions specified for the particular cardholder dispute message reason described in this chapter. In cases of a valid dispute, transaction disclosures or terms concerning, for example, a partial credit or a restocking fee are not applicable.
- Chargebacks are available to the issuer for MasterCard transactions in which any type of "chip" or other value usable for gambling is purchased at any gambling card acceptor. However, for all MasterCard transactions, issuers have no chargeback rights related to the use of these chips or value, unspent chips or value, or on any winnings resulting from use of such chips or value.
- Issuers must not submit chargebacks for the cash back amount of Debit MasterCard purchase with cash back transactions for message reason codes 4853, 4854, 4855, and 4859. If initiating a chargeback for the purchase amount (or a portion thereof), the issuer must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount).

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Retrieval Request and Documentation-related Chargebacks

The following message reason codes apply to chargebacks for retrieval request and documentation-related chargebacks.

Reason Code	Description
4801	Requested Transaction Data Not Received
4802	Requested/Required Information Illegible or Missing
4863 (First chargeback only)	Cardholder Does Not Recognize—Potential Fraud

Refer to Chapter 6, Retrieval Requests and Fulfillments of this guide for information about retrieval request and fulfillments.

MasterCard Central Site edits will reject chargebacks for message reason codes 4801 and 4802 for the following reasons:

- The issuer did not submit a retrieval request.
- The chargeback date is less than 30 calendar days after the Central Site Business Date of the Retrieval Request/1644-603 message, and the acquirer has not responded that the item is unavailable (retrieval response code E).

  NOTE

  This edit applies only to message reason code 4801.
- The issuer processes the chargeback more than 60 (120 for intra-European transactions) calendar days from the Central Site Business Date of the Retrieval Request/1644-603 message.
- The issuer accepted the retrieval request fulfillment through the MasterCom® electronic imaging system.
- The retrieval request date is more than 120 calendar days plus a ten-calendar day grace period from the Julian date in the Acquirer reference data (DE 31).
- The issuer rejected the image, and MasterCom Image Review ruled in favor of the acquirer.

NOTE

The Julian Date is the day of the year in YDDD format. The year (Y) is the last number of the year, for example "5" for 2005. The day (DDD) is expressed as a three-position number, with a range of 001–366. For example:
001—1 January
140—20 May (non-leap year)
141—20 May (leap year)
This date is the Julian processing date that the acquirer assigned to the First Presentment/1240. It is presented in DE 31.

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Errors in Processing or Procedure

The following message reason codes generally apply to errors in processing or procedure.

Reason Code	Description
4831	Transaction Amount Differs
4834	Duplicate Processing
4835	Card Not Valid or Expired
4842	Late Presentment
4846	Correct Transaction Currency Code Not Provided
4850	Credit Posted as Purchase
4860	Credit Not Processed

Before using one of the above message reason codes, issuers should consider the following:

- The card acceptor or acquirer may have realized that there was an error and processed a credit to the cardholder's account.
- The card acceptor or acquirer could have issued a partial credit to the cardholder's account. For example, the card acceptor could have deducted handling or shipping charges from the transaction amount.
- A transaction that appears to have been duplicated actually may be two legitimate transactions.
- A transaction may be processed late (more than 30 calendar days from the original transaction date). The cardholder still is responsible for payment if it is a legitimate transaction. (The issuer can charge back the transaction if the cardholder account number is statused.)
- Chargebacks are available to the issuer for MasterCard transactions in which any type of "chip" or other value usable for gambling is purchased at any gambling card acceptor. However, for all MasterCard transactions issuers have no chargeback rights related to the use of these chips or value, unspent chips or value, or on any winnings resulting from use of such chips or value.
- Issuers must not submit chargebacks for the cash back amount of Debit MasterCard purchase with cash back transactions for message reason code 4860. If initiating a chargeback for the purchase amount (or a portion thereof), the issuer must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount).

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- Refer to section 2.1.8 Returned Merchandise, Adjustments, Credits, and Other Specific Terms of a Transaction of this guide for information concerning returned merchandise and adjustments, credit slips, and special transaction terms.
- The cardholder may initiate a dispute, and receive credit for the transaction, if the issuer processes a valid chargeback under the conditions specified for the particular message reason described in this chapter. A card acceptor is not obligated to accept returned merchandise or cancel services solely because the cardholder changed his or her mind. (This commonly is referred to as "buyer's remorse.") However, if the card acceptor does accept the returned goods or cancels the services, it must issue a credit to the cardholder's MasterCard account, unless the card acceptor properly disclosed its credit policy at the time of the transaction. (For example, the card acceptor disclosed that it would issue only an in-store credit when the cardholder returned the goods or cancelled the services.)

EMV Chip Transactions

The following message reason codes are affected if the transaction was completed using chip technology:

- 4807—Warning Bulletin File
- 4808—Requested/Required Authorization Not Obtained
- 4812—Account Number Not on File
- 4835—Card Not Valid or Expired
- 4837—No Cardholder Authorization
- 4847—Exceeds Floor Limit—Not Authorized and Fraudulent Transaction
- 4862—Counterfeit Transaction Magnetic Stripe POS Fraud

The following message reason codes are affected if the transaction was completed using chip/PIN technology:

- 4801—Requested Transaction Data Not Received
- 4802—Requested/Required Information Illegible or Missing
- 4807—Warning Bulletin File
- 4812—Account Number Not on File
- 4837—No Cardholder Authorization
- 4847—Exceeds Floor Limit—Not Authorized and Fraudulent Transaction
- 4857—Card-Activated Telephone Transaction (fraud only)
- 4862—Counterfeit Transaction Magnetic Stripe POS Fraud

Refer to section 2.8 Processing EMV Chip Transactions for information about processing EMV chip transactions and the Chip Liability Shift Program.

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For message reason codes applicable to lost, stolen, and never-received-issue fraudulent transactions involving CVM fallback, refer to section 2.8.1.2 CVM Fallback. For message reason codes applicable to counterfeit fraudulent transactions involving technical fallback, refer to section 2.8.1.3Technical Fallback.

Progressive Handling Fees

The Progressive Handling Fee program applies only to non–face-to-face transactions excluding Cardholder-Activated Terminal (CAT) Level 2 transactions.

NOTE

Progressive handling fees do not apply to intra-European transactions.

Progressive Handling Fee Overview

Members may process a handling fee in conjunction with message reason codes 4807, 4808, or 4847 as follows solely for all non–face-to-face transactions except Self-Service Terminal/CAT Level 2 transactions.

The handling fee, identified with the correct message reason code, compensates the member for the cost of processing one of the following, or for the cost of reversing an invalid handling fee (using Message Reason Code 7627):

- First chargeback (Message Reason Code 7622)
- Second presentment (Message Reason Code 7623)
- Arbitration chargeback (Message Reason Code 7624)

Issuer Use of Message Reason Code 7622

The issuer may collect a USD 25 handling fee when processing a chargeback by submitting an IPM Fee Collection/1740-700 message with Message Reason Code 7622. The issuer must process its handling fee within five calendar days of the Central Site Business Date of the chargeback.

Acquirer Use of Message Reason Code 7623

The acquirer may collect a handling fee when processing a second presentment by submitting an IPM Fee Collection/1740-700 message with Message Reason Code 7623, except when

- The acquirer is collecting a handling fee for the same transaction using an IPM Fee Collection/1740-700 message with Message Reason Code 7627

  Or

- The second presentment contains corrected or previously omitted information that remedies the chargeback. (Such information may include, but is not limited to, a transaction date, card acceptor location, or authorization code.)

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The amount of the handling fee is USD 50 plus the amount of the handling fee that the issuer previously collected for the chargeback, if any. The acquirer must process its handling fee within 15 calendar days of the Central Site Business Date of the second presentment. MasterCard will determine responsibility for the progressive handling fee if the chargeback is filed as an arbitration case.

Issuer Use of Message Reason Code 7624

The issuer may collect a handling fee when processing an arbitration chargeback that disputes the validity of the information provided by the acquirer with the second presentment. The issuer may collect the handling fee by submitting an IPM Fee Collection/1740-700 message with Message Reason Code 7624. The amount of the handling fee is USD 50 plus the amount of any handling fee that the acquirer previously collected, whether for the second presentment, or to reverse the handling fee previously collected by the issuer for the chargeback, or both. The amount of the fee is restricted to USD 50 if the acquirer did not collect any handling fee associated with the second presentment. The issuer must process its handling fee within 15 calendar days of the Central Site Business Date of the arbitration chargeback. MasterCard will determine responsibility for the progressive handling fee if the chargeback is filed as an arbitration case.

Acquirer Use of Message Reason Code 7627—No MAC Provided

If the issuer collected a handling fee using an IPM Fee Collection/1740-700 message with Message Reason Code 7622, but the transaction was a recurring payment transaction and the issuer's decline response did not include an associated Merchant Advice Code (MAC) as described below, the acquirer may collect a handling fee of USD 25 plus the amount that the issuer previously collected for the chargeback by submitting an IPM Fee Collection/1740-700 message with Message Reason Code 7627. The acquirer must process the handling fee within 15 calendar days of receiving the IPM Fee Collection/1740-700 message with Message Reason Code 7622. In the IPM Fee Collection/1740-700 message with Message Reason Code 7627, the acquirer must include in DE 72 (Data Record) the information it received in DE 72 (Data Record) of the original message with Message Reason Code 7622 and the code "NO MAC."

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Message Reason Code 7627 applies because an issuer is not entitled to a handling fee if its response to a recurring payment authorization request, other than an approval that was properly identified, did not include a Merchant Advice Code. The conditions below must be satisfied for an acquirer to collect the handling fee for "NO MAC" as described above:

- The authorization request was identified properly (DE 61, subfield 4 = 4 [Standing Order/Recurring Transaction])

  And

- The issuer's decline response did not include an associated MAC (DE 48, subelement 84) of 01, 02, or 03. (This does not include X-Code or Stand-In declines)

  And

- The clearing message was identified as a recurring transaction (DE 22 [Cardholder Present Data], subfield 5 value 4 [Cardholder not present; standing (recurring) transaction]).

Acquirer Use of Message Reason Code 7627—Face-to-Face or CAT Level 2 Transaction

If the acquirer receives a handling fee in an IPM Fee Collection/1740-700 message with Message Reason Code 7622, but the transaction was either a face-to-face transaction or a Self-Service Terminal/CAT Level 2 transaction, the acquirer may collect a handling fee of USD 25 plus the amount that the issuer collected by submitting an IPM Fee Collection/1740-700 message with Message Reason Code 7627. The acquirer must process the handling fee within 15 calendar days of receiving the IPM Fee Collection/1740-700 message with Message Reason Code 7622. In the IPM Fee Collection/1740-700 message with Message Reason Code 7627, the acquirer must include in DE 72 (Data Record) the information it received in DE 72 (Data Record) of the original message with Message Reason Code 7622 and the code **F2F** for a face-to-face transaction or the code **CT2** for a Self-Service Terminal/CAT Level 2 transaction.

Message Reason Code 7627 applies because an issuer is not entitled to a handling fee for a face-to-face transaction or Self-Service Terminal/CAT Level 2 transaction. The acquirer must provide the values listed in the table below in the First Presentment/1240 message to collect the handling fee as described above.

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For this type of transaction...	Provide these values in the First Presentment/1240 message...
A face-to-face transaction	In DE 22 (Point of Service Data Code): Value of **1** (Attended Terminal) in subfield 4 (Terminal Operating Environment) Value of **0** (Cardholder Present) in subfield 5 (Cardholder Present Data) Value of **1** (Card Present) in subfield 6 (Card Present Data)
A Self-Service Terminal/CAT Level 2 transaction	Value of **CT2** in PDS 0023 (Terminal Type)

The **F2F or CT2** handling fee compensates the acquirer for the issuer's invalid handling fee and the cost of processing its reversal.

The acquirer cannot submit an IPM Fee Collection/1740-700 message with Message Reason Code 7627 if the original presentment was not properly identified as a face-to-face transaction or Self-Service Terminal/CAT Level 2 transaction. However, if the acquirer can remedy the chargeback, then the acquirer can collect the progressive handling fee associated with the second presentment using Message Reason Code 7623, even if the original presentment was misidentified.

Required Fields in Fee Collection Messages

Members must include the following fields in every Fee Collection/1740-700 message in which DE 25 (Message Reason Code) contains a value of 7622, 7623, 7624, or 7627:

- DE 2 (Primary Account Number)
- DE 31 (Acquirer Reference Data)
- DE 72 (Data Record)
- DE 73 (Date, Action)

If any of the data elements described above are missing, incomplete, or invalid, the receiving member may return a Fee Collection/1740-700 message for the same amount originally received using the following:

- The original message reason code
- Applicable function code of 780 (Fee Collection Return), 781 (Fee Collection Resubmission), or 782 (Fee Collection Arbitration Return)

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Members must retain the information provided in DE 72 (Data Record) from the original Fee Collection/1740-700 message. Members must use the remaining positions to describe the reason they are returning the Fee Collection/1740-700 message.

Reasons for returning a Fee Collection/1740 message may include:

- Primary Account Number (PAN) Missing
- Acquirer Reference Data Missing
- Data Record Missing
- Data Record Not Formatted Correctly
- Date Action Missing
- Fee Collection Time Frame Exceeded
- Incorrect Fee Amount

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3.1 Chargeback Message Reason Codes

The following table is a summary of processing requirements.

Chargeback Message Reason Codes		Documentation Required	Retrieval Request Required	Time Frame	Section No.
4801	Requested Transaction Data Not Received	Sometimes	Yes	60	3.2
4802	Requested/Required Item Illegible or Missing	No	Yes	60	3.3
4807	Warning Bulletin File	No	No	45	3.4
4808	Requested/Required Authorization Not Obtained	No	No	45	3.5
4812	Account Number Not on File	No	No	45	3.6
4831	Transaction Amount Differs	Yes	No	120	3.7
4834	Duplicate Processing	No	No	120	3.8
4835	Card Not Valid or Expired	Sometimes	No	120	3.9
4837	No Cardholder Authorization	Yes	No	120	3.10
4840	Fraudulent Processing of Transactions	Yes	No	120	3.11
4841	Canceled Recurring Transaction	Sometimes	No	120	3.12
4842	Late Presentment	No	No	120	3.13
4846	Correct Transaction Currency Code Not Provided	Sometimes	No	120	3.14
4847	Requested/Required Authorization Not Obtained and Fraudulent Transaction	Yes	No	120	3.15
4849	Questionable Merchant Activity	No	No	120	3.16
4850	Credit Posted as a Purchase	No	No	120	3.17
4853	Cardholder Dispute—Defective/Not as Described	Yes	No	120	3.18
4854	Cardholder Dispute—Not Elsewhere Classified (U.S. Region Only)	Yes	No	120	3.19
4855	Nonreceipt of Merchandise	Yes	No	120	3.20
4857	Card-Activated Telephone Transaction	Sometimes	No	120	3.21

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Chargeback Message Reason Codes		Documentation Required	Retrieval Request Required	Time Frame	Section No.
4859	Services Not Rendered [1]	Yes	No	120 [1]	3.22
4860	Credit Not Processed	Yes	No	120	3.23
4862	Counterfeit Transaction Magnetic Stripe POS Fraud	Yes	No	120	3.24
4863	Cardholder Does Not Recognize—Potential Fraud	Sometimes	No	120	3.25
4870	Chip Liability Shift	Yes	No	120	3.26
4871	Chip/PIN Liability Shift	Yes	No	120	3.27

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[1] 4859 Services Not Rendered "RS" Reasons:

RS 1 = Services not provided
RS 2 = Payment by other means
RS 3 = ATM dispute
RS 4 = Airline flight not provided
RS 5 = Guaranteed no-show:

NS 1 = Has cancellation number
NS 2 = No cancellation number
NS 3 = Used accommodations
NS 4 = Alternate accommodations provided
NS 5 = Different rate debited
NS 6 = Not advised of no-show
NS 7 = Not authorized

RS 6 = Payment Transaction
RS 7 = Addendum Dispute

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3.1.1 First Chargeback: MTI 1442

Function Code 450 (Full) / 453 (Partial)

3.1.2 Second Presentment: MTI 1240

Function Code 205 (Full) / 282 (Partial)

3.1.2.1 Technical Return

2001	Invalid Acquirer Reference Data; documentation was received or was not required
2004	Invalid Acquirer Reference Data on chargeback; documentation was received

3.1.2.2 Documentation Return

2002	Nonreceipt of required documentation to support chargeback
2709	Documentation received was illegible
2710	Scanning error—unrelated documents or partial scan

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3.1.2.3 Substance Return

2003	Correct transaction date provided
2005	Correct merchant location/description provided Issuer authorized transaction
2008	Issuer authorized transaction
2011	Credit previously issued
2700	Chargeback remedied. See corresponding documentation.
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit
2703	Requested transaction document provided (requires hardship variance)
2704	Invalid member message text (Data Record)
2705	Correct MCC provided
2706	Authorization advised suspicious
2707	No authorization request required or attempted
2708	Account was not listed on the applicable Warning Bulletin as of the transaction date

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2713	Invalid Chargeback
2870	Chip Liability Shift
2871	Chip/PIN Liability Shift

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3.1.3 Arbitration Chargeback: MTI 1442

Function Code: 451 (Full); 454 (Partial)

3.1.3.1 Technical Return

4905	Invalid Acquirer Reference Data on Second Presentment/1240 (required documentation) Must be used when Message 2001 is received from the acquirer
4908	Invalid Acquirer Reference Data on Second Presentment/1240 (required documentation) Must be used when Message 2004 is received from the acquirer

3.1.3.2 Documentation Return

4901	Required documentation not received to support previous Second Presentment/1240.
4902	Documentation received was illegible.
4903	Scanning error—Unrelated documents or partial scan.
4904	Reserved

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3.1.4 Second Presentment/1240 IPM (Function Codes 205 or 282) Message Reason Code Usage

This section lists definitions for the Second Presentment/1240 IPM message reason codes.

Table 3.1—Second Presentment/1240 IPM Message Reason Code Definitions

Message Reason Code	Definition
2000—Generic System Generated	This message reason code appears on interregional second presentments received from MasterCard Europe, and it is added to the chargeback message by MasterCard.

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Message Reason Code	Definition
2001—Invalid Acquirer Reference Data; Documentation was Received or was Not Required	The acquirer must use this message reason code to notify the issuer that the combination of Primary Account Number and Acquirer Reference Data on the chargeback message does not match the information contained in the first presentment, and that documentation sent by the issuer was received or that no documentation was required to be sent.
2002—Non-receipt of Required Documentation to Support Chargeback	An acquirer must use this message reason code when documentation that is required to support the chargeback is not received. Acquirers must wait a minimum of eight calendar days from the first chargeback before using this message reason code. The acquirer may use this message reason code between days 9 and 45. The successful processing of a second presentment for this message reason code will block any attempt by the issuer to process an arbitration chargeback if the message reason code used during the first chargeback always requires documentation to support the chargeback. The acquirer must accept documentation received more than eight calendar days after processing the first chargeback as long as the acquirer has not yet processed a second presentment for this message reason code as of the time the documentation is received.
2003—Correct Transaction Date Provided	Acquirers must use this message reason code in cases where the chargeback may be remedied by providing the correct transaction date. For example, a first chargeback for message reason code 4807—Warning Bulletin File may be remedied if the transaction date for the first presentment was incorrect, and the acquirer may provide the correct transaction date and show that the account was not listed in the applicable Warning Bulletin.
2004—Invalid Acquirer Reference Data on Chargeback; Documentation was received	The acquirer must use this message reason code to notify the issuer that the combination of Acquirer Reference Data/Primary Account Number on the chargeback message does not match the information contained in the first presentment and that documentation that was received to support the issuer's first chargeback.
2005—Corrected Merchant Location/Description Provided	The acquirer must use this message reason code when it can remedy the first chargeback by providing new information in the form of a different merchant name or location. For example, to remedy a chargeback for message reason code 4808 (Requested/Required Authorization Not Obtained), an acquirer provides information confirming that the merchant's location is different from the location that appeared on the first presentment of the transaction. The new location may reveal that a different floor limit applies to the transaction and that authorization was not required, therefore remedying an issuer's initial chargeback.
2008—Issuer Authorized the Transaction	The acquirer must use this message reason code when it can remedy the first chargeback by providing information showing that the transaction was properly authorized by the issuer, its agent, or MasterCard. For example, an acquirer may remedy a chargeback for message reason code 4807 (Warning Bulletin File) if it can show that the transaction was authorized when the card was presented to the merchant for payment (for example, check-in for hotel stay).

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Message Reason Code	Definition
2011—Credit Previously Issued	The acquirer must use this message reason code when it can remedy the first chargeback by showing that the merchant issued a credit to the cardholder's account. The Data Record must contain the date of the credit and, optionally, the Acquirer's Reference Data (ARD) of the credit.
2700—See Corresponding Documentation/Chargeback Remedied	An acquirer must use this message reason code when the remedy to the chargeback is included within the documentation supporting the second presentment, and no other message reason code is applicable to describe the remedy. For example, if the only remedy the acquirer has to a first chargeback for message reason code 4837 is providing a signed and imprinted TID, the acquirer must use this message reason code. If the second presentment is better described using another message reason then the message reason code that best describes the remedy must be used (for example, 2011 Credit Previously Issued). When using 2700, the documentation indicator must be 1 (Documentation Provided).
2701—Duplicate Chargeback	The acquirer must use this message reason code to remedy situations where the issuer has processed a first chargeback for the same transaction more than once. An exception to this rule occurs when the acquirer has previously remedied a first chargeback for message reason code 4802, and possibly 4801, when a hardship variance was granted. In such instances, the issuer is allowed to initiate a new first chargeback for a different message reason code. Please refer to section 3.2 Message Reason Code 4801—Requested Transaction Data Not Received and section 3.3 Message Reason Code 4802—Requested/Required Information Illegible or Missing of the Chargeback Guide for details.
2702—Past Chargeback Time Limit	The acquirer must use this message reason code when the issuer's first chargeback is processed past the time limit allowed for the chargeback.
2703—Requested Transaction Documentation Provided (Hardship Variance)	The acquirer must use this message reason code when processing a second presentment within the guidelines of a Hardship Variance that has been approved by MasterCard. A Hardship Variance may be granted in case of a natural disaster, and must be applied for by the acquirer, and approved by MasterCard. Refer to section 1.7.1 GCMS Support of Time Frames of the *Chargeback Guide* for additional information regarding hardship variances.
2704—Invalid Member Message Text (Data Record)	The acquirer must use this message reason code when information that is required to appear in the first chargeback's Data Record as stated in the Chargeback Guide, and the required message text (DE 72 Data Record) is missing or incomplete and the lack of such information renders the chargeback invalid. For example, the issuer processes a first chargeback for message reason code 4834 (Duplicate Processing) without including the Acquirer's Reference Data of the first transaction in the chargeback's Data Record. Without that information, the acquirer is unable to investigate the case properly, and therefore, the chargeback would become invalid.

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Message Reason Code	Definition
2705—Correct MCC Provided	The acquirer must use this message reason code when remedying a chargeback by showing that the card acceptor business code (MCC) assigned to the merchant is different from the MCC appearing on the first presentment. For example, the acquirer may remedy a chargeback for message reason code 4808 (Requested/Required Authorization Not Obtained) by showing that the merchant belongs to a category for which the merchant is not required to request authorization for the transaction amount.
2706—Authorization Advised Suspicious	The acquirer must use this message reason code when the remedy to a first chargeback for message reason code 4808 is based on the Additional Processing Note "Declined Authorization Response on Unrecoverable Goods or Services" that appears under section 3.6.Additional Processing Notes of the *Chargeback Guide*. For example, after selling unrecoverable goods or services (such as, transactions at a restaurant or haircuts), the merchant informs the issuer that the transaction is suspicious and the issuer declines a transaction equal to or under the floor limit.
2707—No Authorization Required or Attempted	The acquirer must use this message reason code when the transaction amount was below the applicable floor limit, and the merchant did not request an authorization.
2708—Account was Not Listed on the Applicable Warning Bulletin as of the Transaction Date	The acquirer must use this message reason code to remedy chargebacks for message reason code 4807 when the acquirer's investigation reveals that the issuer had not included the account number in the applicable Warning Bulletin as of the date the card was first presented to the merchant for payment.
2709—Documentation Received was Illegible	The acquirer must use this message reason code only when information that is relevant to the first chargeback is illegible to the point where it cannot be established that the first chargeback is valid. Acquirers must make every attempt to qualify the documentation before using this message reason code. If an arbitration case is filed as the result of the chargeback, and staff can validate that the documentation is legible, it will be determined that the acquirer processed an invalid second presentment.
2710—Scanning Error—Unrelated Documents or Partial Scan	This message reason code deals solely with the quality of the MasterCom scan of the documentation. **Do not use this message reason code if the substance of the documentation received shows that the issuer processed an invalid first chargeback.** The acquirer must use this message reason code when the first chargeback documentation does not correspond to the transaction being charged back (for example; the documentation concerns a different transaction) or when the documentation is incomplete because of a scanning error. For example, the documentation provided is a partial scan with missing information, or it relates to another card or to another transaction.

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Message Reason Code	Definition
2713—Invalid Chargeback	The acquirer may use this message reason code when the first chargeback does not meet the prerequisites for that message reason code stated in this guide. For example, an issuer processes a chargeback for message reason code 4837 (No Cardholder Authorization), with a cardholder letter alleging non-receipt of merchandise. Since message reason code 4837 does not address issues related to non-receipt of merchandise, the issuer's first chargeback was invalid, it does not meet the pre-requisites of message reason code 4837, which require the chargeback to include a cardholder letter stating that the transaction was not authorized. Acquirers must use care when using this message reason code, the nature of this message reason code is technical in nature, and does not always address the true nature of the dispute. If the acquirer is incorrect in the use of this message reason code and staff rules that the original chargeback was valid, the acquirer has lost its right to bring the dispute to arbitration.
2870—Chip Liability Shift	Effective 13 April 2007, the acquirer must use this message reason code to invoke the chip liability shift for counterfeit fraudulent transactions in response and as a final remedy to a first chargeback submitted under message reason code 4807, 4812, 4837, 4857, or 4862. Refer to section 2.8.2 Chip Liability Shift Program in this guide for more information about the Chip Liability Shift Program.
2871—Chip/PIN Liability Shift	Effective 12 October 2007, the acquirer may use this message reason code to invoke the chip/PIN liability shift for lost, stolen, and never-received-issue fraudulent transactions in response and as a final remedy to a first chargeback submitted under message reason code 4837. If the second presentment message reason code 2871 is valid, the issuer is prohibited from pursuing the dispute with an arbitration chargeback. Refer to section 2.8.2 Chip Liability Shift Program in this guide for more information about the Chip Liability Shift Program.

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3.1.5 Arbitration Chargeback/1442 IPM (Function Codes 451 or 454) Message Reason Code Usage

This section lists definitions for the Arbitration Chargeback/1442 IPM message reason codes.

Table 3.2—Arbitration Chargeback/1442 IPM Message Reason Codes

Message Reason Code	Definition
4900—Generic System Generated	This code appears on interregional arbitration chargebacks received from MasterCard Europe, and it is added to the second presentment message by MasterCard.

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Message Reason Code	Definition
4901—Required Documentation Not Received to Support Second Presentment	The issuer must use this message reason code when documentation that is required to support the second presentment is not received within 8 calendar days of the second presentment. The issuer may use this message reason code between days 9 and 45 after the second presentment. The successful processing of an arbitration chargeback for this message reason code will forfeit the acquirer's right to send the case to arbitration. Documentation received more than 8 calendar days after processing the second presentment must be accepted by the issuer, as long as the issuer has not yet processed an arbitration chargeback as of the time the documentation is received.
4902—Documentation Received was Illegible	The issuer must use this message reason code only when information that is relevant to the second presentment is illegible to the point where it cannot be established that the second presentment is valid. Issuers must make every attempt to try to qualify the documentation before using this message reason code. If staff can validate that the documentation is sufficiently legible to remedy the chargeback, the issuer will have processed an invalid arbitration chargeback.
4903—Scanning error—Unrelated Documents or Partial Scan	This message reason code deals solely with the quality of the MasterCom scan of the documentation. **Do not use this message reason code if the substance of the documentation received shows that the acquirer processed an invalid second presentment.** The issuer must use this message reason code when the second presentment documentation does not correspond to the transaction being charged back (such as; the documentation concerns a totally different transaction) or when the documentation is incomplete because of a scanning error. For example, a partial scan of a larger document or the documentation relates to another card or to another transaction.
4905—Invalid Acquirer's Reference Data in Second Presentment; Documentation Received or not Required	The issuer must use this message reason code in response to a second presentment using message reason code 2001.
4908—Invalid Acquirer's Reference Data in Second Presentment; Documentation Received.	The issuer must use this message reason code in response to a second presentment using message reason code 2004.

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Message Reason Code	Definition
48NN—Select Reason Codes Apply	48NN is an abbreviation that applies to the arbitration chargeback (cycle 3) showing one of two conditions: • The issuer continues the arbitration chargeback for the same message reason code as the original chargeback because the acquirer either failed to remedy the first chargeback or the issuer is providing progressive documentation (when appropriate) and the same message reason code used with the first chargeback still applies. Or • The second presentment documentation provides new information that remedies the original chargeback, but based on the second presentment, the issuer finds that a new and valid chargeback reason is applicable to the case. In such case, the issuer must change the message reason code to the new and valid chargeback reason with the processing of the arbitration chargeback (cycle 3).
4801	Requested transaction data not received.
4802	Requested information illegible or missing.
4807	Warning Bulletin File
4808	Requested/required authorization not obtained
4812	Account number not on file
4831	Transaction amount differs
4834	Duplicate processing
4835	Card not valid or expired
4837	No cardholder authorization
4840	Fraudulent processing of transaction
4841	Cancelled recurring transaction
4842	Late presentment
4846	Correct transaction currency code was not provided
4847	Requested/Required Authorization Not Obtained and Fraudulent Transaction
4849	Questionable merchant activity
4850	Credit posted as purchase
4853	Cardholder Dispute—Defective/Not as described
4854	Cardholder dispute not elsewhere classified (U.S. only)
4855	Nonreceipt of merchandise
4857	Card-activated phone transaction

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Message Reason Code	Definition
4859	Services not rendered.
4860	Credit not processed
4862	Counterfeit transaction; magnetic stripe POI fraud
4863	Cardholder Does Not Recognize—Potential Fraud
4870	Chip Liability Shift
4871	Chip/PIN Liability Shift

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3.2 Message Reason Code 4801—Requested Transaction Data Not Received

The issuer may charge back the amount of the requested item using message reason code 4801 if it did not receive an original, substitute draft, or copy of a transaction information document (TID) within 30 calendar days following the Central Site Business Date of the Retrieval Request/1644-603 message. The issuer must submit the chargeback within 60 calendar days of the Central Site retrieval request date.

The issuer may not use this chargeback reason if

- The retrieval request is submitted more than 120 calendar days after the Central Site Business Date of the original transaction or if the issuer received the fulfillment for the Retrieval Request/1644–603 message before the chargeback

  Or

- The transaction was a properly identified *PayPass* transaction equal to or less than USD 25. Refer to section 2.12 Processing *PayPass* Transactions of this guide for more information about specific data element requirements for *PayPass* transactions

  Or

- The transaction was a chip/PIN transaction where the transaction certificate and related data was provided in DE 55 of the First Presentment/1240 message.

For intra-European transactions only. The issuer must submit the chargeback within 120 calendar days of the Central Site retrieval request date. In addition, the issuer must supply documentation that proves the issuer is facing financial loss because of the acquirer's non-fulfillment of the retrieval request. Refer to section 3.2.5 Additional Processing Notes for an example.

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3.2.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
Issuer must wait 30 calendar days from the Central Site Business Date of the Retrieval Request/1644-603 message, and must submit the chargeback within 60 calendar days of the Central Site retrieval request date.	Yes	Sometimes	DATE MMDDYY TYPE X CTL NNNNNNNNN Replace "MMDDYY" with the date the issuer submitted the retrieval request Replace "X" with one of the following numeric codes used to identify the type of TID requested by the issuer: **1** = Hard copy original document **2** = Copy or image of original document **4** = Substitute draft Replace "NNNNNNNNN" with the issuer's control number. The control number is only used by the issuer. If the issuer receives the item from the acquirer outside of the MasterCom system, and it is insufficient, use the following words: INV DOCXX, Replace "XX" with one of the following codes used to identify the reason the item does not satisfy the retrieval request: **01** = wrong item provided **02** = other (specify in DE 72 [Data Record])
For intra-European transactions only: The issuer must wait 30 calendar days from the Central Site Business Date of the Retrieval Request/1644-603 message and must submit the chargeback within 120 calendar days of the Central Site retrieval request date.	Yes	Yes	DATE MMDDYY TYPE X CTL NNNNNNNNN (CTL is the issuer's control number) Replace "MDDDYY" with the date of the retrieval request Replace "X" with one of the following numeric codes used to identify the type of TID request by the issuer: **1** = Hard copy original document **2** = Copy or image of original document **4** = Substitute draft If the issuer receives the item from the acquirer outside of the MasterCom system, and it is insufficient, use the following words: INV DOCXX Replace "XX" with one of the following codes used to identify the reason the item does not satisfy the retrieval request: **01** = wrong item provided **02** = other (specify in DE 72 [Data Record])

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3.2.2 Conditions for Using Message Reason Code 4801

The issuer may use reason code 4801 only when there is a justifiable reason for the cardholder not to pay the charge because the acquirer did not provide the requested item. For example, if a cardholder requested a copy of the transaction information document for his or her records, and neither the cardholder nor issuer incurred a financial loss, the issuer should not initiate this chargeback.

If the documentation that the acquirer provides through the MasterCom system does not satisfy the requirement for the retrieval request, the issuer must reject the item within 10 calendar days of receipt to Image Review with reject reason code "W." The issuer may not initiate a chargeback unless it receives a favorable response from Image Review.

If the issuer receives an acquirer's response code of A, B, or C through the MasterCom system and it determines that the response is invalid, it must reject the item to Image Review within 10 calendar days of receipt. (Refer to section 6.3.8 Image Review Guidelines for Rejecting Acquirer's Response Codes for details.)

For QPS transactions, please refer to section 2.10 Quick Payment Service (QPS) Program of this guide for qualifying merchant categories and applicable floor limits.

The issuer must provide documentation to Image Review to support an acquirer's invalid response code. The issuer may not originate a chargeback for this reason unless it receives a favorable response from Image Review.

The issuer has chargeback rights under the following conditions:

- It receives documentation or a response to a retrieval request outside the MasterCom system, and the documentation provided does not satisfy the request or requirement for retrieval request fulfillment.
- It receives an invalid acquirer's response code of A, B, or C and it can document the response to be invalid. To submit a chargeback under these above conditions, the issuer must provide the following:
  - "INV DOC XX" with the applicable code in the DE 72 (Data Record) of the First Chargeback/1442 message
  - Documentation to the acquirer to support that it received an invalid acquirer's response code of A, B, or C.

3.2.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

Second presentments are prohibited unless the acquirer has received and has been granted a hardship variance. Refer to section 1.7.1 GCMS Support of Time Frames for more information about hardship variance.

For intra-European transactions only. Second presentments are also permitted if the issuer failed to supply documentation with the first chargeback to justify its financial loss.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer provided the requested documentation. **Note:** This message reason can be used only when a hardship variance was granted to the acquirer	2703 Requested transaction document provided	A copy of the TID	None The member can send text in DE 72 (Data Record) at its option
For intra-European transactions only: The acquirer did not receive any documentation to justify the issuer's financial loss.	2002 Nonreceipt of required documentation to support chargeback	None	None

3.2.4 Arbitration Chargeback

An arbitration chargeback does not apply for this message reason code, unless the issuer receives a second presentment from a member that has requested and been granted a hardship variance, but still does not receive the requested item. In this case, the issuer would process an Arbitration Chargeback/1442 message using message reason 4901.

3.2.5 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

Intra-European transactions. The issuer must supply documentation that proves the issuer is facing financial loss due to the acquirer's non-fulfillment of the retrieval request. For example, if the issuer is required under national law to supply a copy of a transaction receipt if the cardholder requests it, the issuer must supply a copy of the national law (and a translation if needed) and a cardholder letter requesting the transaction receipt copy. If the acquirer determines that the issuer's proof of financial loss is not sufficient to support the chargeback, the chargeback is invalid and the acquirer may direct file a compliance case against the issuer.

Acquirer's Response Code "E". If the acquirer responded that it cannot provide the requested item (acquirer's response code E), the issuer may charge back immediately and does not have to wait 30 days.

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Hardship Variance. If an issuer receives a legible copy of the TID through a second presentment from a member that has granted a hardship variance and, after viewing the document for the first time, determines that it has another chargeback right for a different reason, it must use the following procedure:

1. Issue a new First Chargeback/1442 message with a different message reason.
2. Submit the new chargeback within 45 calendar days of the second presentment or within the remaining allowable time frame for the new message reason, whichever is greater. This provides both the issuer and acquirer with the full three cycles to resolve the dispute.

Refer to section 1.7.1 GCMS Support of Time Frames for information about hardship variances.

Substitute Drafts. The issuer cannot process a chargeback for message reason code 4801 solely because the acquirer did not provide the specific information requested in the original retrieval request.

Potential Compliance Rights for an Improper Chargeback for Message Reason Code 4801. The acquirer has a compliance right if it received an invalid chargeback and the acquirer properly fulfilled all requests through the MasterCom system within the time frame requirement. The acquirer may direct file the compliance case against the issuer within 45 calendar days of the Central Site Business Date of the invalid chargeback, for a violation of section 3.3 of this guide (Requested Transaction Data Not Received). A pre-compliance letter (good-faith effort) before the case filing is not required.

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3.3 Message Reason Code 4802—Requested/Required Information Illegible or Missing

The issuer may charge back the amount of the requested item using message reason code 4802 when a favorable Image Review decision is received under the following circumstances:

- If, in response to a retrieval request, it receives a TID or substitute draft that is missing required information.
- If the TID contains illegible information that is required in the resolution process.

The issuer may not use this chargeback reason if:

- The retrieval request is submitted more than 120 calendar days after the Central Site Business Date of the original transaction, or
- The transaction was a properly identified *PayPass* transaction equal to or less than USD 25. Refer to section 2.12 Processing *PayPass* Transactions of this guide for more information about specific data element requirements for *PayPass* transactions, or
- The transaction was a chip/PIN transaction where the transaction certificate and related data was provided in DE 55 of the First Presentment/1240 message.

3.3.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
60 calendar days from the date of the Retrieval Request/1644-603 message.	Yes	None	ILCDXX Replace "XX" with one of the following codes and specify the missing or illegible information: **01**—Account number (A truncated account number on an electronically generated TID does not constitute missing or illegible information.) **02**—Transaction date **03**—Amount **04**—Invalid substitute draft **05**—Card acceptor name, card acceptor location, or both **06**—Other (specify in DE 72 [Data Record])

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3.3.2 Conditions for Using Message Reason Code 4802

If the acquirer supplied the TID through the MasterCom system, the issuer has 10 calendar days from the date the image was delivered to either accept it or reject it for legibility or missing information. If the issuer does reject the image, a MasterCard representative at the Image Review workstation at Central Site will review it and decide in favor of either the issuer or the acquirer. The MasterCom Image Review process does not determine whether the issuer has a valid chargeback reason, but whether the item used as fulfillment constitutes a valid fulfillment of the request.

If Image Review decides in favor of the issuer, the issuer may initiate a chargeback under message reason code 4802.

If Image Review decides in favor of the acquirer, the issuer cannot charge back the transaction under message reason code 4802.

For QPS transactions, please refer to section 2.10 Quick Payment Service (QPS) Program of this guide for qualifying merchant categories and applicable floor limits.

Additional chargeback requirements and limitations apply to World MasterCard Card T&E transactions. Refer to section 1.6.1.1 World MasterCard T&E Interchange Rate Program of this guide for more information.

3.3.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer may choose to process a second presentment for message reason code 4802.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer provides one of the following: • Information that was previously missing or illegible • A legible and complete copy of the TID	2700 Chargeback remedied. See corresponding documentation	Copy of TID or invoice as appropriate	None

Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard processing procedure.

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3.3.3.1 Additional Remedies

In addition to the codes in the previous section, acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4802.

Reason Code	Description
2011	Credit issued
2701	Duplicate chargeback
2702	Past chargeback time limit
2713	Invalid chargeback

3.3.4 Arbitration Chargeback

The issuer may initiate an arbitration chargeback if it does not receive a legible or complete TID. However, the issuer must provide documentation with the arbitration chargeback to verify that it incurred or anticipates financial loss resulting from the missing or illegible information. The issuer cannot rely on the rule violation itself to justify the chargeback. To process an arbitration chargeback, the issuer must submit an Arbitration Chargeback/1442 message with message reason 4902.

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.3.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

3.3.6 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

Changing Chargeback Message Reason Code 4802 to a Different Chargeback Message Reason. If an issuer receives a legible copy of the TID through a second presentment and, after viewing the document for the first time, determines that it has another right of chargeback for a different reason, the issuer must use the following procedure:

1. Issue a new First Chargeback/1442 message with a different message reason.
2. Submit the new chargeback within 45 calendar days of the second presentment or within the remaining allowable time frame for the new chargeback reason, whichever is greater. This provides both issuer and acquirer with the full three cycles to resolve the dispute.

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MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

3.3.7 Associated Fees

Refer to section 6.4.2 Retrieval Fee Reversal and Associated Handling Fees for information about reversal of retrieval fees and the submission of handling fees.

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3.4 Message Reason Code 4807—Warning Bulletin File

The issuer **may use** chargeback reason code 4807 if:

- It receives a transaction that was not previously authorized with an approval response as specified in the MasterCard Authorization System Manual or the European *Authorization Guide*.

  And

- The account number was listed in the Warning Bulletin on the date of the transaction for the region or subregion in which the transaction was acquired.

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The issuer **may not use** this chargeback reason code for chip transactions where the transaction certificate and related data were provided in DE 55 in the First Presentment/1240 message. The transaction was either below the applicable floor limit and authorized offline by the chip, or if required, authorized online. The Cardholder Verification Method (CVM) may have been PIN, signature or none if allowed by the card parameters.

Transactions that result from accounts listed in the Warning Bulletin are eligible for message reason code 4807 on the following days:

- The Warning Bulletin for region 1 (the U.S. region) provides next-day coverage for account updates received before 18:00 St. Louis time.
- The Warning Bulletin for regions A, B, C, D, and E provides coverage on the third calendar day for account updates received before 18:00 St. Louis time. Coverage for account updates received after 18:00 St. Louis time will occur on the fourth calendar day.
- The Subregional Electronic Warning Bulletin provides coverage on the third calendar day for account updates received before 18:00 St. Louis time. Coverage for account updates received after 18:00 St. Louis time will occur on the fourth calendar day.

Eligibility for message reason code 4807 remains in effect until the account number is deleted from the Electronic Warning Bulletin.

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3.4.1 Supporting Requirements for Issuer's Chargeback

Condition	Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
When the transaction previously was not authorized with an approval response, and the account number was listed in the applicable Electronic Warning Bulletin file on the date of the transaction	45 calendar days	No	None	One of the following: • R X • C XXX • R X S NN • C XXX S NN As applicable: • For "R X", replace "X" with the one character Warning Bulletin Region code in which the account number was listed. • For "C XXX", replace "XXX" with the three character country code. The country code can be alpha or numeric characters. • For "S NN", replace "NN" with the two character subregional code in which the account number was listed. Refer to the *Quick Reference Booklet* for region, country and subregional code abbreviations.
In exceptional catastrophic situations, for group (GP) or series (SR) listings, defined by MasterCard and announced in the *Global Operations Bulletin* (Ops Bltn) and *Global Security Bulletin* (Sec Bltn)	45 calendar days	No	None	One of the following: • GP SR Ops Bltn NN MMDDYY • GP SR Sec Bltn NN MMDDYY Replace "NN" with the number of the bulletin. Replace "MMDDYY" with the date of the bulletin.

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3.4.2 Conditions for Using Message Reason Code 4807

The transaction date (DE 12 [Date and Time, Local Transaction]) is the date that the card account number was first presented to the card acceptor location for payment. For GCMS transaction records submitted into interchange without a transaction date, the issuer can initiate a chargeback if the account number was listed in the applicable Warning Bulletin on any date within 15 calendar days before the Central Site Business Date.

Issuers must use the card acceptor location (as specified in DE 43 [Card Acceptor Name/Location], subfield 5 [State, Province, or Region Code]) to determine whether the account number was listed in the applicable regional Warning Bulletin. The card acceptor location of the transaction is where the cardholder first presented the MasterCard card for payment. If the issuer cannot determine the card acceptor location from DE 43, it may use any region of the Electronic Warning Bulletin file that listed the account number on the date of the transaction.

Issuers must use both the card acceptor location, as specified in DE 43 and the merchant category code (as specified in DE 26 [Card Acceptor Business Code (MCC)]) to determine whether the account number was listed in the applicable subregional Warning Bulletin.

The issuer can use message reason code 4807 for non–face-to-face or non-fixed card acceptor location transactions if the account number was listed in any region of the Warning Bulletin on the transaction date. Non–face-to-face transactions include (but are not limited to) mail order, phone order, and e-commerce transactions. A transaction aboard an airplane, train, or cruise ship is an example of a transaction at a location that is not fixed. The issuer must indicate one of the regions in which the account number was listed in DE 72 (Data Record).

The issuer cannot use message reason code 4807 for non-fixed card or non-face-to-face acceptor location transactions if the account number was listed only in one or more subregions of the Electronic Warning Bulletin on the transaction date.

For hotel/motel and vehicle rental transactions, the card acceptor must check the account number against the applicable Warning Bulletin when the cardholder first checks into the hotel/motel or takes possession of the vehicle.

An issuer may not use message reason code 4807 for an account number within a group or series listing with the exception of catastrophic situations that MasterCard defines. These exceptional situations are restricted and can be implemented only with the written consent of MasterCard Worldwide. MasterCard will announce these exceptional situations in the *Global Operations Bulletin* and *Global Security Bulletin*. The issuer must indicate the *Global Operations Bulletin* or *Global Security Bulletin* in which the exceptional situation was announced in DE 72 (Data Record).

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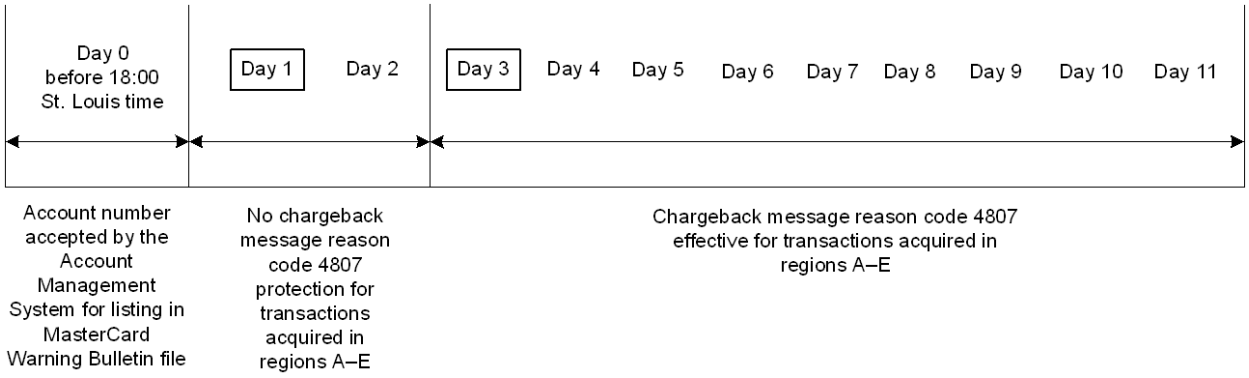
Figure 3.1 Account listing and chargeback time frames for the MasterCard Electronic Warning Bulletin file



3.4.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4807.

Members should refer to Merchant Authorization Reversals of this guide for processing procedures and applicable remedies for transactions involving merchant authorization reversals. Refer to Arbitration Case Example 16—Merchant Reversals in Chapter 4 of this guide for additional information.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The transaction date was incorrect or missing, and the acquirer can provide the correct date and show that the account was not listed on the correct date in the applicable Warning Bulletin.	2003 Correct transaction date provided	None	TRANS DATE MMDDYY NOT MMDDYY In "TRANS DATE MMDDYY", replace "MMDDYY" with the correct date of the transaction. In "NOT MMDDYY", replace "MMDDYY" with the incorrect transaction date.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer can prove that the transaction was a valid chip transaction. a. The transaction was below the floor limit and DE 55 was not provided in the First Presentment/1240 message. b. DE 55 was provided in the First Presentment/1240 message.	a. 2700 Chargeback remedied. See corresponding documentation. b. 2713 Invalid Chargeback.	a. Mandatory subelements in DE 55 b. None	a. CHIP TRANSACTION b. DE 55 PREVIOUSLY PROVIDED
The acquirer can show that the issuer, its agent, or MasterCard authorized the transaction by providing the date of authorization and the authorization approval code in the DE 72 (Data Record).	2008 Issuer authorized transaction	None	TRANS AUTHORIZED MMDDYY NO. NNNNNN Replace "MMDDYY" with the date the transaction was authorized. Replace "NNNNNN" with the authorization approval code provided by the issuer.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer can show that the account number was not listed in the applicable region, country, or subregion of the Warning Bulletin as of the transaction date.	2708 Account was not listed in the applicable Warning Bulletin as of the transaction date	None	One of the following: • NOT REGION X MMDDYY • NOT COUNTRY XXX MMDDYY • NOT REGION X SUBREGION NN MMDDYY • NOT COUNTRY XXX SUBREGION NN MMDDYY As applicable: • For "REGION X", replace "X" with the one character Warning • Bulletin Region code. • For "COUNTRY XXX", replace "XXX" with the three character country code. The country code can be alpha or numeric characters. • For "SUBREGION NN", replace "NN" with the two character subregional code In all cases, replace "MMDDYY" with the date of the transaction. Refer to the *Quick Reference Booklet* for region, country and subregional code abbreviations.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
For a non–face-to-face or non-fixed card acceptor location, the acquirer can show that the account number was not listed in any region of the Warning Bulletin; or The acquirer can show that the transaction was not at a non–face-to-face or non-fixed card acceptor location, and the account number was not listed in the applicable Warning Bulletin.	2708 Account was not listed in the applicable Warning Bulletin as of the transaction date	None	NOT REGION X MMDDYY For "REGION X", replace "X" with the one character Warning Bulletin Region code. Replace "MMDDYY" with the date of the transaction.
The card acceptor location of the transaction was incorrectly described and the acquirer can provide the correct card acceptor location and show that the account was not listed on the transaction date in the applicable Warning Bulletin.	One of the following: • 2005 Correct card acceptor location/description provided; **or** • 2708 Account was not listed on the applicable warning bulletin file as of the transaction date	None	LOC XXX NOT NNN Replace "XXX" with correct region, country, region subregion, or country subregion. Replace "NNN" with the incorrect region, country, region subregion, or country subregion code. Refer to the *Quick Reference Booklet* for region, country, and subregion code abbreviations.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The transaction was at a hotel/motel or vehicle rental location and the account was not listed in the applicable Warning Bulletin when the cardholder checked into the hotel/motel or took possession of the vehicle.	2708 Account was not listed on the applicable warning bulletin as of the transaction date	None	One of the following: • MERCH IS HOTEL/MOTEL MMDDYY • MERCH IS VEHICLE RENTAL MMDDYY Replace "MMDDYY" with the date the cardholder checked into the hotel/motel or took possession of the vehicle.
The transaction was between members that participate in the Chip Liability Shift Program and the transaction was either: • **Less than** the card acceptor's floor limit, occurred at a chip-compliant POI terminal, and was initiated with a non-EMV chip card; or • **Greater than** the card acceptor's floor limit, occurred at a chip-compliant POI terminal, and was initiated with a non-EMV chip card. In this case, the acquirer must show that the issuer authorized the transaction. This is a final remedy.	2870 Chip Liability Shift	None	None TRANS AUTHO-RIZED MMDDYY NO. NNNNNN (If applicable)

3.4.3.1 Additional Remedies

In addition to the codes in the previous section, acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4807.

Reason Code	Description
2001	Invalid Acquirer Reference Data on chargeback; no documentation required or provided
2011	Credit previously issued

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Reason Code	Description
2700	Chargeback remedied. See corresponding documentation.
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit
2704	Invalid member message text

Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard processing procedure.

3.4.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4807). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The conditions shown below represent valid options that the issuer can use to process an arbitration chargeback for message reason code 4807.

Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
The second presentment failed to remedy the chargeback.	4807 Warning Bulletin file	None	Reason for the return

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New and valid chargeback reason
4905	Invalid Acquirer Reference Data on Second Presentment/1240/2001; documentation was provided or was not required.

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.4.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

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3.4.6 Additional Processing Notes

The following sections contain additional processing notes for issuers and acquirers.

Second Presentment Supporting Documentation and Data Record. MasterCard does not require the acquirer to provide supporting documentation when processing a second presentment for message reason code 4807. However, when completing the DE 72 (Data Record) the acquirer is stating that it has a copy of the TID, has reviewed it, and has verified the corrected information. If the acquirer cannot meet this condition, it may not remedy the chargeback.

Transactions Authorized with an "Approved" Authorization Response Request. The acquirer is responsible for the transaction if the account number was listed in the applicable Warning Bulletin on the transaction date, unless the transaction was authorized with an approval response.

Purge Date. The purge date is the last day for the chargeback right. The deletion takes place the following day.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

3.4.7 Handling Fees

Refer to EMV Chip Transactions for the standard procedure.

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3.5 Message Reason Code 4808—Requested/Required Authorization Not Obtained

The issuer may charge back a transaction under this message reason code if one of the following circumstances occurs:

- The transaction was face-to-face, card-read or key-entered, occurred at a location with a POS device that had both online and magnetic stripe-read capability, and was not authorized.
- The transaction was non–face-to-face and was not authorized.
- The transaction amount exceeded the floor limit established by MasterCard in effect at the time of purchase, and was not authorized.
- The authorization request was declined.

3.5.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
45 calendar days	No	None	One of the following, if applicable: • **For international transactions only:** TRANS CUR $$$$$$$$ MCFL $$$$$$$ and optionally, MCC NNNN • **For any Limited Amount Terminal (CAT3):** LAT LEVEL 3 EXCEEDS USD 40 • **For Intra-European transactions:**LAT LEVEL 3 EXCEEDS EURO 50 • **For any declined transaction:** AUTHORIZATION DECLINED MMDDYY As applicable: • Replace TRANS CUR "$$$$$$$$" with the amount of the transaction currency. • Replace MCFL "$$$$$$$" with the MasterCard floor limit. • Optionally, replace "NNNN" with the Merchant Category Code (MCC) of the transaction. • Replace "MMDDYY" with the date the authorization request was declined.

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3.5.2 Conditions for Using Message Reason Code 4808

Before exercising this chargeback right, the issuer should explore all possibilities to honor the transaction.

The issuer may not use this chargeback if it provided authorization for an amount greater than the amount settled. However, if the issuer authorized the transaction for less than the settled amount, it may charge back only the unauthorized portion of the amount.

The issuer must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount) when charging back an amount less than the original presentment amount.

For international transactions that were converted to a different currency, the issuer must provide the following information in DE 72 (Data Record) of the First Chargeback/1442 message:

- Amount of the transaction in the transaction currency
- Applicable MasterCard floor limit in the location where the transaction took place
- Appropriate card acceptor business code (MCC) (optional)

For transactions that occur outside the U.S. region, issuers may use this chargeback reason only if the settled transaction amount exceeds the amount authorized by more than 10 percent. This rule allows for different currency conversion rates that could have been applicable on the authorization and processing dates.

The issuer cannot charge back under this message reason code if the authorized amount and the actual transaction amount are within the following parameters:

- Gratuity is Added—20 percent
- Hotel/Motel—15 percent
- Vehicle Rental—15 percent
- Cruise Lines—15 percent

For further information, refer to section 2.1.3 Obtaining an Authorization for Hotel/Motel, Cruise Line, and Vehicle Rental Transactions and section 2.1.4 Obtaining an Authorization When a Gratuity is Added of this guide.

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The issuer **may not use** this message reason code for chip transactions where the transaction certificate and related data were provided in DE 55 in the First Presentment/1240 message. The transaction was either below the applicable floor limit and authorized offline by the chip or if required, authorized online. The Cardholder Verification Method (CVM) may have been PIN, signature, or none if allowed by the card parameters.

For transactions identified as Limited Amount Terminals/CAT Level 3 in the acquirer's First Presentment/1240 message, an issuer may charge back any transaction that exceeds the maximum transaction amount of USD 40 or EUR 50 FOR intra-European transactions. The issuer must provide the following information in DE 72 (Data Record) of the First Chargeback/1442 message: LAT/LEVEL 3 EXCEEDS USD 40 (or EUR 50).

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The issuer cannot charge back a transaction effected with a MasterCard Corporate Card®, MasterCard Corporate Executive Card®, MasterCard Corporate Fleet Card®, or MasterCard Corporate Purchasing Card™, and processed at a cardholder-activated automated fuel dispenser card acceptor located in the U.S. region for any amount less than or equal to USD 150, if the transaction was identified in the authorization request with MCC 5542 and CAT level 2, and authorized by the issuer for USD 1. For such transactions, the implied authorization amount of USD 150 equals the maximum transaction amount of the CAT level 2 terminal.

The issuer cannot charge back a transaction effected with any other MasterCard card and processed at a cardholder-activated automated fuel dispenser card acceptor located in the U.S. region for any amount less than or equal to USD 75, if the transaction was identified in the authorization request with MCC 5542 and CAT level 2, and authorized by the issuer for USD 1. If the transaction amount exceeds USD 75, the issuer may charge back only the difference between the transaction amount and the implied authorization amount of USD 75.

Quick Payment Service (QPS) transactions have established floor limits for targeted industries. Refer to section 2.10 Quick Payment Service (QPS) Program (QPS Program) of this guide for more information about QPS transactions.

3.5.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4808.

Members should refer to Merchant Authorization Reversals of this guide for processing procedures and applicable remedies for transactions involving merchant authorization reversals. Refer to Arbitration Case Example Example 16—Merchant Reversals in Chapter 4 of this guide for additional information.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer can prove the transaction was a valid chip transaction. a. The transaction was below the floor limit and DE 55 was not provided in the First Presentment/1240 message. b. DE 55 was provided in the First Presentment/1240 message.	a. 2700 Chargeback remedied. See corresponding documentation Or b. 2713 Invalid Chargeback	a. Mandatory subelements in DE 55 b. None	a. CHIP TRANSACTION b. DE 55 PREVIOUSLY PROVIDED

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer may prove that the card acceptor received authorization for the transaction amount or greater from the issuer, its agent, or MasterCard on behalf of the issuer.	2008 Issuer authorized transaction	None	TRANS AUTHORIZED MMDDYY NO.NNNNNN Replace "MMDDYY" with the date the issuer authorized the transaction. Replace "NNNNNN" with the authorization approval code.
The acquirer may provide information that proves that the record was improperly described when originally presented or did not exceed the floor limit. (For example, the acquirer can provide the MCC, DBA name, or type of business to establish correct card acceptor type.)	One of the following: • 2005 Correct card acceptor location/description provided • 2705 Correct MCC provided	None	One of the following: • MERCH IS HOTEL/MOTEL • MCCNNNN Replace "NNNN" with the Merchant Category Code (MCC) of the transaction.
The acquirer proves that the card acceptor received authorization for the transaction amount or greater, as a result of a GARS 'call referral' or telex to the issuer.	2008 Issuer authorized transaction	Authorization log and documentation substantiating that the acquirer or card acceptor had connected with the issuer via GARS or telex.	CALL REFERRAL AUTH MMDDYY NNNNNN Replace "MMDDYY" with the date the issuer authorized the transaction. Replace "NNNNNN" with the authorization approval code.
The acquirer may provide proof of partial authorization by providing the amount that was approved, the authorization approval code, and the date of the authorization. The acquirer should submit the second presentment with a Function Code of 282 (Partial Amount). **Note:** The acquirer can submit a second presentment only for the authorized amount.	2008 Issuer authorized transaction	None	$$$$$$ CODE XXXXXX MMDDYY Replace "$$$$$$" with the transaction amount approved by the issuer. Replace "XXXXXX" with the authorization approval code. Replace "MMDDYY" with the date the issuer authorized the transaction.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer may show that the transaction was authorized, but was processed with an incorrect transaction date, by providing both the correct and incorrect transaction dates.	2003 Correct transaction date provided.	None	TRANS DATE MMDDYY NOT MMDDYY In "TRANS DATE MMDDYY", replace "MMDDYY" with the correct transaction date. In "NOT MMDDYY", replace "MMDDYY" with the incorrect transaction date.
The acquirer can show that the issuer was advised that the transaction was suspicious. Refer to section 3.5.6 Additional Processing Notes, Declined Authorization Response on Unrecoverable Goods or Services.	2706 Authorization advised suspicious	None	ADVISED SUSPICIOUS MMDDYY Replace "MMDDYY" with the date of the transaction.
The acquirer may prove that the card acceptor (such as, hotel, motel, or vehicle rental) received multiple authorizations for the transaction amount or greater from the issuer, its agent, or MasterCard on behalf of the issuer.	2008 Issuer-authorized transaction	Sometimes Copies of logs showing the multiple authorizations	MULTIPLE AUTHORIZATIONS
The acquirer can show that an authorization was not required or requested.	2707 No authorization request required or attempted		
The acquirer can show that the transaction was under the published floor limit and completed at a point-of-sale (POS) device that did not have both online and magnetic stripe-read capability.	2707 No authorization request required or attempted	None	POS DEVICE NOT ONLINE

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer can show that the transaction was identified in group 1 of the QPS program and was under the applicable QPS group 1 floor limit.	2707 No authorization request required or attempted.	None	QPS GROUP 1
The acquirer can show that the transaction was under the published floor limit and there was a telecommunication failure or POS device failure at the time of the purchase.	2700 See Corresponding Documentation/ Chargeback Remedy	Formal affidavit of telecommunication failure or POS device failure from the card acceptor	One of the following: • TELECOM FAILURE • POS DEVICE FAILURE

An acquirer using these remedies and making the appropriate statements in DE 72 (Data Record) is stating that it has a copy of the TID reviewed the TID, and it verified the corrected information. If any of those conditions cannot be met, the acquirer cannot remedy the chargeback.

3.5.3.1 Additional Remedies

In addition to the codes in the previous section, acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4808.

Reason Code	Description
2001	Invalid Acquirer Reference Data on chargeback; no documentation required or provided
2011	Credit previously issued
2700	Chargeback remedied. See corresponding documentation. [1]
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit

Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard processing procedure.

3.5.4 Arbitration Chargeback

1 Use only with multiple authorization.

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If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4808). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The conditions shown below represent valid options that the issuer can use to process an arbitration chargeback for message reason code 4808.

Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
The second presentment failed to remedy the chargeback.	4808 Requested/required authorization not obtained	None	Reason for the return
In situations involving a GARS or telex "call referral" authorization response, the issuer substantiates that the authorization was not granted.	4808 Requested/required authorization not obtained	Authorization log or other internal issuer media that reports authorization responses given as a result of a GARS or telex "call referral" that shows an approval response was not given.	CALL REFERRAL AUTH NOT OBTAINED
In situations involving a POS DEVICE NOT ONLINE second presentment response in DE 72 (Data Record), the issuer substantiates that the card acceptor previously has processed online authorization requests.	4808 Requested/required authorization not obtained	Authorization log or other internal issuer media that reports online authorization requests processed by the card acceptor.	None

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New and valid chargeback reason
4901	Required documentation was not received to support prior Second Presentment/1240.
4902	Documentation received was illegible.
4903	Scanning error—unrelated documents or partial scan

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Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard procedure.

3.5.5 Arbitration

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.5.6 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

Decline Response to Authorization Request. MasterCard strongly recommends that the issuer provide a Merchant Advice code (MAC) in DE 48, subelement 84 of each Authorization Request Response/0110 message in which a decline response is given. Valid MAC values are:

01—New account information available

02—Cannot approve at this time, try again later

03—Do not try again

Multiple Authorizations. Before charging back, issuers should consider that vehicle rental and hotel/motel transactions might have multiple authorizations. The transaction date can be different from the actual sale date. MasterCard suggests that issuers check their authorization logs for at least three days before and three days after the transaction date.

Declined Authorization Response on a Transaction Below the Floor Limit. If the card acceptor requested authorization and it was declined, the issuer may charge back using this message reason code, even if the transaction was below the card acceptor's floor limit.

Floor Limits. The *Quick Reference Booklet* contains floor limit charts.

When to Obtain an Authorization. Refer to section 2.1.2.3 When to Obtain an Authorization of the *Chargeback Guide* for additional information on when the card acceptor is required to obtain an authorization and the instances where an online authorization is not required.

Call Referrals. In cases involving authorization given as a result of a call referral made via GARS or telex, the acquirer must supply a copy of its authorization log and documentation substantiating that the acquirer had connected with the issuer via GARS or telex. (Examples include, but are not limited to, GARS authorization reports, telex, call logs, or memo screen prints.)

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To pursue the arbitration chargeback, the issuer must provide as supporting documentation a copy of its internal authorization log, or other such media, showing that approval was not granted if the issuer asserts that authorization approval was not given.

An acquirer must contact the issuer for further instructions concerning the transaction as a result of a Banknet or EPS-Net network "refer" authorization response. Acquirers may use GARS to connect with the issuer. In such cases, there may be no electronic record of the authorization code, because it may have been communicated verbally by the issuer. MasterCard records will show that the connection between the card acceptor, or acquirer, and the issuer has been made. Therefore, the issuer must use its internal authorization logs, or other such media, that report authorization responses given as a result of "call referral" response if the acquirer provides documentation that substantiates approval was given for the transaction when the acquirer connected with the issuer via GARS or a telex.

The issuer must provide, with its arbitration chargeback, a copy of its internal authorization log, or other such media showing that approval was not granted, if the issuer asserts authorization approval was not given via a GARS referral or telex connection. (Examples include, but are not limited to, authorization reports, call logs, or memo screen prints.)

Additionally, issuers must be aware that they are responsible for transactions in which the issuer or its agent could not respond to the call referral in a timely manner, through either GARS or the MasterCard Authorization Support, and in which GARS routed the call referral to the MasterCard Central Site Stand-In processing facility and the transaction was approved.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

On-line-Capable POS Device. MasterCard defines an online-capable POS device as any device that electronically contacts the acquirer's host for the purpose of obtaining an authorization.

Magnetic Stripe POS Device. Magnetic stripe POS devices are identified in GCMS DE 22 subfield 1 (Terminal Data: Card Data Input Capability) with the following values:

2—Magnetic stripe reader capability

B—Magnetic stripe reader and key-entry capability

C—Magnetic stripe reader, integrated circuit card (ICC), and key-entry capability

D—Magnetic stripe reader and ICC capability

Second Presentment Supporting Documentation and Data Record. The acquirer must supply the appropriate DE 72 (Data Record) because supporting documentation is not required for the second presentment.

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Transaction Authorized for Lesser or Greater Amount than Original Presentment. If the card acceptor obtained authorization for a

- Greater amount—the acquirer may submit a second presentment for the entire amount (Function Code 205 [Full Amount]).
- Lesser amount—the acquirer may submit a second presentment only for the amount that received authorization (Function Code 282 [Partial Amount]).

Declined Authorization Response on Unrecoverable Goods or Services. An acquirer may submit a second presentment under message reason code 4808 if the transaction meets all the conditions stated below. The acquirer must use DE 72 (Data Record) ADVISED SUSPICIOUS MMDDYY and give the authorization request date that the card acceptor advised the issuer that the transaction was suspicious.

- A code 10 was present in the Authorization Request/0100 message, which indicates that the card acceptor was suspicious of the cardholder or the nature of the transaction.
- A decline response was in the Authorization Request Response/0110 message.
- The card acceptor already had relinquished unrecoverable goods or provided services (for example, transactions at a restaurant) before becoming suspicious and initiating the authorization request.
- The transaction amount was equal to or under the card acceptor's floor limit.

ATM Transactions Processed Using Message Reason Code 4808. Issuers cannot process an arbitration chargeback for an ATM transaction. Refer to section 1.10 Processing Second Presentment/1240 Messages for second presentment documentation dispute procedures. Refer to Appendix A, Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard) for information about chargeback processing procedures for intra-European MasterCard ATM transactions and interregional MasterCard ATM transactions involving cards issued in the Europe region.

Technical fallback transactions must be

- Authorized online
- Identified as being captured with a fallback technology

CVM fallback transactions must be

- Authorized online, or offline by the chip if below the applicable MasterCard floor limit
- Completed using signature at attended terminals

Technical fallback transactions and CVM fallback transactions that **are not authorized** may be charged back under this reason code.

3.5.7 Handling Fees

Refer to section 2.8 EMV Chip Transactions for the standard procedure.

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3.6 Message Reason Code 4812—Account Number Not on File

This chargeback applies when an issuer receives a presented transaction with an account number that does not match any account number on file.

3.6.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
45 calendar days	No	None	None

3.6.2 Conditions for Using Message Reason Code 4812

The account number is invalid.

MasterCard holds issuers responsible for transactions using retired account numbers that subsequently receive authorization, as specified in the MasterCard *Authorization System Manual* and European *Authorization Guide*, as applicable.

Issuers also must take responsibility for a transaction that was properly identified and authorized as a non-face-to-face transaction, transaction category code (TCC) "T" in the authorization request, if the original presentment was submitted using the same account number that was in the authorization request.

The issuer **may not** use this chargeback message reason code for the following types of transactions:

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- Chip transactions where the transaction certificate and related data were provided in DE 55 in the First Presentment/1240 message. The transaction was either below the applicable floor limit and authorized offline by the chip, or if required, authorized online. The Cardholder Verification Method (CVM) may have been PIN, signature, or none if allowed by the card parameters.
  Or
- Properly identified Emergency Cash Disbursement transactions.

3.6.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer may use to process a second presentment for message reason code 4812.

Members should refer to Merchant Authorization Reversals of this guide for processing procedures and applicable remedies for transactions involving merchant authorization reversals. For additional information, also refer to Arbitration Case Example 16—Merchant Reversals in Chapter 4 of this guide.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)	
The acquirer can prove the transaction was a valid chip transaction. a. The transaction was below the floor limit and DE 55 was not provided in the First Presentment/1240 message. b. DE 55 was provided in the First Presentment/1240 message.	a. 2700 Chargeback remedied. See corresponding documentation. b. 2713 Invalid Chargeback	a. Mandatory subelements in DE 55 b. None	a. CHIP TRANSACTION b. DE 55 PREVIOUSLY PROVIDED	Nov 2007
If the authorization was not obtained via magnetic stripe through the Banknet or EPS-Net network the acquirer may prove that a keying error was not made by providing a copy of the slip or other proof of card presence that substantiates that the cardholder account number was identical to the cardholder account number originally presented.	2700 Chargeback remedied. See corresponding documentation.	Copy of imprinted slip or other proof of card presence substantiating that the cardholder account number was identical to the cardholder account number originally presented.	None	
The transaction was between members that participate in the Chip Liability Shift Program, did not require authorization, occurred at a chip-compliant POI terminal and was initiated with a non-EMV chip card. This is a final remedy.	2870 Chip Liability Shift	None	None	

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
If authorization was obtained via the magnetic stripe through the Banknet or EPS-Net network, the acquirer can substantiate that the transaction was card read because the authorization shows the account number was electronically obtained from the card's magnetic stripe, and that the cardholder account number was identical to the account number in the Authorization/100 message and Presentment/1240 message were identical.	2008 Issuer authorized transaction	None	AUTH MMDDYY NO. NNNNNN Replace "MMDDYY" with the date the transaction was authorized. Replace "NNNNNN" with the authorization approval code.
The transaction was the result of a properly identified Emergency Cash Disbursement.	2700 Chargeback remedied. See corresponding documentation.	An authorization screen print and issuer fax, if available, to verify that the transaction was an Emergency Cash Disbursement	EMERGENCY CASH DISBURSEMENT

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer properly identified the transaction as a non–face-to-face transaction in the authorization record, and it received authorization as specified in the MasterCard *Authorization System Manual* or European *Authorization Guide*. For example, a properly identified non–face-to-face transaction must have a TCC or T in the authorization request.	2008 Issuer authorized transaction	None	TRANS AUTHORIZED MMDDYY NO. NNNNNN Replace "MMDDYY" with the date the transaction was authorized. Replace "NNNNNN" with the authorization approval code.
The acquirer can substantiate that a PIN was present in the Authorization Request/0100 message.	2008 Issuer authorized transaction	None	PIN MMDDYY NNNNNN Replace "MMDDYY" with the date the transaction was authorized. Replace "NNNNNN" with the authorization approval code.

If the chargeback is the result of a keying error, but the account number still check digit verifies according to the Lühn Formula, the acquirer **must** process the transaction as a new presentment using the correct cardholder account number, provided applicable procedures and time limits are observed.

3.6.3.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason code 4812.

Reason Code	Description
2001	Invalid Acquirer Reference Data on chargeback; no documentation required or provided
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit
2011	Credit previously issued
2713	Invalid chargeback

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Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard processing procedure.

3.6.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4812). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

Arbitration Charge-back Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
The second presentment failed to remedy the chargeback.	4812 Account number not on file	None	Reason for the return

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New and valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240
4902	Documentation received was illegible.
4903	Scanning error—unrelated documents or partial scan
4905	Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received.

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Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

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3.6.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

3.6.6 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

Supporting Documentation for Transactions NOT Authorized through Banknet or EPS-Net. For card-read transactions that occurred at POI terminals that were not authorized via the Banknet or EPS-Net network, the acquirer must provide sufficient documentation to establish the card's presence; for example, the acquirer's authorization log, electronic data capture log, or magnetic stripe reading (MSR) or hybrid terminal printer certification. The acquirer must explain clearly all such documentation in content and in usage. If the transaction occurred at an attended POI terminal, a copy of the printed terminal receipt must accompany the supporting documentation mentioned previously.

Supporting Documentation for Non–Face-to-Face Transactions. When the transaction was properly identified and authorized as a non–face-to-face transaction, the acquirer must provide the authorization date and code in the message text of the DE 72 (Data Record). A copy of the authorization log and TID is not required as supporting documentation.

Emergency Cash Disbursement Transactions. If the transaction involves an Emergency Cash Disbursement, the documentation provided by the acquirer in the second presentment will be obtained from MasterCard Worldwide. In the event of a case filing for an Emergency Cash Disbursement transaction, Dispute Resolution Services staff will confirm the authenticity of the documentation before issuing a ruling.

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3.7 Message Reason Code 4831—Transaction Amount Differs

The issuer should use message reason code 4831 if the cardholder states that he or she was billed an incorrect amount.

3.7.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days	No	Cardholder letter or completed Expedited Billing Dispute Resolution Process Form and a copy of the TID or other documentation to confirm the actual amount of the transaction as agreed to by the cardholder.	None

3.7.2 Conditions for Using Message Reason Code 4831

The billing discrepancy could be for one of the following reasons:

- A card acceptor's addition error that resulted in an incorrect total on the TID or other documentation
- The card acceptor increased the transaction amount without the cardholder's permission
- The imprinted amount or printed amount on the TID was processed instead of the correct transaction amount as evidenced by other information on the TID or documentation

The issuer must submit the First Chargeback/1442 message for the amount of the billing discrepancy only. The issuer should use Function Code 453 (Partial Amount).

The issuer must submit the chargeback either with a written complaint from the cardholder or with an Expedited Billing Dispute Resolution Process Form stating that the amount billed is incorrect. (Refer to Appendix C, Forms of this guide for instructions on accessing the required form.) In addition, the issuer must provide the cardholder's copy of the TID (or other itemized bill) that confirms the actual amount of the transaction authorized by the cardholder or another authorized individual.

Although a retrieval of the transaction is not required to support the chargeback, a copy of the TID may be requested from the acquirer if the cardholder's copy of the TID cannot be provided. If the copy fulfillment verifies the cardholder's dispute, the copy fulfillment may be supplied in lieu of the cardholder's TID.

Additional chargeback requirements and limitations apply to World MasterCard Card T&E transactions. Refer to section 1.6.1.1 World MasterCard T&E Interchange Rate Program of this guide for more information.

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3.7.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4831.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The TID shows that the amount was processed correctly. (For example, there was no error in addition, or the "total" amount on the TID was properly submitted to GCMS.)	2700 Chargeback remedied. See corresponding documentation.	Copy of the TID	None
The card acceptor can provide proof that validates the increased debit to the cardholder's account. (For example, documentation proving that the cardholder is responsible for the additional charges applied to the account.)	2700 Chargeback remedied. See corresponding documentation.	Proof to support that the cardholder is responsible for the disputed amount; for example, charges that the cardholder authorized were not included on the hotel/motel folio at time of checkout or after the return of the vehicle rental.	None

3.7.3.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4831.

Reason Code	Description
2002	Nonreceipt of required documentation to support chargeback
2004	Invalid Acquirer Reference Data on chargeback; documentation was received
2011	Credit previously issued
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit
2709	Documentation received was illegible
2710	Scanning error—unrelated documents or partial scan
2713	Invalid Chargeback

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See Processing Second Presentment/1240 Messages for the standard processing procedure.

3.7.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4831). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The conditions shown below represent valid options that the issuer can use to process an arbitration chargeback for message reason code 4831.

Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
The cardholder continues to dispute the transaction.	4831 Transaction amount differs	Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation.	None

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240
4902	Documentation received was illegible.
4903	Scanning error—unrelated documents or partial scan
4908	Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received.

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Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard processing procedure.

3.7.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

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3.7.6 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

Face-to-Face Verbal Price Agreements. Issuers cannot use message reason code 4831 for verbal agreements between a cardholder and a card acceptor if the agreement is not referenced on the TID or other related documents.

Charges for Loss, Theft, or Damages. Charges for loss, theft, or damages are subject to section 2.1.3.2 Initiating the Transaction and section 2.1.9 Charges for Loss, Theft, or Damage of this guide. The issuer may be able to address improperly applied charges for loss, theft, or damage using message reason code 4831 if the card acceptor debits the cardholder for such charges in the same billing amount that includes the underlying initial service.

Non–Face-to-Face Price Differences. Issuers may use this message reason code in situations when the cardholder has printed confirmation of price that differs from the billed amount. For non–face-to-face transactions when the cardholder does not have printed confirmation of price, issuers may refer to message reason code 4853—Defective/Not as Described.

Express Checkout. The cardholder's receipt may be used to initiate the chargeback; however, an express checkout is not the final folio billing and may be challenged by the card acceptor.

Progressive Documentation. A progressive cardholder letter may be required with the arbitration chargeback in response to new information or rebutting any card acceptor explanation provided with the second presentment. The progressive cardholder letter must be dated after the second presentment and specifically address the rebuttal provided with the second presentment. Refer to Documentation Types of this guide for additional information.

MasterCard Electronic Card. Refer to MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

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3.8 Message Reason Code 4834—Duplicate Processing

The issuer may use message reason code 4834 if the cardholder or the issuer determines that the same transaction was processed more than once.

3.8.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
Non-ATM transactions = 120 calendar days ATM transactions = 120 calendar days	No	None	FIRST REF NNNNNNNNNNNNNNNNNNNNN Replace "NNNNNNNNNNNNNNNNNNNNN" with the acquirer reference data (ARD) of the first transaction.

3.8.2 Conditions for Using Message Reason Code 4834

To demonstrate without investigation that the transaction is a duplicate, the card acceptor name and location, transaction source currency amount, ticket number (if provided), and transaction date must be the same.

If, as a result of an investigation (such as a retrieval request, second presentment, etc.), the documentation confirms that duplication occurred, the issuer may process this chargeback based on its investigation.

The issuer is required to initiate the chargeback using the ARD of the duplicate record, and enter the ARD (23-digit reference data) of the first transaction in DE 72 (Data Record). The first transaction then becomes ineligible for processing under message reason code 4834.

The issuer must always provide two sets of acquirer reference data even if they are the same.

For ATM transactions, issuers may charge back duplicate transactions within 120 calendar days. However, there is no arbitration chargeback right. Refer to the *Cirrus Worldwide Operating Rules* for additional procedures.

3.8.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4834.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer can provide proof to support two separate transactions by providing two different TIDs with the same cardholder account number. **Note:** For ATM transactions the acquirer must provide the documentation for the ARD supplied in the chargeback record.	2700 Chargeback remedied. See corresponding documentation.	Copies of two different TIDs	None
The acquirer can provide proof that a credit was issued and processed to the cardholder's account, correcting the duplication.	2011 Credit previously issued	None	CRED MMDDYY NNNNNNNNNNNNNNNNNNNNN Replace "MMDDYY" with the date a credit was issued to the cardholder. Optionally, replace "NNNNNNNNNNNNNNNNNNNNN" with the acquirer reference data (ARD).
The issuer did not include two sets of acquirer reference data with the original chargeback. Not available for ATM transactions. See Reason Code 2700.	2704 Invalid member message text	None	ARD NOT PROVIDED
The acquirer can substantiate that a PIN was present in the Authorization Request/0100 message for one or both transactions.	2008 Issuer authorized transaction	None	PIN MMDDYY NNNNNN MMDDYY NNNNNN Replace "MMDDYY" with the date the transaction was authorized. Replace "NNNNNN" with the authorization approval code

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3.8.3.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4834.

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Reason Code	Description
2001	Invalid Acquirer Reference Data on chargeback; no documentation required or provided
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit
2713[2]	Invalid Chargeback

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Refer to Processing Second Presentment/1240 Messages for the standard processing procedure.

3.8.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4834). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The condition shown below represents a valid option that the issuer can use to process an arbitration chargeback for reason code 4834.

Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
The second presentment failed to remedy the chargeback.	4834 Duplicate processing	None	Reason for the return.

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240.
4902	Documentation received was illegible.
4903	Scanning error—unrelated documents or partial scan
4905	Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received or was not required.

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2 Not available for ATM transactions.

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Refer to Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.8.5 Arbitration

Refer to Arbitration Case for the standard procedure.

3.8.6 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

Transactions With Converted Currency. Issuers should be aware that duplicate transactions outside the U.S. region do not necessarily have identical transaction amounts because of the currency exchange rates. However, the original transaction currency amount must be the same.

Transactions with Ticket Numbers. Issuers must review transactions presented with ticket numbers closely. If the ticket numbers are different, the transactions are not considered duplicates, although the card acceptor locations, transaction amounts, and transaction dates may be the same.

Different Transaction Data. When transaction data is different, consider using other chargeback message reason codes including 4840, 4859 RS2, or 4837 to address the dispute. The chargeback must meet the requirements for the applicable message reason code.

Credit for Duplication. In the event that there are two debits that are mirror images and a credit for the same amount on the cardholder's statement before the chargeback, issuers are advised to confirm with the cardholder whether the credit was for goods or services that were subsequently returned or cancelled and credited. If there was no return or cancellation, the credit applies to the duplication.

If the second presentment indicates that credit was issued to correct the duplication, the issuer may continue the chargeback only when the cardholder confirms that the credit applies to another transaction. This confirmation needs to be provided with a progressive letter detailing why the credit referenced by the second presentment does not apply to the transaction being charged back.

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ATM Transactions Processed Using Message Reason Code 4834.

- MasterCard recommends that issuers charge both ATM transactions back individually under this message reason code. This will allow for each second presentment to provide the information necessary to remedy the dispute by showing each individual transaction that was completed.
- Since ATM transactions are authorized using a PIN, MasterCard strongly recommends that before using this message reason code, issuers verify their authorization records to ensure that they are not charging back two separate transactions that were authorized individually using a PIN. The issuer would be correct in using this message reason code if both authorization numbers are the same.
- Refer to Appendix A, Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard) for information about chargeback processing procedures for intra-European MasterCard ATM transactions and the interregional MasterCard ATM transactions involving cards issued in the Europe region.

Arbitration Chargebacks Not Allowed for ATM Transactions. Issuers cannot process an arbitration chargeback for an ATM transaction. Refer to the *Cirrus Worldwide Operating Rules* for procedures.

Duplicate Transactions Processed through Two Different Acquirers. When the acquirer is providing proof to substantiate two separate transactions by providing two different TIDs, the second presentment must include both TIDs even if the card acceptor had processed one of the transactions with a different acquirer.

PIN Transactions. Acquirers may remedy the chargeback with any combination of PIN data or TIDs that substantiates that two separate transactions were processed.

MasterCard Electronic Card. Refer to MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

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3.9 Message Reason Code 4835—Card Not Valid or Expired

The issuer may use this chargeback if a transaction was made using a card that was not valid or was expired. This chargeback also can be used for a non–face-to-face transaction using a card that was expired if the card acceptor did not obtain authorization.

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The issuer **may not** use this chargeback reason code for chip transactions where the transaction certificate and related data were provided in DE 55 in the First Presentment/1240 message. The transaction was either below the applicable floor limit and authorized offline by the chip, or if required, authorized online. The Cardholder Verification Method (CVM) may have been PIN, signature or none if allowed by the card parameters.

3.9.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days	No	For transactions involving an expired card: None. For transactions in which the valid date embossed on the card was not valid on the transaction date: Formal affidavit of alleged fraud from the cardholder.	None

3.9.2 Conditions for Using Message Reason Code 4835

The issuer should explore all possibilities of honoring the transaction before it exercises this chargeback right.

The chargeback may be processed if

- The expiration date on file for the account number was not valid on the transaction date.
- The card acceptor accepted a non–face-to-face transaction using an account number that expired before the transaction date and the account was never renewed. (The issuer is responsible for the transaction if it was properly identified as a non–face-to-face transaction [such as, MO/TO] in the authorization request and the issuer approved the transaction.)
- The card acceptor completed a face-to-face transaction, the embossed valid date on the card was not valid on the transaction date, and the card acceptor did not obtain a valid authorization using the actual expiration date on the card.

The issuer must supply a signed cardholder letter as supporting documentation in situations where the valid date embossed on the card was not valid on the transaction date.

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3.9.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can choose from to process a second presentment for message reason code 4835.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer can prove that the transaction was a valid chip transaction. a. The transaction was below the floor limit, and DE 55 was not provided in the First Presentment/1240 message b. DE 55 was provided in the First Presentment/1240 message	a. 2700 Chargeback remedied. See corresponding documentation. b. 2713 Invalid Chargeback	a. Mandatory subelements in DE 55 b. None	a. CHIP TRANSACTION b. DE 55 PREVIOUSLY PROVIDED
The acquirer properly identified the transaction as a non–face-to-face transaction in the authorization record, and it received authorization as specified in the MasterCard *Authorization System Manual* or European*Authorization Guide*, as applicable. For example, a properly identified non–face-to-face transaction must have a TCC of T in the authorization request.	2008 Issuer authorized transaction	None	TRANS AUTH MMDDYY NO. NNNNNN Replace "MMDDYY" with the date the transaction was authorized. Replace "NNNNNN" with the authorization approval code.
The acquirer proves that the transaction was not a non–face-to-face transaction, and the imprinted TID proves that the MasterCard card was valid on the appropriate transaction date. (For example, guest/hotel folio or vehicle rental agreement showing valid dates when the cardholder first checked in or rented the vehicle.)	2700 Chargeback remedied. See corresponding documentation.	A copy of an imprinted TID showing that the card was valid on the transaction date.	CARD VALID ON TRAN DATE

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer properly identified the transaction with the correct embossed or encoded expiration date in the Authorization Request/0100 message, and received authorization from the issuer as specified in the MasterCard *Authorization System Manual* or European *Authorization Guide* as applicable.	2700 Chargeback remedied. See corresponding documentation.	A copy of the authorization log showing that the transaction was properly authorized, with the correct expiration date in the authorization request, and a copy of the TID.	AUTH MMDDYY NO. NNNNNN EXP MMYY Replace "MMDDYY" with the date the transaction was authorized. Replace "NNNNNN" with the authorization approval code. Replace "MMYY" with the expiration date of the card.
The acquirer can substantiate that a PIN was present in the Authorization Request/0100 message.	2008 Issuer authorized transaction	None	PIN MMDDYY NNNNNN Replace "MMDDYY" with the date the transaction was authorized. Replace "NNNNNN" with the authorization approval code.

3.9.3.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4835.

Reason Code	Description
2001	Invalid Acquirer Reference Data on chargeback; no documentation required or provided
2004	Invalid Acquirer Reference Data on chargeback; documentation was received
2011	Credit previously issued
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit
2709	Documentation received was illegible
2710	Scanning error—unrelated documents or partial scan
2713	Invalid Chargeback

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See Processing Second Presentment/1240 Messages for the standard processing procedure.

3.9.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4835). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The conditions shown below represent valid options that the issuer can use to process an arbitration chargeback.

Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
The second presentment failed to remedy the chargeback.	4835 Card not valid or expired	None	Reason for the return

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240.
4902	Documentation received was illegible.
4903	Scanning error—unrelated documents or partial scan
4905	Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received or was not required.
4908	Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received.

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Refer to Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.9.5 Arbitration

Refer to Arbitration Case for the standard procedure.

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3.9.6 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

Transactions Properly Identified as Expired When Authorized. For face-to-face transactions, the issuer is responsible for the transaction if the card acceptor accepts an expired card and provides the accurate expiration date during the authorization process and the transaction is approved.

Expiration and Valid Date Formats. Expiration and valid dates are each expressed as follows:

- When an expiration date is embossed in a month/year format, transactions are valid through and including the last day of the month and year.
- When a valid date is expressed in a month/year format, transactions that occur before the first day of the month and year are invalid.
- When a valid date is expressed in a month/day/year format, transactions that occur before the day, month, and year are invalid.

Determining the Transaction Date for T&E Transactions. For purposes of message reason code 4835, the transaction date is the date that the cardholder first presented the card to the card acceptor in connection with the transaction. For hotel/motel or vehicle rental transactions, the applicable transaction date is the date that the cardholder first checked into the hotel/motel or rented the vehicle.

Determining the Transaction Date for Undated Transactions. Where a transaction is undated, GCMS presumes the transaction date is any date within 15 calendar days before the Central Site Business Date.

Safe Reporting. The issuer must report the transaction to SAFE if the transaction resulted from an account with a fraud status.

MasterCard Electronic Card. Refer to MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

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3.10 Message Reason Code 4837—No Cardholder Authorization

The issuer may use message reason code 4837 if:

- The cardholder states in writing that neither he, she, nor anyone authorized by him or her engaged in the transaction.

  Or

- A face-to-face transaction took place using a once-valid, unexpired, revoked account number and the issuer can certify in writing that the unexpired physical card is not outstanding because it was recovered, destroyed, or both.

3.10.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days	No	Cardholder letter or (if applicable) an issuer certification letter; or Written complaint from a company or government agency representative on behalf of a corporate card cardholder when the company or government agency no longer employs the authorized cardholder and the issuer has closed the account; or For qualified subsequent fraudulent transactions, a copy of the original cardholder letter and issuer certification letter. If multiple transactions are being charged back, include a list of the individual items in the batch (ARD and amounts). The batch option is available only for MCCs 4813, 4814, 4816, and 5967.	One of the following: • None • If charging back as a result of a face-to-face transaction using a once valid revoked card, use the words: NO SUCH CARD • For multiple transactions charged back using a single chargeback record use the words: MULTIPLE TRANSACTIONS NNN As applicable: Replace "NNN" with the number of items being charged back.

3.10.2 Conditions for Using Message Reason Code 4837

The issuer can charge back if it can provide a written cardholder complaint stating that neither he, she, nor anyone authorized by him or her engaged in the transaction.

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The issuer also may charge back a transaction involving a once valid revoked card with an issuer certification letter instead of a written cardholder complaint if

- The transaction was identified in the clearing record as a face-to-face transaction, and
- The issuer certifies in writing that the unexpired account number identified in the transaction record was not outstanding on the transaction date because the physical card was recovered, destroyed, or both.

The issuer must provide the written certification and indicate "NO SUCH CARD" in DE 72 (Data Record) of the First Chargeback/1442 message.

The issuer must report the transaction to SAFE, in accordance with Chapter 1 of the *Complete SAFE Manual*.

An issuer **may not** effect a charge back using message reason code 4837 if

- The card acceptor is Universal Cardholder Authentication Field (UCAF)-enabled,
- The issuer provided the UCAF for that transaction,
- All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied, and
- The Authorization Request Response/0110 message reflected the issuer's approval of the transaction.

For information regarding regional merchant-only liability shifts for partial UCAF transactions, see MasterCard SecureCode and Universal Cardholder Authentication Field (UCAF) Liability Shift Program of this guide.

Refer to the following manuals for more information about the specific data element requirements for a valid UCAF transaction.

Refer to...	For information about...
Customer Interface Specification (CIS)	Specific data element values that satisfy Authorization Request/0100 message requirements for a valid UCAF transaction.
IPM Clearing Formats	Specific data element values that satisfies clearing requirements for a valid UCAF transaction.

If the issuer determines that the UCAF data that the acquirer provided in the Authorization Request/0100 message is not identical to the UCAF data that the issuer provided for that transaction, the issuer's right of chargeback under this reason code is preserved.

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The issuer **may not** use this message reason code for the following types of transactions:

- Emergency cash disbursements or emergency travelers check refunds
- ATM transactions
- Properly identified Quick Payment Service (QPS) transactions under the applicable floor limit at fast food restaurants (MCC 5814), movie theaters (MCC 7832), and parking garages (MCC 7523). Refer to Quick Payment Service (QPS) Program (QPS Program) of this guide for more information about QPS transactions.
- Properly identified magnetic stripe-read QPS transactions that the issuer authorized for equal to or below USD 25 at drug stores (MCC 5912), convenience stores (MCC 5499), service stations (MCC 5541), video stores (MCC 7841), book stores (MCC 5942), music stores (MCC 5735), newsstands (MCC 5994), grocery/supermarkets (MCC 5411), limousines and taxicabs (MCC 4121), and dry cleaners (MCC 7216). Refer to Quick Payment Service (QPS) Program (QPS Program) of this guide for more information about QPS transactions.
- Transactions that occurred at a cardholder-activated terminal (CAT) that were properly identified in the authorization messages and clearing records as Automated Dispensing Machine/Level 1 (where a PIN is required) or when properly identified in the clearing records as Limited Amount Terminal/Level 3.
- Counterfeit card transactions that occurred at a Self-Service Terminal/ Level 2 where the acquirer transmitted the full unedited card-read data in the Authorization Request/0100 message and obtained an authorization approval or valid transaction certificate.
- Properly identified and authorized *PayPass* transactions equal to or below USD 25 when all operating requirements are satisfied. Refer to Processing *PayPass* Transactions (Processing *PayPass* Transactions) of this guide for more information about *PayPass* transactions.
- Transactions resulting from an account takeover and subsequently reported to SAFE as such. An account takeover occurs when the transaction posts to an account that was fraudulently taken over from the authorized cardholder that opened the account. Nov 2007

NOTE

The issuer can use message reason code 4837 for non-counterfeit transactions occurring at a cardholder-activated terminal (CAT) that was properly identified as a Self-Service Terminal/Level 2 in the authorization messages and clearing records.

Before processing the chargeback, the issuer must block the account on its host and list the cardholder account number on the MasterCard Account File with a "capture card" response until card expiration. Issuers in the Europe region (region D) also must list the account on the Electronic Warning Bulletin for Region D. The cardholder letter alleging that the transaction is fraudulent also must state, or the issuer must otherwise certify by means of a separate document accompanying the cardholder letter, that the card was lost or stolen at the time of the transaction.

Additional chargeback requirements and limitations apply to World MasterCard Card T&E transactions. Refer to World MasterCard T&E Interchange Rate Program of this guide for more information.

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3.10.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4837.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
Compelling Evidence For intra-European airline transactions only (MCC 3000-3299 or 4511), excluding e-commerce transactions	2700 Chargeback remedied. See corresponding documentation.	At least one of the following documents, accompanied by an explanation thereof: • Flight ticket or boarding pass showing the cardholder's name • Flight manifest showing the cardholder's name • Additional transactions connected with the disputed flight, such as upgrades, excess baggage charges, and in-flight purchases • Passenger identification documentation showing a link to the cardholder • Credits of frequent flyer miles for the flight, showing connection to the cardholder • Proof of receipt of the flight ticket at the cardholder's billing address	COMP EVID
The acquirer can substantiate that a PIN was present in the Authorization Request/0100 message.	2008 Issuer authorized transaction.	None	PIN MMDDYY NNNNNN Replace "MMDDYY" with the date the transaction was authorized. Replace "NNNNNN" with the authorization approval code.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
A transaction between members that participate in the Chip Liability Shift Program Level 2 and the acquirer can show that the transaction occurred at a hybrid terminal equipped with a PIN pad, while the card was not PIN-preferring. This is a final remedy.	2871 Chip/PIN Liability Shift	Documentation to substantiate card presence and cardholder verification method (CVM).	None
The transaction was between members that participate in the Chip Liability Shift Program, occurred at a chip-compliant POI terminal, and was initiated with a non-EMV chip card. This is a final remedy.	2870 Chip Liability Shift	Documentation to substantiate card presence and cardholder verification method (CVM)	None
The issuer's chargeback was invalid. For example, the issuer submitted documentation that failed to support the chargeback.	2713 Invalid chargeback	None	Reason for the return
For a QPS transaction that was under the applicable floor limit and identified with one of the following MCCs: • MCC 5814 • MCC 7523 • MCC 7832	2713 Invalid chargeback	None	INVALID REASON CODE FOR QPS.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
For a QPS transaction equal to or below USD 25 where authorization was obtained and the transaction was identified with one of the following MCCs: • MCC 4121 • MCC 5912 • MCC 5499 • MCC 5541 • MCC 7841 • MCC 5942 • MCC 5735 • MCC 5994 • MCC 5411 • MCC 7216	2008 Issuer Authorized Transaction	None	QPS MCC MMDDYY NNNNNN Replace "MMDDYY" with the date of the authorization request. Replace "NNNNNN" with the Banknet or EPS-Net authorization number.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
For Global Liability Shifts The acquirer can show that: The transaction approved by the issuer contained the value in the UCAF that the issuer or its agent provided (DE 48, subelement 42 had a UCAF collection indicator value of 2), **and** All of the required e-commerce indicators were provided in the Authorization Request/0100 message and the clearing record. Refer to the *Customer Interface Specification* or European *V5 Interface Specifications* manual as applicable for the data element values that satisfy Authorization Request/0100 message requirements for a valid UCAF transaction. Refer to the *IPM Clearing Formats* manual for the specific data element values that satisfy clearing requirements for a valid UCAF transaction.	2008 Issuer authorized transaction.	None	AUTH MMDDYY/NNNN NN SL 2. Replace "MMDDYY" with the date the transaction was authorized. Replace "NNNNNN" with the authorization approval code "2" of SL 2 = DE 48 s42 f3 of the authorization message showing a value of 2.
For Merchant-Only Liability Shift Members should refer to MasterCard SecureCode and Universal Cardholder Authentication Field (UCAF) Liability Shift Program of this guide for processing procedures and applicable remedies for e-commerce transactions processed under intraregional or interregional liability shift programs.	Refer to MasterCard SecureCode and Universal Cardholder Authentication Field (UCAF) Liability Shift Program.	Refer to MasterCard SecureCode and Universal Cardholder Authentication Field (UCAF) Liability Shift Program.	Refer to MasterCard SecureCode and Universal Cardholder Authentication Field (UCAF) Liability Shift Program.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
For a *PayPass* transaction equal to or less than USD 25 where authorization was obtained.	2008 Issuer Authorized Transaction	None	PAYPASS NNNNNN MMDDYY Replace "MMDDYY" with the date the transaction was authorized. Replace "NNNNNN" with the authorization approval code.
The acquirer can provide documentation substantiating the card's presence and providing the cardholder's signature. All account numbers appearing on the TID must match the account number in the original presentment. (Refer to example 8, Example 8—Message Reason Code 4837—No Cardholder Authorization (Available when two different account numbers appear on the same TID).	2700 Chargeback remedied. See corresponding documentation.	One of the following: Documentation with a card imprint matching the account number in the First Chargeback/1442 message and cardholder signature or evidence of other valid cardholder verification method (CVM) authorizing the use of the MasterCard account number to settle the account	None
		For transactions that obtain an authorization via Banknet or EPS-Net and that occurred at an attended POI terminal that read and transmitted the account number from the card's magnetic stripe or chip: a printed, signed terminal receipt	TRANS AUTHORIZED MMDDYY NO.NNNNNNReplace "MMDDYY" with the date the transaction was authorized.Replace "NNNNNN" with the authorization approval code
		For transactions that were not authorized via Banknet or EPS-Net a printed, signed terminal receipt and proof that the transaction occurred at an attended POI terminal that read and captured the account number from the card's magnetic stripe	None

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)	
		For vehicle-assigned MasterCard Corporate Fleet Card transactions, proof of card presence. Proof of signature is not required for chargebacks processed on transactions properly completed using the vehicle-assigned Corporate Fleet Card. This provision does not apply to any other type of transaction	None	
		For a chip transaction the acquirer must provide DE 55, unless previously provided in the First Presentment/1240 or Authorization Request/0100 message. If PIN was not used, evidence of other CVM in the form of a signed POI terminal receipt must also be provided	CHIP TRANSACTION	Nov 2007
		Other appropriate documentation. For example, a hotel/motel bill or vehicle rental agreement that includes a card imprint and a signature authorizing the use of the MasterCard card to settle the account	None	
The acquirer can provide proof it received a positive Address Verification Service (AVS) response of **X** (address match with nine-digit ZIP code) or **Y** (address match with five-digit ZIP code) for the transaction and documentation showing that the address to which the merchandise was sent is the same as the AVS-confirmed address.	2700 Chargeback remedied. See corresponding documentation.	Proof of positive AVS response X or Y and documentation that shows the merchandise was sent to the "AVS-confirmed" billing address	None	

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)	
The acquirer can substantiate that the transaction was the result of Guaranteed Reservation Service, a "no-show."	2700 Chargeback remedied. See corresponding documentation.	Documentation establishing that the card acceptor obtained the cardholder's account number, name embossed on the card, and the confirmation number provided at the time the reservation was made	None	Nov 2007
The acquirer can prove that the transaction resulted from an account takeover.	2700 Chargeback remedied. See corresponding documentation.	Documentation that supports the second presentment by proving that the transaction resulted from an account takeover. For example: The Acquirer Loss File report (AF739010-BB). The SAFE Acquirer Transaction Data report A statement from the authorized cardholder confirming that the account was in fact taken over and that fraud subsequently occurred	None	Nov 2007

An acquirer may remedy a chargeback for message reason code 4837 if the transaction was a guaranteed no-show reservation. MasterCard recommends that with its second presentment, the card acceptor provide specific information obtained or pertaining to the guaranteed reservation (the cardholder's account number, card expiration date, name embossed on the card, address, and the reservation confirmation number). If the second presentment includes the required information, the issuer or cardholder must provide a new dispute letter in order to continue the dispute under this message reason code. Nov 2007

If the device was not properly identified as CAT 3 in the First Presentment/1240 message, the acquirer cannot remedy the chargeback. Nov 2007

3.10.3.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4837.

Reason Code	Description
2002	Non-receipt of required documentation to support chargeback

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Reason Code	Description
2004	Invalid Acquirer Reference Data on chargeback; documentation was received
2011	Credit previously issued
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit
2709	Documentation received was illegible
2710	Scanning error—unrelated documents or partial scan

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Refer to Processing Second Presentment/1240 Messages for the standard processing procedure.

3.10.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4837). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The conditions shown below represent valid options that the issuer can use to process an arbitration chargeback.

Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
Compelling Evidence for intra-European airline transactions	4837	Progressive cardholder letter refuting the documentation received from the card acceptor in the second presentment	

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Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
The cardholder continues to dispute an AVS-confirmed transaction. **Note:** An issuer may process an arbitration chargeback on a non–face-to-face transaction when the merchandise was sent to an AVS-confirmed address and the cardholder provides additional documentation that continues to dispute the transaction.	4837 No cardholder authorization	Progressive cardholder letter; as required Or Progressive written complaint from a company or government agency representative on behalf of a corporate card cardholder when the company or government agency no longer employs the authorized cardholder and the issuer has closed the account	CONFIRMED AVS Where "CONFIRMED AVS" is an affirmation that the issuer has confirmed that the AVS sent in the Authorization Request/0100 message matched the authorized cardholder billing address.
For transactions authorized via Banknet or EPS-Net, the issuer determines that there is no proof that the account was captured via a magnetic stripe reader.	4837 No cardholder authorization	A copy of the issuers authorization log	None
The issuer can demonstrate that the value contained in the UCAF within the Authorization Request/0100 message is not identical to the value that the issuer or its agent provided for that transaction.	4837 No cardholder authorization	A copy of the system log supporting the issuer's claim of a discrepancy between the transaction's UCAF value generated by the issuer or its service provider, and the value presented in the UCAF field at the time of authorization	INVALID UCAF

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Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)	
The issuer can demonstrate that the transaction was performed using a commercial card (including MasterCard BusinessCard, MasterCard Executive BusinessCard, Debit MasterCard BusinessCard, MasterCard Corporate Card, MasterCard Corporate Executive Card, MasterCard Corporate Purchasing Card, MasterCard Corporate Fleet Card, Multi-Card, World MasterCard for Business, World Elite MasterCard for Business, MasterCard Corporate World, and MasterCard Corporate World Elite).	4837 No cardholder authorization	None	UCAF COMMERCIAL CARD	
The issuer or cardholder continues to dispute a Guaranteed Reservation Service "no-show" transaction.	4837 No cardholder authorization	A letter from the issuer stating that information provided by the card acceptor is not accurate and, in particular, which information is not accurate (for example, incorrect cardholder name or incorrect cardholder address); or A progressive letter from the cardholder, dated after the second presentment, to reconfirm the cardholder's dispute.	None	Nov 2007

The issuer should verify that the card account number was not present on its authorization logs before initiating an arbitration chargeback for message reason code 4837 when the transaction was authorized through the Banknet or EPS-Net network and the member disputes presence of the card.

The issuer does not have the right to process an arbitration chargeback for lack of signature if the transaction involved a properly processed vehicle-assigned MasterCard Corporate Fleet Card transaction.

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The issuer may use the following additional message reason codes to submit an arbitration chargeback for message reason code 4837.

Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240.
4902	Documentation received was illegible.
4903	Scanning error—unrelated documents or partial scan
4908	Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received.

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Refer to Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.10.5 Arbitration

Refer to Arbitration Case for the standard procedure.

3.10.6 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

Supporting Documentation for Accounts Closed for a Minimum of 60 Days. Sometimes transactions can occur on a cardholder account number months after the account has been closed. In this case, rather than contacting the cardholder for another letter, the issuer can stand in for any fraudulent activity by providing a copy of the original cardholder letter and an issuer certification letter stating the following three conditions:

- The issuer or its agent did not authorize the transaction, as specified in the *Authorization System Manual* or European *Authorization Guide,* as applicable.
- The date of the disputed item was on or after the date the card was used fraudulently.
- The account has been closed for a minimum of 60 days.

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Procedures for Combining Multiple Transactions as a Single Chargeback. If the dispute involves multiple, unauthorized, card-activated telephone charges (MCC 4813 or 4814), computer network or information service charges (MCC 4816), or audiotext or videotext charges (MCC 5967) from the same card acceptor and acquirer to a single cardholder account number, the issuer may combine the transactions in question into a single First Chargeback/1442 message. The issuer must include a list of the ARDs involved and the amount of each disputed transaction in the accompanying chargeback documentation. A copy of a cardholder's statement will satisfy this requirement if the items are identified and the statement reflects the ARD that was provided in the First Presentment/1240 message.

Corporate Card—Company or Government Agency Representative Written Complaint. When the issuer submits as supporting documentation a written complaint from a company or government agency representative on behalf of a corporate card cardholder, the written complaint must state that the cardholder no longer is employed by the company or government agency, and the issuer must certify that the account has been closed.

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Guaranteed Reservation Service Program—The MasterCard Guaranteed Reservation Service is for hotels, motels, bed and breakfasts, and resorts. Under this program, the card acceptor is obliged to have a room available when the cardholder arrives (until checkout time the next day). The cardholder is obliged to cancel a confirmed reservation with the card acceptor before 18:00 (card acceptor's local time) on the date of the reservation. If the cardholder fails to cancel the reservation, the card acceptor can charge the cardholder a "no-show" charge equal to one night's lodging. Even if the cardholder reserved a room for three nights, the card acceptor can charge for only one night's lodging.

In DE 72 (Data Record), MCC NNNN identifies the card acceptor business code for the particular hotel. Refer to the *Quick Reference Booklet* for a complete list of MCCs. If no MCC has been assigned to the card acceptor, the issuer must use MCC 7011 (Lodging—Hotels, Motels, Resorts—not elsewhere classified).

A copy of a written, faxed, or e-mail confirmation from the hotel, motel, or resort property sent to the cardholder notifying him or her of the confirmation number and cancellation policy is acceptable second presentment documentation to support the merchant's assertion that the cardholder was aware of the card acceptor's "guaranteed reservation" policy.

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Confirmed Address Verification Service (AVS) Response. The documentation provided to support a confirmed AVS response may be, but is not limited to, proof of a positive AVS response X or Y, exact match ZIP5, exact match ZIP9, or exact match along with documentation that shows the merchandise was sent to the "AVS-confirmed" billing address. If the issuer sees any one of these AVS responses and contests this information, the issuer should review its Banknet or EPS-Net Authorization Detail Report to confirm the AVS response before processing the arbitration chargeback. The issuer also may process an arbitration chargeback if it disputes that the merchandise was shipped to an "AVS-confirmed" billing address. The issuer must process the arbitration chargeback using message reason code 4837 and indicate the reason for the return in the data record of the arbitration chargeback (for example, **INVALID AVS REMEDY**).

MasterCard Electronic Card. Refer to MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

Supporting Documentation for Transactions Authorized through Banknet or EPS-Net. When the transaction occurs at a POI terminal that transmitted the magnetic stripe data in the Banknet or EPS-Net authorization record, the acquirer may provide only a copy of the signed terminal receipt and the authorization date and the authorization code in the DE 72 (Data Record). In this situation, MasterCard does not require a copy of the authorization log as supporting documentation for the second presentment.

Supporting Documentation for Transactions NOT Authorized through Banknet or EPS-Net. For transactions not authorized via the Banknet or EPS-Net network that occurred at a POI terminal, the card acceptor must explain clearly in content and usage all documentation that establishes the card's presence at an attended POI terminal. Examples of documentation include:

- Acquirer's authorization log
- Electronic Data Capture (EDC) log
- Magnetic stripe reading (MSR) terminal or hybrid terminal printer certification

For example, the acquirer would include a key for its terminal specifications indicating that the value **S** on the terminal receipt means that the card was swiped.

Resolving Chargebacks Resulting from Account Number Keying Errors. If an acquirer determines that the disputed transaction resulted from a keying error, the acquirer must resubmit the transaction as a new First Presentment/1240 message (assuming that the error is corrected). If the acquirer submits a new presentment, the issuer and acquirer both must observe applicable procedures and time periods.

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Addendum Disputes. Issuers must not use this chargeback message reason code if the issuer is made aware that the disputed transaction is a subsequent separate addendum transaction that was appended to a previous valid transaction involving the same card acceptor. The issuer must process a chargeback for message reason code 4859 RS7 (Addendum Dispute) if the cardholder acknowledges participation in the original transaction.

Addendum Disputes—Second Presentments. Acquirers may remedy the dispute with documentation substantiating the cardholder has participated in the original transaction and documentation to establish the cardholder is responsible for the addendum transaction. Suggested documentation is proof of card presence and signature for the original transaction as well as documentation to support that the addendum transaction is the cardholder's responsibility. Once the issuer is made aware that the disputed transaction is a subsequent separate addendum transaction that was appended to a previous valid transaction involving the same card acceptor, the issuer must change the message reason code to 4859 RS7. If the transaction involves loss, theft, or damage, the acquirer must provide proof of card presence and signature or other CVM, specifically for the addendum billing for loss, theft, or damages.

Addendum Disputes—Arbitration Chargebacks. An issuer may continue an arbitration chargeback for addendum disputes under this message reason code when:

The addendum is a charge for loss, theft, or damage: The acquirer has not provided proof of card presence and signature or other CVM, specifically for an addendum billing for loss, theft, or damages.

Additional Supporting Documentation for T&E Final Audit Transactions. The acquirer also must include documentation substantiating that the cardholder is responsible for the disputed amount if the amount represents final audit charges not included in the original hotel/motel or vehicle cardholder billing. For example, after the cardholder initially is billed for a vehicle rental, the cardholder is billed for a separate additional amount that represents unpaid parking tickets. The cardholder claims that he or she did not authorize the transaction for the parking tickets. The card acceptor should include, with the second presentment, information about the violations showing that they were issued during the period that the vehicle was rented by the cardholder, as well as the rental agreement with proof of card presence and signature authorizing such charges.

Cardholder-activated Self-service Terminal/Level 2 Transactions. When charging back non-counterfeit cardholder-activated terminal (CAT) Self-service Terminal/Level 2 transactions, the cardholder alleging that the transaction is fraudulent also must state, or the issuer must otherwise certify by means of a separate document accompanying the cardholder letter, that the card was lost or stolen at the time of the transaction. A letter that indicates that the transaction resulted from Never Received Issue (NRI) fraud is considered to be lost or stolen if the letter or additional documentation accompanying the chargeback substantiates that the NRI card was the card used for the disputed transaction.

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Progressive Documentation. A progressive cardholder letter may be required with the arbitration chargeback in response to new information or rebutting any card acceptor explanation provided with the second presentment. The progressive cardholder letter must be dated after the second presentment and specifically address the rebuttal provided with the second presentment. See section 1.15.1 Documentation Types of this guide for additional information. Nov 2007

Compelling Evidence. (For intra-European transactions only) The issuer may process an arbitration chargeback without obtaining a progressive cardholder letter if the acquirer provides no accompanying explanation of the documentation submitted in support of the second presentment.

If an acquirer submits compelling evidence in the second presentment, proof of card presence and cardholder authorization will not be taken into account in arbitration.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

Travel Industries Premier Service Incentive Interchange Rate Program. An acquirer cannot second present a transaction submitted for a Travel Industries Premier Service incentive interchange rate program.

3.10.6.1 Additional Acquirer Notes

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Supporting Documentation for Transactions Resulting from an Account Takeover—The acquirer can check its Acquirer Loss File report (AF739010-BB) or SAFE Acquirer Transaction Data report to confirm that the issuer reported the transaction to SAFE as an account takeover or provide any other type of documentation confirming that the transaction resulted from an account takeover (for example, a statement from the authorized cardholder confirming that the account was, in fact, taken over and that subsequent fraud occurred).

The Acquirer Loss File report is provided through the Banknet network or MasterCard File Express and must be requested by submitting the SAFE Optional Report Selection Form found in the Security Rules and Procedures manual or in the Business Forms section of Member Publications on MasterCard OnLine®.

The Acquirer Transaction Data report is available to all acquirers registered for the Fraud Reporter tool on MasterCard OnLine.

Detailed descriptions and processing specifications for the Acquirer Loss File report and the Acquirer Transaction Data report can be found in the *Complete SAFE Manual.*

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3.11 Message Reason Code 4840—Fraudulent Processing of Transactions

This message reason code can be used if the cardholder states in a letter that:

- The cardholder or anyone authorized by the cardholder was still in possession and control of all valid cards at the time of the transaction, and
- The cardholder admits to at least one legitimate face-to-face transaction at a given card acceptor location, but denies making one or more additional face-to-face transactions at that same card acceptor location.

3.11.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days	No	Cardholder letter and, when necessary, cardholder copy of the valid transaction Note: If a valid transaction was not posted to the cardholder's account, the issuer must support this chargeback with a copy of the signed and imprinted or printed cardholder copy of the valid transaction.	NNNNNNNNNNNNNNNNNNNNN If available, replace: "NNNNNNNNNNNNNNNNNNNNN" with the acquirer reference data (ARD) of the genuine transaction.

3.11.2 Conditions for Using Message Reason Code 4840

The issuer must support this chargeback with a cardholder letter that must be signed by the cardholder that made the original legitimate transaction. For example, if the spouse of the cardholder made the original transaction, the spouse would have to sign the letter. In lieu of a written cardholder letter, the issuer may provide an e-mail message sent by the cardholder that made the original legitimate transaction.

If the valid transaction has not been posted, the issuer must supply a copy of the cardholder's TID for the legitimate transaction as supporting chargeback documentation to validate card presence. The chargeback must reflect the entire amount of the transaction in question.

For example, a cardholder's legitimate USD 75 transaction was not processed, but two other transactions—one for USD 100 and another for USD 80—were. The issuer should charge back USD 100 and USD 80, not USD 80 and USD 25 (USD 100 minus USD 75). As stated in the previous paragraph, the chargeback documentation must include a copy of the USD 75 transaction.

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Additional chargeback requirements and limitations apply to World MasterCard Card T&E transactions. Refer to section 1.6.1.1 World MasterCard T&E Interchange Rate Program of this guide for more information.

The issuer **may not** use this message reason code for non–face-to-face transactions.

3.11.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represents a valid remedy for the acquirer to process a second presentment for message reason code 4840.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer provides copies of the legitimate and unauthorized sales slips or POI terminal-generated receipts* for the disputed transactions, along with a letter of explanation from the card acceptor. An electronically-generated POI terminal receipt is an acceptable substitute for a card imprint when created at an attended POI terminal when the account number was card read, and the acquirer provided a valid value in DE 22, subfield 1 (POS Terminal PAN Entry Mode) of the Authorization Request/0100 message. For further details, refer to the *Customer Interface Specification* or European *V5 Interface Specification* manual, as applicable.	2700 Chargeback remedied. See corresponding documentation.	The legitimate and unauthorized sales slips or POI terminal-generated receipts and a card acceptor explanation.	None

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer can substantiate that a PIN was present in the Authorization Request/0100 message for at least one transaction and can provide a letter of explanation from the card acceptor.	2008 Issuer authorized transaction	A card acceptor explanation (The acquirer also must provide the sales slips or POI-generated receipts for any non-PIN transaction.)	PIN MMDDYY NNNNNN (for the valid posted transaction) Replace "MMDDYY" with the date the transaction was authorized of the valid posted transaction. Replace "NNNNNN" with the Banknet or EPS-Net Authorization Number of the valid posted transaction.
Data record did not contain the valid ARD if a valid sale posted.	2704 Invalid member message text	None	None

3.11.3.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 message for chargeback message reason 4840.

Reason Code	Description
2002	Nonreceipt of required documentation to support chargeback
2004	Invalid Acquirer Reference Data on chargeback; documentation was received
2011	Credit previously issued
2701	Duplicate Chargeback
2702	Past chargeback time limit
2704	Invalid member message text
2709	Documentation received was illegible
2710	Scanning error—unrelated documents or partial scan
2713	Invalid Chargeback

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Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard processing procedure.

3.11.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4840). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The conditions shown below represent valid options that the issuer can use to process an arbitration chargeback for message reason code 4840.

Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
The cardholder continues to dispute the transaction.	4840 Fraudulent processing of transactions	Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation.	Reason for the return

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240.
4902	Documentation received was illegible.
4903	Scanning error- unrelated documents or partial scan
4908	Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received.

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Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.11.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

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3.11.6 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

SAFE Reporting. The issuer must report the transaction to SAFE if fraud was committed. These situations may not stop at one transaction, and if enough issuers file similar fraud claims, the card acceptor can be placed in the Questionable Merchant Activity category and listed in a *Global Security Bulletin*. At that point, an issuer can charge back a transaction retroactively under message reason code 4849, Questionable Merchant Activity.

Transactions Processed through Two Different Acquirers. An issuer may process a chargeback for message reason code 4840 if the dispute involves two different acquirers and the card acceptor descriptions are the same. All other requirements of the chargeback reason must be met.

Progressive Documentation. A progressive cardholder letter may be required with the arbitration chargeback in response to new information or rebutting any card acceptor explanation provided with the second presentment. The progressive cardholder letter must be dated after the second presentment and specifically address the rebuttal provided with the second presentment. See Documentation Types of this guide for additional information.

Example—Chargeback Message Reason Code 4840. The following scenario presents a situation when message reason code 4840 would apply.

A cardholder gives his or her card to a gas or petrol station attendant who walks away to imprint it but also makes several additional imprints of the card. After the cardholder drives away, the attendant completes and deposits the other sales slips and takes the equivalent amount of cash from the register. The cardholder subsequently is billed for several unauthorized transactions from this one card acceptor.

Example—Chargeback Message Reason Code 4840 Remedy. The following example illustrates a possible remedy.

A department store can show, using the times and descriptions printed on terminal receipts or on the authorization logs, that the cardholder made one transaction in the sportswear department at 09:00 and the second transaction in the jewelry department at 12:30. The difference between the times may indicate either that the cardholder made both transactions or that the card was out of the cardholder's possession.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

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Addendum Disputes. Issuers must not use this chargeback message reason code if the issuer is made aware that the disputed transaction is a subsequent separate addendum transaction that was appended to a previous valid transaction involving the same card acceptor. The issuer must process a chargeback for message reason code 4859 RS7 (Addendum Dispute) if the cardholder acknowledges participation in the original transaction.

Addendum Disputes—Second Presentments. Acquirers may remedy the dispute with documentation substantiating the cardholder has participated in the original transaction and documentation to establish the cardholder is responsible for the addendum transaction. Suggested documentation is proof of card presence and signature for the original transaction as well as documentation to support that the addendum transaction is the cardholder's responsibility. Once the issuer is made aware that the disputed transaction is a subsequent separate addendum transaction that was appended to a previous valid transaction involving the same card acceptor, the issuer must change the message reason code to 4859 RS7.

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3.12 Message Reason Code 4841—Cancelled Recurring Transaction

The issuer uses this message reason code if:

- The card acceptor continued to bill a cardholder for a recurring transaction, such as an insurance premium, computer service, or a book-of-the-month club, after receiving notification of cancellation from the cardholder or issuer, **or**
- The issuer listed the cardholder's account information on the Recurring Payment Cancellation Service (RPCS) and notified the acquirer.

3.12.1 Supporting Requirements for Issuer's Chargeback

Issuers that are connected to EPS-Net do not have a chargeback right for RPCS listings.

Supporting requirements for message reason code 4841 are listed in the following table.

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days	No	Cardholder or issuer letter or completed Expedited Billing Dispute Resolution Process Form stating that the card acceptor was notified of the cancellation before the billing of the disputed transaction.	None
		The issuer listed account number on Recurring Payment Cancellation Service (RPCS). (Not applicable for issuers connected to EPS-Net) Documentation is not required if the issuer listed the account number in the Recurring Payment Cancellation Service (RPCS) before the billing of the disputed transaction.	RPCS MMDDYY Replace "MMDDYY" with the date the account number was listed in the RPCS

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Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
		The issuer can process any subsequent chargeback for this reason without documentation with the required Data Record text.	CBMMDDYY ARD XXXXXXXXXXXXXXXXXXXXXXX In CBMMDDYY, replace "MMDDYY" with the date of the previous message reason code 4841 chargeback. Replace "X"s with the acquirer reference data (ARD) of the previous message reason code 4841 chargeback.
		If batching card-activated phone transactions or specified e-commerce charges (MCCs 4816 or 5967), include a list of the individual items in the batch (ARD and amounts). A cardholder letter is not required for a subsequent chargeback if the chargeback date and ARD of the previous message reason code 4841 chargeback is referenced in the batch documentation.	For multiple transactions charged back using a single chargeback record: MULTIPLE TRANSACTIONS NNN Replace "NNN" with the number of items being charged back.

3.12.2 Conditions for Using Message Reason Code 4841

The cardholder or issuer must provide a written statement or a completed Expedited Billing Dispute Resolution Process Form with this chargeback. The documentation must state that the card acceptor received notification of the cancellation.

Refer to Appendix C, Forms of this guide for instructions for accessing the Expedited Billing Dispute Resolution Process Form.

An issuer can use message reason code 4841 to charge back any subsequent recurring transaction without a cardholder letter, if it had previously charged back a recurring transaction involving the same cardholder and card acceptor. The issuer must identify the previous chargeback in DE 72 (Data Record) in the First Chargeback/1442 message.

Additional chargeback requirements and limitations apply to World MasterCard Card T&E transactions. Refer to section 1.6.1.1 World MasterCard T&E Interchange Rate Program of this guide for more information.

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3.12.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The condition shown below represents a valid remedy for the acquirer to process a second presentment for message reason code 4841.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer can substantiate that the transaction was not a recurring transaction. For example, the card acceptor bills the cardholder in installments.	2700 Chargeback remedied. See corresponding documentation.	If appropriate, documentation to support that the chargeback is invalid.	None
The issuer's DE 72 (Data Record) was improper.	2704 Invalid member message text.	None	None

3.12.3.1 Additional Remedies

Acquirers can use the following additional second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason code 4841.

Reason Code	Description
2001	Invalid Acquirer Reference Data on chargeback; no documentation required or provided
2002	Nonreceipt of required documentation to support chargeback
2004	Invalid Acquirer Reference Data on chargeback; documentation was received
2011	Credit previously issued
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit
2709	Documentation received was illegible
2710	Scanning error—unrelated documents or partial scan
2713	Invalid chargeback

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Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard procedure.

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3.12.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4841). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The conditions shown below represent valid options that the issuer can use to process an arbitration chargeback for message reason code 4841.

Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
The cardholder continues to dispute the transaction.	4841 Cancelled recurring transaction	Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation.	Reason for the return

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240.
4902	Documentation received was illegible.
4903	Scanning error—Unrelated documents or partial scan.
4905	Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received or was not required.
4908	Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received.

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Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.12.5 Arbitration

Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard procedure.

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3.12.6 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

Confirm that the Transaction is a Recurring Transaction. The disputed transaction must be a recurring transaction and not an installment billing. For example, a cardholder contracted to pay USD 25 on a monthly basis for one year for membership in a health club. This transaction would not qualify as a recurring transaction because there is a beginning and ending time specified for the membership.

Chargeback Allowed if Issuer Cancels Recurring Billing. If the cardholder is no longer a customer, (for example, the account has been closed), the issuer can charge back a transaction under message reason code 4841, if it previously notified the card acceptor or acquirer to cancel the billing.

Message reason code 4841 can be used only for recurring transactions (for example, bimonthly, monthly, and semiannual billings) that occur after the card acceptor or acquirer was instructed to discontinue future billing.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

Supporting Documentation—Issuer Letter and Expedited Billing Dispute Form. The issuer may act on behalf of the cardholder and submit a letter stating that the cardholder contacted the card acceptor to cancel the recurring transaction before it billed the cardholder.

Procedures for Combining Multiple Transactions as a Single Chargeback. If the dispute involves multiple computer network or information services charges (MCC 4816) or audiotext or videotext charges (MCC 5967) from the same card acceptor and acquirer to a single cardholder account number, the issuer may combine the disputed transactions into a single First Chargeback/1442 message. The issuer must include a list of the multiple ARD and the amount of each disputed transaction in the accompanying chargeback documentation. A copy of a cardholder's statement will satisfy this requirement if it identifies the items, and the statement reflects the original ARD provided in the First Presentment/1240 message.

MasterCard Recurring Payment Cancellation Service (RPCS). RPCS is an optional service allowing issuers to block recurring payment presentments and issue declined authorization messages based on blocking criteria specified to MasterCard. By implementing the RPCS, MasterCard issuers, acquirers, and card acceptors may experience a reduction in the amount of chargebacks processed for message reason code 4841. For additional information about the RPCS, refer to the *Authorization System Manual*, European *Authorization Guide* or the RPCS FAQs available via MasterCard Online.

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Example—Improper Chargeback Message Reason Code 4841 Remedy. The acquirer must not submit a second presentment if the chargeback indicates that the cardholder cancelled the recurring transaction and the card acceptor states that it was never contacted. The cardholder is disputing subsequent billings, and this is sufficient notification that he or she no longer wants to be billed.

Progressive Documentation. A progressive cardholder letter may be required with the arbitration chargeback in response to new information or rebutting any card acceptor explanation provided with the second presentment. The progressive cardholder letter must be dated after the second presentment and specifically address the rebuttal provided with the second presentment. Refer to section 1.15.1 Documentation Types of this guide for additional information.

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3.13 Message Reason Code 4842—Late Presentment

Use message reason code 4842 if the Central Site Business Date is more than 30 calendar days after the transaction date and the account is permanently closed. Nov 2007

A Payment Transaction must be presented in clearing within one business day of the authorization date. Therefore, the issuer may submit a chargeback for a Payment Transaction using message reason code 4842 before the 30-calendar day presentment time frame normally required for this message reason code.

3.13.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE-72 (Data Record)	
120 calendar days	No	None	None	Nov 2007

3.13.2 Conditions for Using Message Reason Code 4842

The issuer must use good-faith efforts to collect the transaction amount from the cardholder before it exercises this chargeback right. The issuer cannot submit a chargeback for message reason code 4842 if the account is in good standing.

A Payment Transaction must be presented in clearing within one business day of the authorization date. Therefore, the issuer may submit a chargeback for a Payment Transaction using message reason code 4842 before the 30-calendar day time frame normally required for this message reason code.

Additional chargeback requirements and limitations apply to World MasterCard Card T&E transactions. Refer to section 1.6.1.1 World MasterCard T&E Interchange Rate Program of this guide for more information.

3.13.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4842.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer provides the correct transaction date that is within the 30-day time limit.	2003 Correct transaction date provided	None	CORRECT TRANS DATE MMDDYY Replace "MMDDYY" with the correct date of the transaction.
The acquirer may prove that the account is not permanently closed before the chargeback was processed.	2713 Invalid Chargeback	None	AUTH MMDDYY NNNNNN Replace "MMDDYY" with the date the issuer authorized the transaction. Replace "NNNNNN" with the authorization approval code.

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An acquirer that uses these remedies and makes the appropriate statements in DE 72 (Data Record) is stating that it has a copy of the TID, that it reviewed the TID, and that it verified the correct information. If any of these conditions cannot be met, the acquirer cannot remedy the chargeback.

3.13.3.1 Additional Remedies

Acquirers can use the following additional second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4842.

Reason Code	Description
2001	Invalid Acquirer Reference Data on chargeback; no documentation required or provided
2011	Credit previously issued
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit
2713	Invalid Chargeback

Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard processing procedure.

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3.13.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4842). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New valid chargeback reason
4905	Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received or was not required.

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.13.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

3.13.6 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

Determining the Transaction Date for T&E Transactions. For card acceptors that provide a service and accept a MasterCard card to begin the service but cannot bill the cardholder until completion of the service (for example, vehicle rental and hotel card acceptors), staff will consider the date of the transaction as the date that the services were completed. For vehicle rental card acceptors, the transaction date would be the date that the vehicle was returned to the rental agency. Traffic violations must be presented within 30 calendar days of receipt of the notification from the local traffic authorities. For hotel card acceptors, the transaction date would be the date that the cardholder checked out of the hotel. Nov 2007

Potential Compliance Violation if Chargeback is not Available. If a chargeback right does not exist under message reason code 4842 and the late presentment of a transaction resulted in a fluctuation of currency to a non–statused cardholder, and as a result, the issuer sustains a financial loss, it may be addressed as a compliance case. See the *Bylaws and Rules* manual section 9.14.2, and Chapter 2, Merchant Acceptance Procedures and Special Transaction Types of this guide.

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For example, a cardholder made a purchase on 1 January while on an overseas vacation. If the acquirer processed the transaction in a timely manner, the conversion would have resulted in a transaction of USD 100. However, the acquirer did not process the transaction until 1 March. At that time, it was converted to USD 280. The issuer can file a compliance case for USD 180 (the difference between the two amounts).

Approved Late Presentment Transaction. Proof of authorization will not remedy a chargeback if the authorization or transaction date is more than 30 calendar days from the Central Site Business Date.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

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3.14 Message Reason Code 4846—Correct Transaction Currency Code Not Provided

The issuer may charge back under this message reason code if one of the following circumstances occurs:

- The acquirer did not transmit the correct transaction currency code (DE 49) for the currency in which the transaction was completed.
- The transaction occurred in a dual currency environment, and a transaction currency is not specified on the TID.
- POI currency conversion disputes—a cardholder states in writing that he or she was not given the opportunity to choose the desired currency in which the transaction was completed or did not agree to the currency of transaction.
- **For intra-European transactions only.** The transaction amount is provided in a different currency for information purposes, and this currency is incorrectly processed as the transaction currency.

3.14.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days	No	None	None
For POI currency conversion disputes; 120 calendar days	No	Cardholder letter and, if available, copy of TID	POI CURRENCY CONVERSION

3.14.2 Conditions for Using Message Reason Code 4846

This chargeback must be for the full amount of the transaction. The issuer must use Function Code 450 (Full Amount).

Additional chargeback requirements and limitations apply to World MasterCard Card T&E transactions. Refer to section 1.6.1.1 World MasterCard T&E Interchange Rate Program of this guide for more information.

3.14.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4846.

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For POI currency conversion disputes where the cardholder states that he or she was not given the opportunity to choose the desired currency in which the transaction was to be completed or did not agree to the currency of the transaction, the acquirer must resubmit the transaction as a new First Presentment/1240 message in the card acceptor's local currency. The acquirer is prohibited from using the second presentment to dispute the validity of the cardholder's claim regarding the selection of or non-agreement to the currency.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer determines that the chargeback was invalid because the correct transaction amount and currency code were provided. In a dual currency environment, the card acceptor specified a currency indicator on the TID.	2700 Chargeback remedied. See corresponding documentation.	Documentation proving the correct currency was provided or specified	None

3.14.3.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4846.

Reason Code	Description
2001	Invalid Acquirer Reference Data on chargeback; no documentation required or provided
2002	Non-receipt of Required Documentation to Support Chargeback
2011	Credit previously issued
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit
2710	Scanning error—unrelated documents or partial scan
2713	Invalid Chargeback

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Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard processing procedure.

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3.14.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4846). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240.
4902	Documentation received was illegible.
4903	Scanning error-unrelated documents or partial scan.
4905	Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received or was not required.

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Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.14.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

3.14.6 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

No Specified Currency on TID. If no currency indicator is specified on the transaction receipt, the currency which is legal tender in the country where the transaction took place is the original transaction currency.

Applicable Currency Conversion Date. When the original presentment occurs, MasterCard uses the conversion rate in effect at the time of the Central Site Business Date.

Location of Currency Type on TID. The currency type is obtained from the "Total Amount" portion of the TID.

Issuers cannot use this message reason code to address verbal agreements of transaction currency between a cardholder and a card acceptor.

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This message reason code may be used to address a cardholder's disagreement with the application of POI currency conversion to a transaction.

Resolving Chargebacks Resulting from the use of Incorrect Currency Types. If the chargeback is valid, the acquirer should process the transaction as a First Presentment/1240 message with the correct transaction and settlement currency. The new presentment must be processed within 30 days of the Central Site Business Date of the first chargeback in order for the acquirer to be protected from a chargeback under message reason code 4842 (Late Presentment).

Processing the new presentment in the above manner will ensure that the issuers chargeback rights and time frames are protected, and the issuer will re-bill the cardholder for the correct transaction amount.

Resolving Chargebacks Related to POI Currency Conversion. The contents of the TID are taken into account only in determining whether POI currency conversion has taken place on a transaction. They neither prove nor disprove the cardholder's agreement for the conversion.

If the chargeback is valid, the acquirer should process the transaction as a First Presentment/1240 message in the card acceptor's local currency. The new presentment must be processed within 30 days of the Central Site Business Date of the first chargeback in order for the acquirer to be protected from a chargeback under message reason code 4842 (Late Presentment).

When converting the new transaction presented in the card acceptor's local currency to the cardholder's billing currency, the issuer should apply the conversion rate that was in effect on the date of the original transaction.

Currency Conversion. For additional information about currency processing procedures, refer to section 2.1.12 Debit MasterCard Purchase with Cash Back Transactions of this guide.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

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3.15 Message Reason Code 4847—Requested/Required Authorization Not Obtained and Fraudulent Transaction

The issuer may charge back a transaction under this message reason code if one of the following circumstances occurs:

- The transaction was face-to-face, card-read or key-entered, and occurred at a location with a POS device that had both online and magnetic stripe-read capability, but the transaction was not authorized.
- The transaction was non–face-to-face and was not authorized.
- The transaction amount exceeded the floor limit as established by MasterCard in effect at the time of the purchase and the transaction was not authorized.
- The authorization request was declined.

In addition, the cardholder states in writing that neither he, she, nor anyone authorized by him or her, engaged in the transaction.

3.15.1 Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days	No	Cardholder letter or cardholder affidavit of alleged fraud	One of the following, if applicable: a. **For international transactions only:** TRANS CUR $$$$$$$$ MCFL $$$$$$$ and optionally, MCC NNNN b. **For any Limited Amount Termina/ (CAT3)**: c. LAT LEVEL 3 EXCEEDS USD 40 For intra-European transactions: a. LAT LEVEL 3 EXCEEDS EUR 50 b. **For any declined transaction:** AUTHORIZATION DECLINED MMDDYY As applicable: Replace "$$$$$$$$" with the amount of the transaction in the transaction currency Replace "$$$$$$$" with the MasterCard floor limit Optionally, replace "NNNN" with the Merchant Category Code (MCC) of the transaction. Replace "MMDDYY" with the date the authorization request was declined.

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3.15.2 Conditions for Using Message Reason Code 4847

The issuer must report the transaction to SAFE as specified in Chapter 1 of the *Complete SAFE Manual*.

If a transaction was authorized but the transaction amount exceeds the authorized amount, the issuer may charge back only the amount in excess of the authorized amount. In this instance, the issuer must submit the First Chargeback/1442 message with a Function code of 453 (Partial Amount).

This issuer cannot use this chargeback if the card acceptor obtained authorization for an amount greater than the transaction amount.

For transactions that occur outside the U.S. region, issuers can use this chargeback reason only if the settled transaction amount exceeds the amount authorized by more than 10 percent. This rule allows for different currency conversion rates that could have been applicable on the authorization and processing dates.

The issuer cannot charge back under this message reason code if the authorized amount and the actual transaction amount are within the following parameters:

- Gratuity is Added—20 percent
- Hotel/Motel—15 percent
- Vehicle Rental—15 percent
- Cruise Lines—15 percent

For further information, refer to Chapter 2, Merchant Acceptance Procedures and Special Transaction Types of this guide.

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The issuer **may not use** this chargeback reason code for chip transactions where the transaction certificate and related data were provided in DE 55 in the First Presentment/1240 message. The transaction was either below the applicable floor limit and authorized offline by the chip, or if required, authorized online. The Cardholder Verification Method (CVM) may have been PIN, signature, or none if allowed by the card parameters.

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For transactions identified as CAT Level 3 in the acquirer's First Presentment/1240 message, an issuer may charge back any transaction that exceeds the maximum transaction amount of USD 40 or EUR 50 for intra-European transactions. The issuer must provide the following information in DE 72 (Data Record) of the First Chargeback/1442 message: CAT 3 EXCEEDS USD 40 (or EUR 50).

The issuer cannot charge back a transaction effected with a MasterCard Corporate Card, MasterCard Corporate Executive Card, MasterCard Corporate Fleet Card, or MasterCard Corporate Purchasing Card and processed at a cardholder-activated automated fuel dispenser card acceptor located in the U.S. region for any amount less than or equal to USD 150, if the transaction was identified in the authorization request with MCC 5542 and CAT level 2, and authorized by the issuer for USD 1. For such transactions, the implied authorization amount of USD 150 equals the maximum transaction amount of the CAT level 2 terminal.

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The issuer cannot charge back a transaction effected with any other MasterCard card and processed at a cardholder-activated automated fuel dispenser card acceptor located in the U.S. region for any amount less than or equal to USD 75, if the transaction was identified in the authorization request with MCC 5542 and CAT level 2, and authorized by the issuer for USD 1. If the transaction amount exceeds USD 75, the issuer may charge back only the difference between the transaction amount and the implied authorization amount of USD 75.

For international transactions that were converted to a different currency, the issuer must provide the following information in DE 72 (Data Record):

- Amount of the transaction in the transaction currency
- Applicable MasterCard floor limit in the location where the transaction took place.
- Appropriate card acceptor business code (MCC) (optional)

For example, "TRAN CUR$$$$$$$$ MCFL $$$$$$$$ and optionally MCCNNNN."

Quick Payment Service (QPS) transactions have established floor limits for targeted industries. Refer to section 2.10 Quick Payment Service (QPS) Program of this guide for more information about QPS transactions. Nov 2007

3.15.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4847.

Members should refer to Merchant Authorization Reversals of this guide for processing procedures and applicable remedies for transactions involving merchant authorization reversals. For additional information, also refer to Arbitration Case Example 16—Merchant Reversals in Chapter 4 of this guide.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer can prove that the transaction was a valid chip transaction. a. The transaction was below the floor limit, and DE 55 was not provided in the First Presentment/1240 message. b. DE 55 was provided in the First Presentment/1240 message.	a. 2700 Chargeback remedied. See corresponding documentation b. 2713 Invalid chargeback	a. Mandatory subelements in DE 55 b. None	a. CHIP TRANSACTION b. DE 55 PREVIOUSLY PROVIDED

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer can substantiate that the card acceptor received authorization for the transaction amount or a higher amount from the issuer, its agent, or MasterCard on behalf of the issuer.	2008 Issuer authorized transaction	None	TRANS AUTHORIZED MMDDYY NO. NNNNNN Replace "MMDDYY" with the date of the transaction Replace "NNNNNN" with the authorization approval code
The original transaction listed an incorrect card acceptor category code (MCC) or DBA name or type of business, and the correct MCC/DBA has a higher floor limit or did not exceed the floor limit. (For example, the transaction was not over the correct floor limit.) Enter the correct MCC or card acceptor type.	One of the following • 2005Correct card acceptor location/description provided • 2705Correct MCC provided	None	One of the following: • MERCH IS HOTEL/MOTEL • MCCNNNN
The acquirer can substantiate a partial authorization for the transaction by providing the amount that was approved, the authorization approval code, and the authorization date. The acquirer should submit the Second Presentment/1240 message with a Function Code of 282 (Partial Amount). **Note:** The acquirer can submit a second presentment for only the authorized amount.	2008 Issuer authorized transaction.	None	$$$$$$CODE XXXXXX MMDDYY Replace "$$$$$$" with the transaction amount approved by the issuer. Replace "XXXXXX" with the authorization approval code. Replace "MMDDYY" with the date the transaction was authorized.
The acquirer proves that the card acceptor received authorization for the transaction amount or greater as a result of a GARS or telex "call referral" to the issuer.	2008 Issuer authorized transaction	Authorization log and documentation substantiating that the acquirer connected with the issuer via GARS or telex.	CALL REFERRAL AUTH MMDDYY NNNNNN Replace "MMDDYY" with the date the transaction was authorized. Replace "NNNNNN" with the authorization approval code.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer can show that the transaction was under the published floor limit and completed at a point-of-sale (POS) device that did not have both online and magnetic stripe-read capability.	2707 No authorization request required or attempted	None	POS DEVICE NOT ONLINE
The acquirer can show that the transaction was identified in group 1 of the QPS program and was under the applicable QPS group 1 floor limit.	2707 No authorization request required or attempted	None	QPS GROUP 1
The acquirer can show that the transaction was under the published floor limit and there was a telecommunication failure or POS device failure at the time of the purchase.	2700 See Corresponding Documentation/ Chargeback Remedied	Formal affidavit of telecommunication failure or POS device failure from the card acceptor	One of the following: • TELECOM FAILURE • POS DEVICE FAILURE

An acquirer that uses the above remedies and makes the appropriate statements in DE 72 (Data Record) is stating that it has a copy of the TID, it reviewed the TID, and it verified the corrected information. If any of those conditions cannot be met, the acquirer cannot remedy the chargeback.

3.15.3.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason code 4847.

Reason Code	Description
2002	Non-receipt of required documentation to support chargeback
2004	Invalid Acquirer Reference Data on chargeback; documentation was received
2011	Credit previously issued
2700	Chargeback remedied. See corresponding documentation.[3]
2701	Duplicate Chargeback

3 Use only with multiple authorization or EMV chip transactions.

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Reason Code	Description
2702	Past Chargeback Time Limit
2709	Documentation received was illegible
2710	Scanning error— unrelated documents or partial scan

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Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard processing procedure.

3.15.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4847). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The conditions shown below represent valid options that the issuer can use to process an arbitration chargeback for message reason code 4847.

Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
In situations involving a GARS or telex "call referral" authorization response, the issuer substantiates that the authorization was not granted.	4847 Requested/Required Authorization Not Obtained and Fraudulent Transaction	Authorization or other internal issuer media that reports authorization responses given as a result of a GARS or telex "call referral" that shows an approval response was not given.	CALL REFERRAL AUTH NOT OBTAINED
In situations involving a POS DEVICE NOT ONLINE second presentment response in DE 72 (Data Record), the issuer substantiates that the card acceptor previously has processed online authorization requests.	4847 Requested/Required Authorization Not Obtained and Fraudulent Transaction	Authorization log or other internal issuer media that reports online authorization requests processed by the card acceptor.	None

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

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Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240.
4902	Documentation received was illegible.
4903	Scanning error— unrelated documents or partial scan.
4908	Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received.

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Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.15.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

3.15.6 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

Decline Response to Authorization Request. MasterCard strongly recommends that the issuer provide a Merchant Advice Code (MAC) in DE 48, subelement 84 of each Authorization Request Response/0110 message in which a decline response is given. Refer to Chapter 11 of the *Authorization System Manual* for a list of valid MAC values.

Floor Limits. The *Quick Reference Booklet* contains floor limit charts.

Issuer Call Referrals. An acquirer must contact the issuer for further instructions concerning the transaction as a result of a Banknet® or EPS-Net telecommunications network "refer" authorization response. Acquirers may use GARS to connect with the issuer. In such cases, there may be no electronic record of the authorization code, because it may be communicated verbally by the issuer. MasterCard records will show that the connection between the card acceptor, or acquirer, and the issuer has been made. Therefore, the issuer must use its internal authorization logs, or other such media, that report authorization responses given as a result of "call referral" responses if the acquirer provides documentation that substantiates approval was given for the transaction when the acquirer had connected with the issuer via GARS or a telex.

With its arbitration chargeback, the issuer must provide a copy of its internal authorization log, or other such media showing that approval was not granted if the issuer asserts that authorization approval was not given via a GARS referral or telex communication. (Examples include, but are not limited to, authorization reports, call logs, or memo screen prints.)

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Additionally, issuers must be aware that they are responsible for transactions in which the issuer or its agent could not respond to the call referral in a timely manner, through either GARS or the MasterCard Authorization Support, and GARS routed the call referral to the MasterCard Central Site Stand-In processing facility and the transaction was approved.

Second Presentment Supporting Documentation and Data Record. The acquirer must supply the appropriate DE 72 (Data Record) because this chargeback does not require supporting documentation for the second presentment.

Transaction Authorized for a Lesser or Greater Amount than Original Presentment. If the card acceptor obtained authorization for an amount greater than the transaction amount, it can submit a second presentment for the entire amount (Function Code 205 [Full Amount]).

If the card acceptor obtained authorization for an amount less than the transaction amount, it can submit a second presentment for only the amount that was authorized (Function Code 282 [Partial Amount]).

Acquirer Call Referrals. In cases involving an authorization given as a result of a call referral made via GARS or telex, the acquirer must supply a copy of its authorization log and documentation substantiating that the acquirer connected with the issuer via GARS or telex. (Examples include, but are not limited to, GARS authorization reports, telex, call logs, or memo screen prints.)

In order to pursue the arbitration chargeback, the issuer must provide as supporting documentation a copy of its internal authorization log or other such media showing that approval was not granted, if the issuer asserts that authorization approval was not given.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

Online-capable POS Device. MasterCard defines an online-capable POS device as any device that electronically contacts the acquirer's host for the purpose of obtaining an authorization.

Magnetic Stripe POS Device. Magnetic stripe POS devices are identified in GCMS DE 22 subfield 1 (Terminal Data: Card Data Input Capability) with the following values:

2—Magnetic stripe reader capability

B—Magnetic stripe reader and key-entry capability

C—Magnetic stripe reader, integrated circuit card (ICC), and key entry capability

D—Magnetic stripe reader and ICC capability

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Arbitration Chargeback Message Reason Code Change to 4847. The issuer is not required to re-supply a cardholder letter with its arbitration chargeback asserting the transaction is fraudulent if the first chargeback documentation had included a cardholder letter that met the requirements for message reason code 4847. For example: The issuer processed its original chargeback for message reason code 4837 and had included the required cardholder fraud letter. The issuer would not be required to resend another cardholder fraud letter if it subsequently changed the chargeback reason to 4847 with its arbitration chargeback.

Technical fallback transactions must be: Nov 2007

- Authorized online.
- Identified as being captured with a fallback technology.

CVM fallback transactions must be: Nov 2007

- Authorized online, or offline by the chip if below the applicable international MasterCard floor limit.
- Completed using signature at attended terminals.

Intra-European technical fallback transactions and CVM fallback transactions that **are not authorized** may be charged back under this reason code.

3.15.7 Handling Fees

Refer to Chapter 3 EMV Chip Transactions for the standard procedure.

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3.16 Message Reason Code 4849—Questionable Merchant Activity

Issuers can use this chargeback only if the acquirer processed a transaction for a card acceptor that later was listed in a MasterCard *Global Security Bulletin* for violating:

- Rule 9.14.1, Valid and Invalid Transactions, of the *Bylaws and Rules* manual, under the program described in section 8.1 of the *Security Rules and Procedures* manual. | Nov 2007
- The Global Merchant Audit Program (GMAP), described in section 8.4 of the *Security Rules and Procedures* manual.
- The Cardholder-Merchant Collusion (CMC) Program, described in section 8.7 of the *Security Rules and Procedures* manual.

  Before using this chargeback, the issuer must have reported the transaction to SAFE as specified in Chapter 1 of the *Complete SAFE Manual*. This is a retroactive chargeback right.

The issuer **may not use this message reason code** in the following situations:

- Chip/PIN transactions where the transaction certificate and related data were provided in DE 55 of the First Presentment/1240 message.
- The issuer did not properly report the transaction to SAFE within the applicable time frame specified in Chapter 1 of the *Complete SAFE Manual*.
- The transaction reported to SAFE is not a fraud type eligible for chargeback under the applicable program. (Refer to section 3.16.1 Transaction Eligibility for a description of eligible types under each program.)
- The SecureCode™ global liability shift for e-commerce transactions is in effect, and **all** of the following conditions occur: | Nov 2007
  - The merchant is SecureCode™ Universal Cardholder Authentication Field (UCAF™)-enabled. | Nov 2007
  - The issuer provided the UCAF data for that transaction. | Nov 2007
  - All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied. | Nov 2007
  - The Authorization Request Response/0110 message reflected the issuer's approval of the transaction. | Nov 2007
- The merchant is SecureCode-enabled, the issuer provided the UCAF data for that transaction, all other e-commerce Authorization Request/0100 message and clearing requirements were satisfied, and the Authorization Request Response/0110 message reflected the issuer's approval of the transaction

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- An intraregional transaction was reported to SAFE as counterfeit fraud type and processed at a chip-compliant POI terminal (except for the US and Canada Regions)
- The transaction occurred in a country or region in which the transitional chip liability shift program an intracountry or intraregional chip liability shift or the interregional Chip Liability Shift Program (Level 1) is in effect and the transaction was: Nov 2007
  - Processed at a chip-compliant point-of-interaction (POI) terminal Nov 2007
  - Reported to SAFE as counterfeit fraud Nov 2007
  - Identified properly as either (1) an offline chip transaction in the clearing record, or (2) an online transaction in the Authorization Request/0100 message and the Authorization Request Response/0110 message reflected the issuer's approval of the transaction. Nov 2007

3.16.1 Transaction Eligibility

MasterCard provides chargeback rights to the issuer under this message reason code when:

- The merchant is listed in the *Global Security Bulletin* under the Global Merchant Audit Program (GMAP). The issuer must have properly reported the transaction to SAFE with one of the following fraud codes:
  00 = Lost Fraud
  01 = Stolen Fraud
  04 = Counterfeit Card Fraud
  06 = Card Not Present Fraud
  07 = Multiple Imprint Fraud
- Under GMAP, issuers may not use message reason code 4849 if the transaction reported to SAFE was for a fraud type of Never Received Issue (02), Fraudulent Application (03), Account Takeover Fraud (05), or Bust-out Collusive Merchant (51), **or**
- The merchant is listed in the Global Security Bulletin under the Cardholder Merchant Collusion (CMC) Program and (i) the transaction did not occur before the publication date of the Global Security Bulletin that first listed the fully collusive merchant, and (ii) the issuer properly reported the transaction to SAFE. All fraud type transactions are eligible; **or**
- The merchant is listed in the Global Security Bulletin as a result of violating Rule 5.11.1, Valid and Invalid Transactions, of the *Bylaws and Rules* manual, and the issuer properly reported the transaction to SAFE. All fraud type transactions are eligible.

3.16.1.1 Time Frame for Issuer's Chargeback

The issuer can charge back eligible reported fraudulent transactions that occurred at a card acceptor listed in the *Global Security Bulletin* during the applicable chargeback period stated in the *Global Security Bulletin.* The chargeback(s) must be submitted no later than 120 calendar days after the *Global Security Bulletin* publication date (the *Global Security Bulletin* publication date is counted as the first day of the 120-day calculation) or within 120 calendar days of the Central Site Business Date of the transaction(s).

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In addition to the above, for eligible fraudulent transactions affected by a *Global Security Bulletin* that retracts chargeback permission, the issuer may submit chargebacks until the publication date of the *Global Security Bulletin* stating that the acquirer of the card acceptor no longer is required to accept chargebacks under this message reason code.

3.16.1.2 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	Data Record Text
120 calendar days from the *Global Security Bulletin* publication date, or if applicable, within 120 calendar days of the Central Site Business Date of the transaction	No	None	PROGRAM XXXXXX BULLETIN NO. NNN Where XXXXXX is the compliance program identified in the *Global Security Bulletin*, as applicable: INVAL = Violation of Rule 5.11.1, Valid and Invalid Transactions GMAP = Global Merchant Audit Program CMC = Cardholder-Merchant Collusion Program (Replace NNN with the applicable *Global Security Bulletin* number. The *Global Security Bulletin* number is a three-digit number in which the last digit of the year is represented by the first digit of the Bulletin number, and the second and third digits represent the *Global Security Bulletin* month. For example, bulletin number 6 [June] in the year 2007 would be shown as *Global Security Bulletin* number 706.)

3.16.1.3 Additional Information

Refer to the following manuals for more information about the specific data element requirements for a valid UCAF transaction.

Refer to...	For information about...
Customer Interface Specification (CIS)	Specific data element values that satisfy Authorization Request/0100 message requirements for a valid UCAF transaction.
IPM Clearing Formats	Specific data element values that satisfy clearing requirements for a valid UCAF transaction.

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If the issuer determines that the UCAF data that the acquirer provided in the Authorization Request/0100 message is not identical to the UCAF data that the issuer provided for that transaction, the issuer's right of chargeback under this reason code is preserved.

3.16.2 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4849.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer can demonstrate that the intraregional transaction was reported to SAFE as counterfeit fraud and occurred at a chip-compliant POI terminal, (except for US region or Canada regions.)	2700 Chargeback Remedied. Or See data record text or corresponding documentation.	None if providing data record text (DE 72). Documentation that supports the second presentment from the Acquirer's Loss Data File, the Acquirer Loss Data Report (AF739010-BB), or the Acquirer Transaction Data Report via Fraud Reporter.	CHIP TERMINAL DE 22, s1, value = 5, C, or E None
The acquirer can support its assertion that: • The card acceptor in question was not listed in the MasterCard *Global Security Bulletin*,**OR** • That the transaction did not occur within the period specified.	2713 Invalid Chargeback	None	MERCHANT NOT LISTED INVALID TRANSACTION DATE
The acquirer can show that the issuer did not properly report the transaction to SAFE within the applicable time frame specified in the *Security Rules and Procedures* manual.	2713 Invalid Chargeback	None	IMPROPER SAFE REPORTING

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer can show that the fraud type of the transaction is not eligible for chargeback under the GMAP.	2713 Invalid Chargeback	None	FRAUD TYPE
For SecureCode Global Liability Shifts: The acquirer can show that: The transaction approved by the issuer contained a valid Accountholder Authentication Value (AAV) in the UCAF that the issuer or its service provider provided (DE 48, subelement 43). **and** All of the required e-commerce indicators were provided in the Authorization Request/0100 message and the clearing record. (Refer to the *Customer Interface Specification* manual for the data element values that satisfy Authorization Request/0100 message requirements for a valid UCAF transaction.)	2008 Issuer Authorized Transaction.	None	AUTH MMD-DYY/NNNNNN Where: MMDDYY = Authorization date NNNNNN = Authorization approval code

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3.16.2.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4849.

Reason Code	Description
2001	Invalid Acquirer Reference Data on chargeback; no documentation required or provided
2011	Credit previously issued
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit

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Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard processing procedure.

3.16.3 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4849).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code. Nov 2007

The following conditions represent valid reasons for an arbitration chargeback by the issuer.

Arbitration Chargeback Details	IPM Arbitration Message Reason Codes	Supporting Documents	DE 72 (Data Record)
For SecureCode Global Liability Shifts: The issuer can demonstrate that the value contained in the UCAF data (DE 48, subelement 43)within the Authorization Request/0100 message is not identical to the value that the issuer or its service provider provided for the authorization.	4849 Questionable Merchant Activity	A copy of a system log supporting the issuer's claim of a discrepancy between the UCAF data (DE 48, subelement 43) in the Authorization Request/100 message and the AAV.	INVALID UCAF

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The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New valid chargeback reason
4905	Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received or was not required.

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.16.4 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

3.16.5 Additional Processing Notes

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The following section contains additional processing notes for the issuer, acquirer, or both.

SAFE Reporting. The acquirer can check its Acquirer's Loss Data File, Acquirer Loss Data report (AF739010-BB), or Acquirer Transaction Data Report via Fraud Reporter to confirm that the issuer reported the transaction to SAFE or that the transaction resulted from a fraudulent application, account takeover, Never Received Issue (NRI), or counterfeit card (counterfeit fraud type applies only when the POI terminal was chip-compliant).

The Acquirer Loss Data File and the Acquirer Loss Data report are optional and must be requested by submitting the form found in the back of the *Security Rules and Procedures* manual or in the **Business Forms** section of Member Publications on MasterCard OnLine™.

The specifications for processing the Acquirer Loss Data File and the Acquirer Loss Data report can be found in the SAFE chapter of the *Security Systems Specifications* manual.

The Acquirer Transaction Data Report is available to all acquirers registered for the Fraud Reporter tool, available via MasterCard OnLine.

Detailed descriptions of the Acquirer Loss Data Report and Acquirer Transaction Data Report can be found in the *Security Systems Reports* manual.

Retroactive Chargeback. A new first chargeback is allowed under this message reason code if a previous chargeback was not successful and all requirements under this message reason code have been met..

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard® Electronic Card.

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3.17 Message Reason Code 4850—Credit Posted as a Purchase

Issuers can use message reason code 4850 when a cardholder account has been inaccurately posted with a debit instead of a credit as a result of an incorrect transaction code or keying error. For example, the card acceptor posted a credit as a retail sale.

3.17.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days	No	None	None

3.17.2 Conditions for Using Message Reason Code 4850

Issuers should process a chargeback for twice the original transaction amount to offset the original error. The issuer should then correctly credit the cardholder's account.

The issuer cannot use this message reason code when a retail sale is processed as a cash disbursement. Members must accept these transactions and collect the difference in the interchange fee and cash disbursement fee directly from the acquirer. If an issuer's attempt to collect the difference directly from the acquirer proves unsuccessful, the issuer should contact the Senior Vice President of Customer Technology and Operations Services at MasterCard or the Customers Operations Services Department at MasterCard Europe for intra-European transactions.

Additional chargeback requirements and limitations apply to World MasterCard Card T&E transactions. Refer to section 1.6.1.1 World MasterCard T&E Interchange Rate Program of this guide for more information.

3.17.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The condition shown below represents a valid remedy for the acquirer to process a second presentment for message reason code 4850.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer can substantiate that the chargeback was invalid. For example, the card acceptor correctly processed the transaction.	2700 Chargeback remedied. See corresponding documentation.	The acquirer must provide a copy of the TID as proof of the retail sale instead of a credit.	None

3.17.3.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4850.

Reason Code	Description
2001	Invalid Acquirer Reference Data on chargeback; no documentation required or provided
2011	Credit previously issued
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit
2713	Invalid Chargeback

Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard procedure.

3.17.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4850). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The conditions shown below represent valid options that the issuer can use to process an arbitration chargeback for message reason code 4850.

Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
The cardholder continues to dispute the transaction	4850 Credit posted as a purchase	Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation.	Reason for the return.

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The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240.
4902	Documentation received was illegible
4903	Scanning error—Unrelated documents or partial scan
4905	Invalid Acquirer Reference Data on Second Presentment/1240; documentation was received or was not required

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Refer to section 1.1.1 IPM Message Structure for the standard procedure.

3.17.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

3.17.6 Additional Processing Notes

The following section contains additional processing notes for the issuer, acquirer, or both.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

Message Reason Code Change. The issuer should review second presentment documentation in situations where the acquirer provided a copy of the transaction information document (TID) proving that the transaction was processed correctly as a retail transaction instead of as a credit transaction, to determine whether the reason code can be changed. For example, A message reason code change may be available if a retail TID provided by the acquirer is handwritten and the cardholder claims that it is unauthorized and the cardholder also has a copy of the credit slip. The issuer may consider processing an arbitration chargeback for the transaction that was second-presented and change the transaction amount and the message reason code from 4850 to 4837—No Cardholder Authorization. If still within time, the original transaction that debited the cardholder then could be charged back for message reason code 4860. All chargebacks must be processed with the proper documentation and within the required time frames.

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Progressive Documentation. A progressive cardholder letter may be required with the arbitration chargeback in response to new information or rebutting any card acceptor explanation provided with the second presentment. The progressive cardholder letter must be dated after the second presentment and specifically address the rebuttal provided with the second presentment. Refer to section 1.15.1 Documentation Types of this guide for additional information.

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3.18 Message Reason Code 4853—Cardholder Dispute—Defective/Not as Described

Members should use message reason code 4853 if a cardholder returned (or attempted to return) goods or services to a card acceptor for any of the following reasons:

- Goods and services did not conform to their description. For example,
  - The cardholder states that the quality or workmanship of the product is not as described.
  - A cardholder states that the specified color, size, or quantity is not as described.

  or
- When delivered from the card acceptor, the goods arrived broken or could not be used for the intended purpose (other than when proper disclosure of the conditions of the goods is made pursuant to section 2.1.8 of this guide). For example, the cardholder received airline tickets after the date of the flight.

3.18.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days from the Central Site Business Date or the date of receipt of goods and services if delayed delivery	No	**For a face-to-face transaction**, the issuer must provide the following: • A written card acceptor description of the goods or services for disputes relating to the first scenario below • A cardholder letter or completed Expedited Billing Dispute Resolution Process Form, stating how: – The goods or services did not conform to the card acceptor's description, or the goods were of different quality, quantity, color, or size. Additional documentation is required to support the cardholder's allegations concerning the quality, or – Shipped goods received from the card acceptor were broken or damaged or otherwise unsuitable for the purpose sold.	None

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Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
		For a non–face-to-face transaction, the issuer must provide a cardholder letter or completed Expedited Billing Dispute Resolution Process Form, that specifies how: • The goods or services differs from what the card acceptor specified verbally or in writing for the transaction. Additional documentation is required to support the cardholder's allegations concerning quality or mischaracterization. **Or** • Shipped goods received from the card acceptor were broken, damaged, or otherwise unsuitable for the purpose sold.	

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3.18.2 Conditions for Using Message Reason Code 4853

The issuer can submit this chargeback only for the disputed amount.

If the issuer disputes only a part of the transaction amount, it must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount).

For a Debit MasterCard purchase with cash back transaction, an issuer can submit this chargeback only for the purchase amount or a portion thereof. The issuer must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount). An issuer must not submit a chargeback for the cash back amount, or any portion thereof, using this reason code.

In addition to specific details of a complaint, the cardholder letter or completed Expedited Billing Dispute Resolution Process Form must document that the cardholder

- Engaged in the transaction
- Contacted the card acceptor to resolve the dispute, and the card acceptor refused to adjust the price, repair or replace the goods or other things or value, or issue a credit; and
- Returned or attempted to return the goods.

Refer to Appendix C, Forms of this guide for instructions for accessing the Expedited Billing Resolution Process Dispute Form.

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If the cardholder **returned the merchandise**, the issuer must wait 30 calendar days from the date the merchandise was returned before submitting a chargeback. The only exception to the 30-day period is if the waiting period would exceed the 120-calendar day chargeback time frame. This chargeback does not require the card acceptor to be in possession of the goods if the cardholder had made the goods available to the card acceptor. For example, the cardholder requested that the card acceptor arrange to have the merchandise picked up and returned to the card acceptor's location.

In cases that involve proper disclosure of **delayed delivery**, the 120-calendar day period is calculated from the latest anticipated delivery date of the goods or services shown on documentation from the card acceptor. This documentation can include the invoice, shipping document, or letter on the card acceptor's letterhead.

For **non–face-to-face transactions**, (for example, MO/TO), when a written description of the goods or services was not provided at or before the time of sale, the cardholder's dispute letter must specify:

- What the cardholder expected as a result of what the card acceptor told him or her
- What the cardholder received; for example, the merchandise was the wrong color or the card acceptor misrepresented quality or workmanship
- How the cardholder attempted to resolve the dispute with the card acceptor

If the cardholder complains that the **services received were not as described** on the TID or other supporting documentation, the cardholder letter must specify:

- The services expected
- The services actually received
- The value of the services received (if possible)[4]
- How the cardholder attempted to resolve the dispute with the card acceptor

For **quality issues or misrepresentation**, the cardholder must provide documentation to support the dispute. For example, these issues include disputes about the following: quality of a gemstone, workmanship of a handcrafted item, quality of repairs, or health of a plant or animal. The cardholder must provide specific documentation from an expert (for example, a licensed gemologist, a professional artisan, a licensed professional repair worker, or a licensed veterinarian) that supports the cardholder's dispute about the level of quality or misrepresentation described on the original receipt, invoice, work order, brochure, or appraisal. Documentation from an expert must be provided on the expert's letterhead or be validated by other information that would demonstrate that the opinion expressed is that of a recognized expert. Other information could include, by way of example and not limitation, a copy of a license in the field in which the expert is rendering an opinion, or a copy of the expert's business card.

4 The chargeback can be to recover either the difference between the value of the services expected and the service(s) received, or the entire amount, whichever is applicable.

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The chargeback documentation must include all documentation to support the cardholder's allegations. This documentation can include one or more of the following: original receipt, invoice, work order, brochure, contract, and the documentation from a genuine expert.

For a dispute over the quality of an item as described on the original receipt, invoice, or brochure, the cardholder must provide evidence from a genuine expert that supports the complaint in addition to the cardholder letter or form.

Additional chargeback requirements and limitations apply to World MasterCard Card T&E transactions. Refer to section 1.6.1.1 World MasterCard T&E Interchange Rate Program of this guide for more information.

3.18.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4853.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer substantiates that the chargeback was invalid. (For example, the necessary supporting documentation failed to support the chargeback).	2713 Invalid chargeback.	None	The reason for the invalidity.
The acquirer can show that the deficiency that led to the chargeback was corrected.	2700 Chargeback remedied. See corresponding documentation.	One or both of the following: Copy of the TID or invoice (if applicable) Card acceptor's written rebuttal (if applicable)	None

3.18.3.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4853.

Reason Code	Description
2002	Nonreceipt of required documentation to support chargeback
2004	Invalid Acquirer Reference Data on chargeback; documentation was received
2011	Credit previously issued

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Reason Code	Description
2701	Duplicate chargeback
2702	Past chargeback time limit
2709	Documentation received was illegible
2710	Scanning error—unrelated documents or partial scan

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Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard procedure.

3.18.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4853). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The conditions shown below represent valid options that the issuer can use to process an arbitration chargeback for message reason code 4853.

Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
The cardholder continues to dispute the transaction.	4853 Cardholder dispute—defective/not as described	Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation.	Reason for the return.

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240
4902	Documentation received was illegible.
4903	Scanning error—Unrelated documents or partial scan
4908	Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received.

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Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.18.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

3.18.6 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

Example—Chargeback Reason Code 4853. The following examples may be helpful when deciding whether a valid chargeback right exists under reason code 4853. These examples are intended to serve as guides only.

- **Shipped Goods Received Broken or Unsuitable**

  A cardholder orders flowers by telephone and requests delivery of the flowers on Valentine's Day, 14 February. The card acceptor agrees to the delivery date, but delivers the flowers on 15 February. The cardholder contacts the card acceptor after refusing to accept the delivery or to arrange the return of the flowers. The card acceptor says the flowers were delivered (although late) and will not accept the return or refund the purchase. In this case, the issuer can initiate a chargeback using reason code 4853 because the card acceptor agreed to fulfill the order on a specific date (14 February).

  A cardholder orders a dining room set (one table and six chairs) and has them delivered, but two of the chairs arrive damaged. Assuming the cardholder is unable to work out the problem with the card acceptor, this example presents two possible scenarios. If the cardholder attempts to return all of the merchandise, the entire purchase can be charged back because the set is incomplete. Alternatively, the cardholder may want to keep the table and four chairs and return the two damaged chairs.

  If the dispute is not resolved, only the price of the two chairs can be charged back. If a partial amount is charged back, refer to section 1.9.1 First Chargeback Amount (DE 4 [Amount, Transaction]) for processing details.

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- **Quality**

  The cardholder goes to a mechanic for vehicle repairs. The invoice states "repair transmission." The cardholder picks up the vehicle from the card acceptor and continues to experience the same problem. The cardholder promptly returns to the card acceptor. The card acceptor states that there is nothing wrong with the vehicle and refuses to resolve the cardholder's dispute. Subsequently, the cardholder takes the vehicle to another licensed, qualified mechanic and is told that the card acceptor repaired the transmission incorrectly.

  To charge back under message reason code 4853, the chargeback documentation must include a statement in writing from the second mechanic documenting that the original card acceptor did not correctly repair the transmission and substantiating the expertise of the mechanic offering the documented opinion. For the chargeback to be valid, the cardholder must have tried to resolve the dispute with the card acceptor. The chargeback must be supported by a cardholder letter. In addition to the details concerning the dispute, the cardholder's letter must state that the cardholder returned to the first mechanic to try to have the transmission repaired properly.

- **Misrepresentation**

  The cardholder purchased a laser printer in a face-to-face transaction and received an invoice from the card acceptor that states that the printer is compatible with a particular computer make and model. When the cardholder sets up the printer, it is not compatible with the computer make and model identified on the invoice. The cardholder attempts to return the printer to the card acceptor and the card acceptor refuses either to replace it or to accept its return. The cardholder then contacts the laser printer manufacturer, which confirms in writing that the laser printer is not compatible with the computer make and model identified on the invoice. The statement from the manufacturer would serve as supporting documentation under reason code 4853.

- **Non–face-to-face Transaction**

  A cardholder purchased a computer over the phone. The card acceptor tells the cardholder that the computer has 512 megabytes of memory. When the computer arrived, the invoice stated that the computer had only 128 megabytes of memory. The cardholder contacted the card acceptor and the card acceptor refuses to accept the return of the computer or to take any other action to resolve the cardholder's dispute. In this case, invoice confirms the mischaracterization of the computer's promised memory capabilities.

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- **Services**

  A cardholder hires a plumber to open a clogged drain. The card acceptor does the work and tells the cardholder that the drain is unclogged, but an hour after the card acceptor leaves, the drain is clogged again. The cardholder notifies the card acceptor, but the card acceptor refuses to return and fix the problem. The cardholder then calls another plumber, who unclogs the drain and gives the cardholder an invoice stating that the first card acceptor failed to perform the job properly. The issuer would charge back the entire amount because the card acceptor did not provide the service described to the cardholder.

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Merchant Contact Requirement. Before processing a chargeback, the cardholder must contact the merchant to attempt to resolve the dispute. The cardholder must specify how he or she attempted to contact the merchant and what the result was. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchant's response is not sufficient to validate the chargeback and in arbitration will be considered invalid.

Progressive Documentation. A progressive cardholder letter may be required with the arbitration chargeback in response to new information or rebutting any card acceptor explanation provided with the second presentment. The progressive cardholder letter must be dated after the second presentment and specifically address the rebuttal provided with the second presentment. Refer to section 1.15.1 Documentation Types of this guide for additional information.

Examples—Possible Chargeback Message Reason Code 4853 Remedies. A card acceptor's written rebuttal may include one or more of the following:

- Proof that the card acceptor corrected the deficiency that led to the chargeback. For example, the card acceptor provides invoices that show it repaired or replaced the merchandise.
- Evidence that the goods or services described on the TID or invoice were delivered or provided as described (not damaged or incomplete). For example, the card acceptor provides a manufacturer's brochure that states the software is compatible with the cardholder's computer.
- A statement from the card acceptor stating that it did not receive the merchandise that the cardholder returned.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic Card.

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3.19 Message Reason Code 4854—Cardholder Dispute—Not Elsewhere Classified (U.S. Region Only)

Issuers can use message reason code 4854 if a cardholder has made an unsuccessful good-faith effort to resolve a dispute with the card acceptor that involves goods or services, and the dispute reflects a claim or defense authorized against issuers or creditors according to federal, state, or local truth-in-lending laws.

NOTE

Issuers can use this message reason code only if no other message reason code applies.

3.19.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
60 calendar days after first learning about the dispute from the cardholder or within 120 calendar days of the Central Site Business Date	No	All of the following: • Cardholder letter or Expedited Billing Dispute Resolution Process Form • Documentation substantiating the claim • Verification of return of goods (if applicable) • Verification of remaining unpaid balance • Copy of local or state law (if applicable)	None

The issuer can process a chargeback within 60 calendar days after first learning of the dispute from the cardholder or within 120 calendar days of the Central Site Business Date of the transaction. If, however, the cardholder notified the issuer within the time frame of another valid message reason code but the issuer did not charge back the transaction, the issuer cannot use the time frame extension and charge back the transaction using message reason code 4854.

3.19.2 Conditions for Using Message Reason Code 4854

The issuer can use message reason code 4854 if the following conditions are met:

- The cardholder tried and failed to resolve the dispute with the card acceptor.
- The issuer and acquirer are located in the U.S. region.
- The transaction took place within the same state as the cardholder's billing address or within 100 miles of the cardholder's billing address. The exception to this rule concerns non–face-to-face transactions, where the cardholder's current designated address is considered the cardholder's billing address.
- The cardholder provides documentation to support the dispute with the card acceptor.

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- The original transaction amount exceeded USD 50.
- The issuer may charge back only the disputed amount. Further, the issuer can charge back only the portion of the disputed amount that is an unpaid balance at the time of card acceptor or issuer notification. If the issuer charges back a partial amount, it must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount).
- The cardholder letter or Expedited Billing Dispute Resolution Process Form documents the following:
  - The cardholder authorized the transaction
  - The cardholder returned or attempted to return the merchandise (if applicable)
  - The cardholder contacted the card acceptor to resolve the dispute, and the card acceptor refused to:
    a. Adjust the price
    b. Repair or replace the goods or other items of value
    c. Issue a credit

Refer to Appendix C, Forms of this guide for instructions for accessing the Expedited Billing Dispute Resolution Process Form.

For a Debit MasterCard purchase with cash back transaction, an issuer can submit this chargeback only for the purchase amount, or a portion thereof. The issuer must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount). An issuer must not submit a chargeback for the cash back amount, or any portion thereof, using this reason code.

If the cardholder returned the merchandise, the issuer must wait 30 calendar days from the date the merchandise was returned before it can charge back the transaction. This waiting period gives the card acceptor an opportunity to process a credit. The only exception to this 30-day waiting period rule would be if the period would exceed the 120-calendar day (or 60-calendar day, if applicable) time frame.

If benefits under applicable local or state laws exceed Federal Reserve Regulation Z benefits, the greater benefits apply. However, the issuer must provide a copy of the applicable law with the chargeback.

Additional chargeback requirements and limitations apply to World MasterCard Card T&E transactions. Refer to section 1.6.1.1 World MasterCard T&E Interchange Rate Program of this guide for more information.

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3.19.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The condition shown below represents a valid remedy for the acquirer to process a second presentment for message reason code 4854.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer substantiates that the chargeback was invalid. (For example, the necessary supporting documentation failed to support the chargeback.)	2713 Invalid chargeback.	None	The reason for the invalidity.
The acquirer can correct the deficiency that led to the chargeback.	2700 Chargeback remedied. See corresponding documentation.	One or both of the following: • Copy of the TID or invoice (if applicable) • Card acceptor's written rebuttal (if applicable)	None

3.19.3.1 Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4854.

Reason Code	Description
2002	Nonreceipt of required documentation to support chargeback
2004	Invalid Acquirer Reference Data on chargeback; documentation was received
2011	Credit previously issued
2700	Chargeback remedied. See corresponding documentation.
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit
2709	Documentation received was illegible

Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard procedure.

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3.19.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4854). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The conditions shown below represent valid options that the issuer can use to process an arbitration chargeback for message reason code 4854.

Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
The cardholder continues to dispute the transaction.	4854 Cardholder dispute—not elsewhere classified (U.S. region only)	Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation.	Reason for the return.

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240.
4902	Documentation received was illegible.
4903	Scanning error—Unrelated documents or partial scan.
4908	Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received.

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Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.19.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

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3.19.6 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

Calculating Unpaid Balances. As stated previously, the issuer can charge back only the unpaid balance at the time of card acceptor or issuer notification. The calculation is based on the accounting method of "first in/first out." In addition, when calculating the unpaid balance, the issuer can consider credits from returned merchandise along with cardholder payments.

Examples of sufficient information to verify that the disputed amount is unpaid can include cardholder statements or screen prints of payments, credits, and balances.

Documentation Corroborating the Dispute. Reason code 4854 requires documentation corroborating the cardholder's claim against the card acceptor. For example, if the cardholder claims the card acceptor did not correctly repair his or her vehicle, the cardholder has to provide written proof from a second vehicle repair shop documenting that the original card acceptor provided incorrect or unnecessary repairs.

Tort Claims. Message reason code 4854 does not address torts, which are wrongful acts, damages, or injuries done willfully or negligently, such as negligence or an incorrect medical diagnosis. For example, a cardholder contracts with a painter to paint his or her living room for USD 500. The painter accidentally spills paint on the couch, causing USD 300 worth of damage. The issuer cannot use message reason code 4854 to charge back for the USD 300.

Merchant Contact Requirement. Before processing a chargeback, the cardholder must contact the merchant to attempt to resolve the dispute. The cardholder must specify how he or she attempted to contact the merchant and what the result was. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchant's response is not sufficient to validate the chargeback and in arbitration will be considered invalid.

Progressive Documentation. A progressive cardholder letter may be required with the arbitration chargeback in response to new information or rebutting any card acceptor explanation provided with the second presentment. The progressive cardholder letter must be dated after the second presentment and specifically address the rebuttal provided with the second presentment. Refer to section 1.15.1 Documentation Types of this guide for additional information.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

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Examples—Possible Chargeback Message Reason Code 4854 Remedies. The card acceptor's written rebuttal may include one of the following:

- An assertion based on the documentation that the card acceptor corrected the deficiency that led to the chargeback or otherwise resolved the complaint. For example, the card acceptor repaired or replaced the merchandise.
- Proof that the chargeback was invalid because the cardholder paid the disputed amount before contacting the card acceptor or issuer about the dispute.
- An assertion that the chargeback was invalid because the issuer's supporting documentation was not sufficient to substantiate a claim against the card acceptor.

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3.20 Message Reason Code 4855—Nonreceipt of Merchandise

The issuer should use message reason code 4855 when the cardholder or his or her authorized representative did not receive goods that were to be shipped or delivered.

3.20.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days* *The 120-calendar day time frame is calculated from either the Central Site Business Date of the presented transaction or the latest anticipated delivery date.	No	Cardholder letter or completed Expedited Billing Dispute Resolution Process Form, and other supporting documentation as appropriate.	None

3.20.2 Conditions for Using Message Reason Code 4855

The cardholder letter or Expedited Billing Dispute Resolution Process Form must document that the cardholder or someone that the cardholder authorized did not receive the merchandise and that:

- The cardholder engaged in the transaction
- The cardholder contacted the card acceptor to resolve the dispute
- The card acceptor refused to
  - Adjust the price
  - Send the goods or other items of value
  - Issue a credit

Refer to Appendix C, Forms of this guide instructions for accessing the dispute form.

The cardholder letter or form or other supporting documentation, as applicable, must state the expected delivery date as conveyed by the card acceptor.

The issuer must wait until the specified merchandise delivery date has passed before charging back the transaction. For example, if the delivery date is 1 June, the issuer cannot submit the chargeback before 1 June. The issuer may charge back the transaction before the specified merchandise delivery date if it is established that the card acceptor will not provide the goods because it is no longer doing business. If there is no specified delivery date, the issuer must wait 30 calendar days after the transaction date before charging back, and be within 120 days from the Central Site Business Date of the original presented transaction.

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The issuer may charge back the transaction before the specified merchandise delivery date if it is established that the card acceptor will not provide the goods because it is no longer in business.

For a Debit MasterCard purchase with cash back transaction, an issuer can submit this chargeback only for the purchase amount or a portion thereof. The issuer must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount). An issuer must not submit a chargeback for the cash back amount, or any portion thereof, using this reason code.

Additional chargeback requirements and limitations apply to World MasterCard Card T&E transactions. Refer to section 1.6.1.1 World MasterCard T&E Interchange Rate Program of this guide for more information.

3.20.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4855.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
One of the following: The acquirer can substantiate that the merchandise was delivered.	2700 Chargeback remedied. See corresponding documentation.	One or both of the following: Proof that the cardholder or person that the cardholder authorized received the merchandise. Applicable supporting documentation as defined in examples on next page.	None
The acquirer can substantiate that the chargeback is invalid. (For example, the necessary documentation was improper and did not support the chargeback.)	2713 Invalid chargeback	Applicable supporting documentation as defined below	None

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Following are examples of applicable supporting documentation:

- A signed and imprinted sales slip, invoice, or terminal-generated point-of-interaction (POI) receipt showing that the cardholder, or a person that the cardholder authorized, picked up the merchandise. This documentation proves that the card acceptor did not ship or deliver the merchandise.
- Proof that the cardholder received the merchandise or a person authorized by the cardholder received the merchandise. For example, the card acceptor provided proof of a United Parcel Service (UPS) receipt.
- A written card acceptor rebuttal to the claim of non-receipt of merchandise. For example, a waiver form absolving card acceptor responsibility.

3.20.3.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4855.

Reason Code	Description
2002	Nonreceipt of required documentation to support chargeback
2004	Invalid Acquirer Reference Data on chargeback; documentation was received
2011	Credit previously issued
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit
2709	Documentation received was illegible
2710	Scanning error—unrelated documents or partial scan

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Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard procedure.

3.20.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4855). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The conditions shown below represent valid options that the issuer can use to process an arbitration chargeback for message reason code 4855.

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Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
The cardholder continues to dispute the transaction.	4855 Nonreceipt of merchandise	Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation.	Reason for the return.

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240.
4902	Documentation received was illegible.
4903	Scanning error—unrelated documents or partial scan.
4908	Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received.

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Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.20.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

3.20.6 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

Cardholder Maintains Dispute that Merchandise Was Not Delivered. The cardholder may dispute a signed delivery receipt. Progressive cardholder documentation provided with the arbitration chargeback must specifically address that the signature provided with the second presentment is not his, hers, or that of any person authorized by the cardholder regardless of the date of the delivery receipt.

Cancelled Shipped Merchandise. The issuer may use message reason code 4855 if the cardholder cancelled the merchandise order and never received the merchandise or a credit from the card acceptor.

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Refused Deliveries. The issuer should not use message reason code 4855 if the card acceptor delivered the merchandise and the cardholder refused to accept delivery. In this situation (technically), the cardholder did receive the merchandise. The issuer should consider using message reason code 4860, Credit Not Processed.

Cardholder Contracts with Third Party for Merchandise Delivery. If a card acceptor has arranged for a third party to handle merchandise delivery, the card acceptor is responsible if the goods do not arrive. However, if the cardholder has taken possession of the merchandise from the card acceptor and subsequently makes arrangements to have the merchandise shipped by a third party, the original card acceptor is not responsible if the goods are never delivered. For example, a cardholder purchases several rugs from a dealer in India and takes the merchandise to a shipper for shipment to his home in Canada. The cardholder never receives the rugs. The original card acceptor is not responsible, because the cardholder contracted with someone other than the card acceptor to deliver the rugs. In this case, the cardholder must resolve the situation directly with the shipper.

Merchandise Not Delivered Due to Unpaid Duty or Custom Fees. Issuers should determine if the cardholder did not receive the merchandise because it is being held in customs for unpaid duty or customs fees. For example, a cardholder traveling in another country purchases merchandise and has it shipped it home. The merchandise is not delivered because customs confiscates it and demands unpaid duty and customs fees.

In this situation, message reason code 4855 does not apply because the card acceptor attempted to deliver the merchandise. The cardholder is obligated to pay the appropriate taxes and pick up the merchandise. The issuer can charge back for message reason code 4855, however, if the cardholder can provide documentation that shows that the original transaction amount included the payment of duty and customs fees.

Chargeback Time Frame Extension. The issuer must process message reason code 4855 either within 120 calendar days of the Central Site Business Date or within 120 calendar days of the latest anticipated delivery date specified by the card acceptor. Refer to Example 12—Time Frame Extension for Message Reason Code 4855–Nonreceipt of Merchandisefor additional information about time frames.

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Merchant Contact Requirement. Before processing a chargeback, the cardholder must contact the merchant to attempt to resolve the dispute. The cardholder must specify how he or she attempted to contact the merchant and what the result was. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchant's response is not sufficient to validate the chargeback and in arbitration will be considered invalid.

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Progressive Documentation. A progressive cardholder letter may be required with the arbitration chargeback in response to new information or rebutting any card acceptor explanation provided with the second presentment. The progressive cardholder letter must be dated after the second presentment and specifically address the rebuttal provided with the second presentment. Refer to section 1.15.1 Documentation Types of this guide for additional information.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

Examples—Possible Chargeback Message Reason Code 4855 Remedies. The following two examples detail when a cardholder can sign a waiver form absolving the card acceptor from responsibility if the merchandise is not received:

- **Signed Waiver**. A cardholder purchases vases and arranges with the card acceptor to have the vases shipped to the United States. At the time of purchase, the cardholder signs a waiver form that states, "PROOF OF DISPATCH OF THE MERCHANDISE WILL BIND THE CARDHOLDER." The vases never arrive, and the cardholder contacts the card acceptor. The card acceptor provides documentation to show that it shipped the merchandise. By signing the waiver, the cardholder absolved the card acceptor of liability for merchandise that it did not receive.
- **Declined Insurance.** The card acceptor provides the cardholder with an opportunity to purchase insurance on the merchandise to be delivered. Normally, such insurance stipulates that the cardholder must initiate claims that limit the card acceptor responsibility to the presenting documentation that verifies shipment or dispatch. The card acceptor should provide a signed waiver of liability obtained from the cardholder if the cardholder declined to purchase insurance, along with documentation that shows that the card acceptor shipped the merchandise.

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3.21 Message Reason Code 4857—Card-Activated Telephone Transaction

The issuer's use of this message reason code is restricted to transactions that have been identified as a card-activated telephone transaction. The mandatory definition of a card-activated telephone transaction is the telephone number dialed and duration of the telephone call provided in DE 43 (Card Acceptor Name/Location), subfield 1 (Card Acceptor Name) of the First Presentment/1240 message as specified in the *IPM Clearing Formats* manual.

The issuer can use message reason code 4857 if it receives a complaint from its cardholder, stating that he or she did not authorize or engage in one or more transactions resulting from a card-activated telephone transaction from the same card acceptor.

This chargeback also can be used for cardholder claims about any type of billing discrepancy. For example, the cardholder claims he or she talked on the telephone for five minutes but was billed for 10 minutes.

3.21.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days	No	For amounts of USD 25 and greater, cardholder letter or completed Expedited Billing Dispute Resolution Process Form[5] If charging back multiple transactions in a batch, documentation showing each ARD and transaction amount included in the batch	For multiple transactions only: MULTIPLE TELEPHONE TRANSACTIONS NNN Replace "NNN" with the number of transactions.

3.21.2 Conditions for Using Message Reason Code 4857

The cardholder letter, which is required for amounts of USD 25 or more, must state that the transactions were unauthorized or must identify the billing discrepancy.

The issuer can charge back multiple transactions with the same card acceptor either individually or in a batch that contains any amount or number of transactions. If the issuer submits the transactions in a batch, it must supply documentation verifying the 23-digit acquirer reference data (ARD) and transaction amount of each transaction within the batch. The issuer must provide the ARD of the first charge posted to the cardholder's statement in the DE 31 (Acquirer Reference Data) in the First Chargeback/1442 message.

5 The issuer cannot provide an Expedited Billing Dispute Resolution Process Form for fraud-related disputes. In these cases, the issuer must provide a signed cardholder letter or e-mail.

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The issuer **may not** use this chargeback reason code for chip/PIN transactions when:

- The cardholder denies participation in a card-activated telephone transaction, and
- The transaction certificate and related data were provided in DE 55 of the First Presentment/1240 message.

Additional chargeback requirements and limitations apply to World MasterCard Card T&E transactions. Refer to section 1.6.1.1 World MasterCard T&E Interchange Rate Program of this guide for more information.

3.21.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The following conditions represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4857.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer provides proof that the transaction was not a card-activated telephone transaction; for example, the transaction did not involve a card-activated telephone.	2713 Invalid chargeback	Additional or corrected information to resolve billing discrepancy, if applicable.	None
The acquirer provides additional or corrected information that resolves a billing dispute of more than USD 25.	2700 Chargeback remedied. See corresponding documentation.	Additional or corrected information to resolve billing discrepancy, if applicable.	None
A transaction between members that participate in the Chip Liability Shift Program occurred at a chip-compliant POI terminal and was initiated with a non-EMV chip card. This is a final remedy.	2870 Chip Liability Shift	None	None

3.21.3.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4857.

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Reason Code	Description
2001	Invalid Acquirer Reference Data on chargeback; no documentation required or provided
2004	Invalid Acquirer Reference Data on chargeback; documentation was received
2011	Credit previously issued
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit
2709	Documentation received was illegible
2710	Scanning error—unrelated documents or partial scan
2713	Invalid Chargeback

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Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard procedure.

3.21.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4857). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
The cardholder continues to dispute the transaction.	4857 Card-activated telephone transaction	Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation.	Reason for the return.

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240.
4902	Documentation received was illegible.

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Reason Code	Description
4903	Scanning error—unrelated documents or partial scan
4905	Invalid Acquirer Reference Data on Second Presentment/1240; documentation was received or was not required.
4908	Invalid Acquirer Reference Data on Second Presentment/1240; documentation was received.

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Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.21.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

3.21.6 Additional Processing Notes

The following sections contain additional processing notes for issuers, acquirers, or both.

Audio Text Card Acceptors. This chargeback is not intended for disputes about audio text transactions (for example, psychic hotlines or betting tips). If the cardholder claims these types of transactions are unauthorized, the issuer should consider using message reason code 4837—No Cardholder Authorization.

Conditions When a Cardholder Letter is Not Required. This chargeback does not require a cardholder letter if the chargeback amount is less than USD 25.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

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3.22 Message Reason Code 4859—Services Not Rendered

The issuer can use message reason code 4859 if a cardholder disputes a transaction for one of the following reasons:

- **RS1**—The card acceptor is unwilling or unable to render services. (For example, the card acceptor is out of business.) A member must not use RS1 when a cardholder disputes an airline transaction.
- **RS2**—The cardholder paid for services or goods by other means. (For example, the cardholder used a check.)
- **RS3**—The cardholder received none or only a part of an ATM cash disbursement. (This reason does not apply in cases of alleged fraud.)
- **RS4**—The cardholder did not receive airline transportation.
- **RS5**—The cardholder is disputing a "no-show" hotel charge from a card acceptor that participates in the MasterCard Guaranteed Reservations Service described in MasterCard Guaranteed Reservations of this guide.
- **RS6**—The issuer may use this message reason code to return Payment Transactions when the issuer is unable to accept Payment Transactions due to local law, restrictions or other legislative constraint.
- **RS7**—The cardholder is disputing any subsequent transaction representing an addendum to any valid transaction from the same card acceptor (for example, charges not appearing on a finalized hotel folio or vehicle rental contract).

NOTE

As used herein, addendum transaction is a separate transaction that is incremental to a previous transaction involving the same card acceptor and the same cardholder.

3.22.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days (No more than 540 days for interrupted services)	No	Cardholder letter or completed Expedited Billing Dispute Resolution Process Form	RS1
120 calendar days	No	Cardholder letter or completed Expedited Billing Dispute Resolution Process Form, and evidence of alternate payment method	RS2
120 calendar days	No	None	RS3
120 calendar days	No	Cardholder letter or completed Expedited Billing Dispute Resolution Process Form, and airline tickets or explanation of disposition of airline tickets.	RS4

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Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days	No	Cardholder letter or completed Expedited Billing Dispute Resolution Process Form.	One of the following: RS5NS1MCCNNNN CNL#XXXXXXXXXX RS5NS2MCCNNNN RS5NS3MNNNNARNN NNNNNNNNNNNNNNN NNNNN RS5NS4MCCNNNN RS5NS5MCCNNNNCUR RNNNRATENNNNNNN RS5NS6MCCNNNN As applicable: For "CNL#XXXXXXXXXX", replace "XXXXXXXXXX" with the cancellation number provided by the hotel. The cancellation number must be 10 characters or less. For "MCCNNNN", replace "NNNN" with the MCC assigned to the lodging establishment. If no MCC has been assigned to the lodging establishment use replace "NNNN" with "7011". Refer to Chapter 3 of the *Quick Reference Booklet* for a list of all MCCs. For "RS5NS3MNNNNARNN NNNNNNNNNNNNNNN NNNNN", For "MNNNN", replace "NNNN" with the MCC assigned to the lodging establishment. If no MCC has been assigned to the lodging establishment use replace "NNNN" with "7011". Refer to Chapter 3 of the *Quick Reference Booklet* for a list of all MCCs.

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Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
			For "ARNN NNNNNNNNNNNNNNN NNNNN", replace "NN NNNNNNNNNNNNNNN NNNNN" with the acquirer reference data (ARD) For "CURRNNN", replace "NNN" with the ISO currency code in which the room rate was quoted For "RATENNNNNNN", replace "NNNNNNN" the rate quote expressed in transaction currency. The rate quote must be 7 characters or less.
120 calendar days	No	None	RS6—Also provide reason for chargeback.
120 calendar days	No	Cardholder letter or completed Expedited Billing Dispute Resolution Process Form	RS7

Refer to Appendix C, Forms of this guide for instructions on accessing the dispute form.

3.22.2 Conditions for Using Message Reason Code 4859

For a Debit MasterCard purchase with cash back transaction, an issuer can submit this chargeback only for the purchase amount, or a portion thereof. The issuer must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount). An issuer must not submit a chargeback for the cash back amount, or any portion thereof, using this reason code.

Additional chargeback requirements and limitations apply to World MasterCard Card T&E transactions. Refer to section 1.6.1.1 World MasterCard T&E Interchange Rate Program of this guide for more information.

The following sections provide conditions specific to the particular "RS" reason.

3.22.2.1 RS1 (Card acceptor unwilling or unable to render services)

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The cardholder letter or form must detail the services that the cardholder expected to receive or that the card acceptor represented to give, and the circumstances surrounding the card acceptor's failure to provide them, and that the cardholder contacted or attempted to contact the card acceptor to resolve the dispute, and the card acceptor, as applicable, refused to:

- Adjust the price

  Or

- Provide the services

  Or

- Issue a credit

RS1 must not be used if the transaction involves airline tickets. Members must process disputes involving airline flight tickets under RS4—Airline flight not provided.

The issuer cannot charge back the transaction until the documented date for the performance of the services has passed. The issuer may charge back before the performance date for the services if it is established that the card acceptor will not provide the services because it is no longer in business or is bankrupt.

If the card acceptor did not specify a date for the performance of services, the issuer must wait 30 calendar days after the transaction date before charging back.

3.22.2.2 RS2 (Payment by other means)

For payment to the same card acceptor, the issuer must provide a cardholder letter or form that states that the same goods or services debited to the cardholder's account were paid for in some other manner, and that the cardholder contacted or attempted to contact the card acceptor to resolve the dispute, and the card acceptor, as applicable, refused to:

- Adjust the price

  Or

- Issue a credit

In addition, the issuer must provide documentation or information to prove the alternate payment. Examples of such proof include:

- For a payment by check, copies of the front and back of the cancelled check.
- For a payment in cash, a cash receipt.
- For payment using the same credit or debit card, the transaction information (for example, ARD and transaction amount) of the alternate payment.
- For payment using another credit or debit card, a card statement showing the transaction information (for intra-European transactions, a TID showing the card details is also acceptable).

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For payment to a third party (such as, a travel agent) to purchase a voucher or similar certificate representing payment to the card acceptor, the issuer must provide a cardholder letter stating that the voucher was accepted by the card acceptor and documentation to prove that the same goods or services debited to the cardholder's account were covered by the voucher. Examples of such documentation include a copy of the voucher or of the itinerary prepared by the third party listing the goods and services paid for.

For intra-European transactions: In addition to a cardholder letter or form that states that the same goods or services debited to the cardholder's account were previously paid for, the issuer must provide a receipt or paid travel voucher.

3.22.2.3 RS3 (ATM dispute)

The chargeback must be for the amount in dispute only.

Refer to the *Cirrus Worldwide Operating Rules* for further information if the acquirer submits an invalid second presentment (representment). An issuer cannot submit arbitration chargebacks for MasterCard ATM Network transactions.

For intra-European transactions: The acquirer must send supporting documentation via the MasterCom electronic imaging system, or fax the documentation to the MasterCom hub site. Refer to Appendix A, Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard) for more information about chargeback processing procedures for intra-European MasterCard ATM transactions and interregional MasterCard ATM transactions involving cards issued in the Europe region.

3.22.2.4 RS4 (Airline flight not provided)

The cardholder letter or form must state that the cardholder did not receive the airline services and that the cardholder contacted or attempted to contact the card acceptor to resolve the dispute, and the card acceptor, as applicable, refused to:

- Adjust the price

  Or
- Provide the services

  Or
- Issue a credit

If the cardholder cannot provide the airline tickets with the chargeback, the cardholder letter must explain the disposition of the tickets. For example, if the cardholder returned the airline tickets to the card acceptor or travel agency or the cardholder destroyed the airline tickets, the cardholder letter must state this fact. If the cardholder indicates that electronic tickets were purchased, no explanation of the disposition of the tickets is required. The issuer cannot charge back a transaction for message reason code 4859 until after the date the airline was to provide the flight(s), unless the airline has ceased providing flight services.

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3.22.2.5 RS5 (Guaranteed Reservation Service)

The issuer must supply a cardholder letter or form that indicates that the cardholder is disputing the transaction under one of the "NS" conditions shown below. Additionally, for chargebacks initiated under NS1—NS6, the cardholder letter or form must indicate that the cardholder contacted or attempted to contact the card acceptor to resolve the dispute, and the card acceptor, as applicable, refused to:

- Adjust the price

  Or

- Provide the services

  Or

- Issue a credit

When charging back a transaction under this dispute category, the issuer must specify one of the following seven reasons in the DE 72 (Data Record). Refer to the required DE 72 (Data Record) in the table headed "Supporting Requirements for Issuer's Chargeback," section 3.22.1 Supporting Requirements for Issuer's Chargeback for additional information.

- **NS1**—The cardholder cancelled the reservation and provides a valid cancellation number. The length of the cancellation number will vary but will not exceed 10 positions.
- **NS2**—The cardholder cancelled the reservation but cannot provide a valid cancellation number.
- **NS3**—The cardholder used the accommodations.

  The issuer should provide the ARD of the transactions that represent the actual use of the accommodations. If the cardholder used the accommodations but did not use his or her credit card for payment, the issuer should provide verification of the alternate form of payment, such as, a cash receipt or cancelled check.

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- **NS4**—The card acceptor provided alternate accommodations.

  For example, the cardholder arrived at the hotel and no room was available. Although the hotel arranged for accommodations at another hotel, the card acceptor billed the cardholder in error.

- **NS5**—The "no-show" charge differed from the rate quoted to the cardholder. Under these circumstances, only the difference between the two charges can be charged back. The issuer must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount).

  If the transaction occurred outside the U.S. region, the issuer must include the three-digit ISO currency code of the transaction currency in which the rate was quoted, and the rate quoted expressed in that currency, in the DE 72 (Data Record). The rate number may vary in length but cannot exceed seven positions. The currency information is useful because the difference in the rate can be caused by a fluctuation in currency conversion.

- **NS6**—The card acceptor did not advise the cardholder that it would charge a "no-show" fee.

3.22.2.6 RS6 (Payment Transaction)

Although MasterCard does not require that the issuer submit documentation when using message reason code 4859, RS6 to charge back a Payment Transaction, existing GCMS edits require the issuer to use a Documentation Indicator (PDS 0262) of 1 (documentation will follow) when processing this chargeback.

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3.22.2.7 RS7 (Addendum Dispute)

The cardholder letter or form must detail the charge that the cardholder is disputing and why. The cardholder must contact the card acceptor before initiating the dispute and the cardholder's documentation must set forth the result of the conversation with the card acceptor. If the cardholder cannot contact the card acceptor, the cardholder must explain what attempt was made to contact the card acceptor (for example, left voice mail, sent e-mail message, sent a letter, and so forth).

This chargeback must be initiated within 120 calendar days of the Central Site Business Date of the disputed addendum transaction.

Issuers must not use this chargeback message reason code if the cardholder did not have a valid transaction with the card acceptor to which the disputed charge was appended.

The right to charge back the disputed amount is not dependent on the method of payment for any other transaction. For example, the cardholder may have paid cash for the accepted transaction, but the disputed addendum transaction was applied to the MasterCard card because the cardholder presented the MasterCard card to the card acceptor to guarantee the service.

3.22.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions below represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4859.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer provides a rebuttal from the card acceptor and proof that services were rendered.	2700 Chargeback remedied. See corresponding documentation.	If appropriate, proof that the services were rendered or that the card acceptor is able to render them. For example, the acquirer can provide proof that the card acceptor is not out of business.	RS1
The card acceptor provides an explanation that substantiates the validity of the transaction charged.	2700 Chargeback remedied. See corresponding documentation.	Appropriate card acceptor explanation. For example, the card acceptor provides proof that the transaction represents an additional night's stay at a hotel that was not included in the check written by the cardholder.	RS2

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer can show that the chargeback can be remedied.	2700 Chargeback remedied. See corresponding documentation.	Documentation that verifies the disbursement of funds. For example, the acquirer provides an audit tape showing that the ATM dispensed the requested amount. Refer to the *Cirrus Worldwide Operating Rules* manual for further information. European members please refer to Appendix A, Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard).	RS3–Also provide: • Chargeback contact's name • Contact's phone number • Contact's fax number
The acquirer or card acceptor can show that the airline tickets were used or that the card acceptor provided the flight.	2700 Chargeback remedied. See corresponding documentation.	Appropriate documentation to support that the chargeback is invalid, or Documentation proving that the airline tickets were used by the cardholder or person(s) that the cardholder authorized, or that the airline rendered the service.	RS4
If RS5, the acquirer can provide a copy of a signed and imprinted sales form verifying that the transaction was not a "no-show" charge.	2700 Chargeback remedied. See corresponding documentation.	See documentation requirements in Second Presentment Condition column.	RS5

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
If NS2, the acquirer may submit a second presentment for the chargeback if the card acceptor or acquirer states that the card acceptor has a formal Guaranteed Reservation Program and that there is no record of cardholder cancellation. The acquirer can request that the issuer show proof that the cardholder made the call to the hotel canceling the reservation.	2700 Chargeback remedied. See corresponding documentation.	See documentation requirements in Second Presentment Condition column.	RS5
If NS5, the acquirer may submit a second presentment with documentation, substantiating that the cardholder was notified of the rate of the "no-show" fee before the date of the reservation.	2700 Chargeback remedied. See corresponding documentation.	See documentation requirements in Second Presentment Condition column.	RS5
If NS6, the acquirer may submit a second presentment with documentation, substantiating that the cardholder was advised before the date of the reservation that he would be billed a "no-show" fee if the reservation was not cancelled before 18:00 (card acceptor's local time) on the date of the reservation.	2700 Chargeback remedied. See corresponding documentation.	See documentation requirements in Second Presentment Condition column.	RS5

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
RS7: The acquirer provides a rebuttal from the card acceptor and documentation to support the charge.	2700 Chargeback remedied. See corresponding documentation.	Documentation to show the addendum charge is the cardholder's responsibility. For example, a signed restaurant receipt, or documentation showing that the cardholder is responsible for a parking ticket or traffic fines.	None

3.22.3.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4859.

Reason Code	Description
2002 [6]	Nonreceipt of required documentation to support chargeback
2004 [7]	Invalid Acquirer Reference Data on chargeback; documentation was received
2011 [7]	Credit previously issued
2701 [7]	Duplicate Chargeback
2702 [7]	Past Chargeback Time Limit
2704 [7]	Invalid member message text
2709	Documentation received was illegible
2710	Scanning error—unrelated documents or partial scan
2713	Invalid Chargeback

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6 Not available for RS3 or RS6 Refer to Processing Second Presentment/1240 Messages for the standard procedure.

7 Not available for ATM transactions.

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3.22.4 Arbitration Chargeback

The following paragraphs apply to arbitration chargeback message reason code 4859.

For dispute category RS3, issuers cannot submit arbitration chargebacks for ATM transactions. Refer to the *Cirrus Worldwide Operating Rules* for procedures to process an ATM transaction that the cardholder still disputes. European members refer to Appendix A, Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard).

For dispute category RS5, NS2, the issuer must provide proof that the cardholder contacted the card acceptor with its arbitration chargeback (such as, a copy of a phone bill) if the acquirer processed a second presentment that states the following:

- The hotel has a formal Guaranteed Reservation Program that includes the issuance of confirmation and cancellation numbers; or
- The hotel has no record of the cancellation.

For dispute category RS5, NS5 the issuer must provide either

- A letter from the cardholder stating that he or she did not receive written notification of the "no-show" rate and that the rate quoted to the cardholder at the time the cardholder made the reservation was less than the rate the card acceptor billed the cardholder; or
- An updated Expedited Billing Dispute Resolution Form, reflecting subsequent cardholder contact, certifying that the cardholder claims that he or she did not receive written notification of the rate from the card acceptor and that the rate quoted at the time the reservation was made was less than the rate billed.

For dispute category RS5, NS6 the issuer must provide either

- A letter from the cardholder stating that he or she never received a written notification of the rate from the card acceptor (as provided by the acquirer in the second presentment); or
- An updated Expedited Billing Dispute Resolution Form, reflecting subsequent cardholder contact, certifying that the cardholder has stated that he or she did not receive a written notice from the card acceptor.

For dispute category RS7, when the acquirer provided documentation showing that the addendum transaction is the responsibility of the cardholder, the issuer must provide a progressive letter from the cardholder, dated after the second presentment, to reconfirm the cardholder's dispute.

3.22.4.1 Additional Arbitration Chargeback Message Reason Codes

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4859). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

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The conditions shown below represent valid options that the issuer can use to process an arbitration chargeback for message reason code 4859.

Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
The cardholder continues to dispute the transaction.	4859 Services not rendered	Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation.	Reason for the return.

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240.
4902	Documentation received was illegible.
4903	Scanning error—unrelated documents or partial scan.
4908	Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received.

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Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard processing procedure.

3.22.5 Arbitration

Refer to section 1.12Arbitration Case for the standard procedure.

3.22.6 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

Quality Disputes. Message reason code 4859 does not apply to quality disputes. Issuers should consider using message reason code 4853 (Not as Described) for disputes of that nature.

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MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card Nov 2007

Merchant Contact Requirement. Before processing a chargeback, the cardholder must contact the merchant to attempt to resolve the dispute. The cardholder must specify how he or she attempted to contact the merchant and what the result was. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchant's response is not sufficient to validate the chargeback and in arbitration will be considered invalid.

Progressive Documentation. A progressive cardholder letter may be required with the arbitration chargeback in response to new information or rebutting any card acceptor explanation provided with the second presentment. The progressive cardholder letter must be dated after the second presentment and specifically address the rebuttal provided with the second presentment. See section 1.15.1 Documentation Types of this guide for additional information

The following issuer notes apply specifically to the particular "RS" reason:

- **RS1—Card acceptor unwilling or unable to provide services**

  Time Frame Calculation. In cases involving the provision of services, the 120-day time frame for the initial chargeback is calculated from the Central Site Business Date of the first presentment. In cases involving delayed delivery of services, the 120-day initial chargeback time frame is calculated from the latest anticipated date that the services were to be provided. In cases that involve interrupted services, MasterCard calculates the 120-day time frame from the date the services cease. In no case shall the chargeback processing time frame exceed 540 days (approximately 18 months) from the Central Site Business Date of the first presentment.

  Chargeback Time Frame Extension. The issuer must process message reason code 4859 RS1 either within 120 calendar days of the Central Site Business Date or within 120 days of the documented date of service specified by the card acceptor.

  For example, a cardholder paid for access to a Web site to start on 1 January. When the cardholder attempted to access the Web site, the Web site could not be obtained. The cardholder contacted the card acceptor who stated that the service would be delayed 90 days. The cardholder wanted the service and agreed to wait. When the cardholder called the card acceptor after waiting the additional 90 days, the card acceptor told the cardholder it would take another 30 days. The cardholder was not willing to wait any longer and cancelled the service; however, the card acceptor refused to issue a credit.

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The cardholder contacted the issuer on day 130. Although the dispute was raised past the 120-calendar day time frame, and the delivery date(s) were not documented in writing, because the cardholder allowed the card acceptor the requested additional time, the cardholder should not be expected to continue to wait.

The issuer can use message reason code 4859 to charge back this transaction within 120 calendar days of the latest anticipated delivery date of the services that the card acceptor verbally specified. The issuer should be aware, however, that the acquirer can refute the chargeback if it shows proof that the card acceptor provided the service, or that the card acceptor attempted to provide the service but the cardholder refused it. Additionally, the acquirer can provide documentation that shows that the card acceptor did not state that it would provide the service on the alleged date given by the cardholder.

Prorated Amount. The transaction amount will be prorated for the period that the card acceptor was to provide the services. If the card acceptor did not specify a period of service (for example, a lifetime membership), the transaction amount should be prorated over a period of 18 months. (Refer to Example 13—Prorated Chargeback Period for Interrupted Services).

Possible Acquirer Remedies. Issuers should be aware, however, that the acquirer can refute the chargeback if it shows proof that it

- Provided the services
- Attempted to provide the services but the cardholder refused them
- Did not state that the services would be provided on the alleged date given by the cardholder.

Airline Transactions. This RS reason does not include disputes involving airline transactions; however, this reason may be applicable in disputes not specifically involving airline flight services (such as, a separate fee for an upgrade or additional cargo charges).

- **RS2—Payment by other means**

  Alternate Payment via Travel Vouchers. A cardholder may claim that payment was made using a travel voucher; however, the travel agent may not have paid the card acceptor. The card acceptor's acceptance of the travel voucher prohibits a subsequent charge for the same goods or services.

  Alternate Payment via Travel Vouchers—Intra-European Transactions. A cardholder may claim that payment was made using a travel voucher; in this case, the issuer must provide documentation that the cardholder paid for the travel voucher. Alternately, the issuer may consider using message reason code 4859, RS 1 against the acquirer of the travel agent, if the cardholder paid for the travel voucher using a MasterCard card, and the travel agent did not pay the card acceptor.

- **RS3—ATM Dispute**

  Fraudulent Transactions. This chargeback does not apply to fraud or to ATM transactions on lost or stolen cards, because personal identification numbers (PINs) are required to obtain cash at an ATM.

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Supporting Documentation and Data Record Requirements. RS3 does not require a cardholder letter. Refer to Appendix A, Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard) for information about chargeback processing procedures for intra-European MasterCard ATM transactions and interregional MasterCard ATM transactions involving cards issued in the Europe region.

To second present because of "credit issued" or another situation not requiring proof that the ATM disbursed the requested funds, the acquirer must always supply documentation to support their claim. Nov 2007

Arbitration Chargebacks Not Allowed for ATM Disputes. Issuers cannot process an arbitration chargeback for an ATM transaction. Refer to section 1.11.2ATM Transaction Documentation Dispute Procedures for second presentment documentation dispute procedures.

- **RS4—Airline flight not provided**

  Disposition of Airline Tickets. In situations where the cardholder is in possession of the airline tickets, MasterCard advises that the issuer do the following:

  – Use the MasterCom electronic imaging system to provide copies of airline tickets.

  – Mail the original airline tickets to the acquirer using certified or registered mail.

  – Retain proof of delivery of the airline tickets to the acquirer, if needed.

  The cardholder cannot be in possession of the airline tickets upon initiation of the first chargeback.

- **RS5—Guaranteed Reservation Service**

  Data Record Requirements. In the DE 72 (Data Record), "MCC NNNN" identifies the card acceptor business code for the particular hotel. Refer to the *Quick Reference Booklet* for a complete list of MCCs. If no MCC has been assigned to the card acceptor, the issuer must use MCC 7011 (hotels, lodging).

  Guaranteed Reservation Service Program. The MasterCard Guaranteed Reservations Service is for hotels, motels, bed and breakfasts, and resorts. Under this program, the card acceptor is obliged to have a room available when the cardholder arrives (until checkout time the next day). The cardholder is obliged to cancel a confirmed reservation with the card acceptor before 18:00 (card acceptor's local time) on the date of the reservation. If the cardholder fails to cancel the reservation, the card acceptor can charge the cardholder a "no-show" charge equal to one night's lodging. Even if the cardholder reserved a room for three nights, the card acceptor can charge for only one night's lodging.

  Supporting Documentation-Guaranteed Reservation Notification. A copy of a written, faxed, or e-mail message confirmation from the hotel, motel, or resort property sent to the cardholder notifying him or her of the confirmation number and cancellation policy is acceptable second presentment documentation to support the merchant's assertion that the cardholder was aware of the card acceptor's "guaranteed reservation" policy.

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- **RS6—Payment Transaction**

  Issuer Data Record Requirements. When an issuer charges back a Payment Transaction, the issuer must include the reason for the chargeback within DE 72 (Data Record).

  Acquirer Supporting Documentation and Data Record Requirements. When an acquirer submits a second presentment for a Payment Transaction, it should specify the reason for reversing the chargeback in DE 72 (Data Record).

  An acquirer may not use non-receipt of required documentation as the basis for a second presentment.

- **RS7—Addendum Dispute**

  Cardholders that guarantee services with a MasterCard card are responsible for valid charges incurred by the cardholder unless paid by other means. Addendum charges typically are incurred at T&E card acceptor locations but are not limited to fuel charges, drop-off fees, and so forth. Nov 2007

  As stated in section 2.1.9 of this guide, a cardholder is not responsible for a charge representing loss, theft, or damage unless the cardholder agreed to be billed on their MasterCard after being informed of such charges. Nov 2007

  Arbitration Chargeback for Addendum Transaction. The issuer may provide progressive documentation to argue the card acceptor's rebuttal for the disputed addendum transaction. If the acquirer provides documentation with a signature to support the addendum, the progressive cardholder documentation needs specifically address the signature provided with the rebuttal. Nov 2007

NOTE

Cardholders are responsible for meals that were signed for by the cardholder but not included in the final hotel folio or for parking tickets/traffic fines issued while the vehicle was in the cardholder's possession.

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3.23 Message Reason Code 4860—Credit Not Processed

The issuer uses this message reason code if it receives a letter of complaint from a cardholder stating that a card acceptor has not posted a credit to his or her account or that the card acceptor posted a credit and reduced the amount of the credit due without proper disclosure.

3.23.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days	No	If applicable, one of the following: a credit slip; credit advice; TID voided by the card acceptor; card acceptor letter advisement to obtain credit from the issuer via chargeback; copy of an improperly disclosed in-store credit A cardholder letter or Expedited Billing Dispute Resolution Process Form is required if: • The credit voucher, advisement, or advice is undated, or does not have an account number or an amount to be credited. • The cardholder never received a credit, or in-store credit, and the card acceptor accepted returned merchandise or the cancellation of services. • The card acceptor issued a partial or improper credit that was not in accordance with section 2.1.8 of this guide. • **For intra-European transactions only**. The cardholder made a transaction for a timeshare or any similar provision of services and cancelled the agreement within 10 calendar days of the agreement date. The issuer must supply the 23-digit ARD for the credit transaction in DE 72 (Data Record), if the card acceptor issued an improperly disclosed partial credit to the cardholder.	For improper partial credit only: NNNNNNNNNNNNNNNNNNNNNN Replace "NNNNNNNNNNNNNNNNNNNNNN" with the acquirer reference data (ARD) TIMESHARE

Refer to Appendix C, Forms of this guide for instructions on accessing the Expedited Billing Dispute Resolution Form.

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3.23.2 Conditions for Using Message Reason Code 4860

The issuer can submit a chargeback without a cardholder letter if the cardholder provides one of the following:

- A credit receipt, credit advice issued by the card acceptor or its agent, or a TID voided by the card acceptor. The documents must show an account number, an amount to be credited, and a date.
- A card acceptor advisement (with or without an account number, date, or amount to be credited) that instructs the issuer to charge back the transaction, if it is accompanied by documentation showing the credit due.

If the credit receipt or card acceptor advisement is dated, the 120-day chargeback period begins on the day the credit was issued or on the date that the goods were returned or the services were cancelled, not the date of the original transaction.

If the cardholder returned merchandise or other items of value, or cancelled services, and the merchant provided the cardholder with a dated receipt or dated credit advice but did not post a credit to the cardholder's account, the issuer must wait 15 calendar days from the date of the credit receipt before charging back the transaction. If the cardholder returned merchandise, other items of value, or cancelled services, but did not receive a credit receipt or credit from the merchant, the issuer must wait 30 calendar days from the date of the merchandise return date or cancellation date before charging back the transaction. This 15 or 30-day waiting period gives the card acceptor an opportunity to process the credit.

If the credit receipt or card acceptor advisement is undated, the 30-day waiting period is waived, and the 120-day time frame will be calculated from the date of the cardholder letter.

The chargeback must include a letter or Expedited Billing Dispute Resolution Process Form if the credit slip or advice is undated, does not show an account or amount to be credited, or if the card acceptor failed to issue properly a credit in accordance with section 2.1.8 of this guide.

The cardholder letter or form must include one of the following statements:

- The card acceptor accepted the returned merchandise or the cancellation of services, and it failed to issue a credit, partial credit, or in-store credit.
- The card acceptor issued a credit but withheld funds without proper disclosure, or reduced the amount of the credit without the cardholder's permission.
- The card acceptor issued an in-store credit that was not properly disclosed at the time of the sale. A copy of the in-store credit must accompany the chargeback.

If the card acceptor issued a credit that was not in accordance with section 2.1.8 of this guide, the cardholder letter must specify whether the card acceptor disclosed its return or credit policy at the point of interaction. If the card acceptor disclosed its return or credit policy to the cardholder at the time of the transaction, the cardholder must state why the additional credit is due.

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The issuer can immediately charge back the transaction if it receives one of the following:

- A letter from the card acceptor advising the issuer to obtain credit using a chargeback
- Proof of an improperly disclosed in-store credit
- A TID voided by the card acceptor

For a Debit MasterCard purchase with cash back transaction, an issuer can submit this chargeback only for the purchase amount or a portion thereof. The issuer must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount). An issuer must not submit a chargeback for the cash back amount, or any portion thereof, using this reason code.

3.23.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4860.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer provides the date that it processed the credit to the cardholder's account.	2011 Credit previously issued.	None	CRED MMDDYY NNNNNNNNNNNNNNNNNNNNNN Replace "MMDDYY" with the date the credit was performed. Optionally, replace "NNNNNNNNNNNNNNNNNNNNNN" with the acquirer reference data (ARD).
The card acceptor did not give a credit slip or other advisement to the cardholder, and the card acceptor denies accepting the cancellation of services or the return of the merchandise, or the card acceptor states the merchandise was never returned.	2700 Chargeback remedied. See corresponding documentation.	Card acceptor rebuttal For example, the card acceptor rebuttal states that the merchandise was never returned or that the cancellation was not accepted.	None

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The card acceptor can substantiate that the credit or cancellation policy was properly disclosed to the cardholder at the point of interaction in accordance with section 2.1.8 of this guide.	2700 Chargeback remedied. See corresponding documentation.	Card acceptor rebuttal or proper disclosure given at the point of interaction.	None

3.23.3.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4860.

Reason Code	Description
2002	Nonreceipt of required documentation to support chargeback
2004	Invalid Acquirer Reference Data on chargeback; documentation was received
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit
2709	Documentation received was illegible
2710	Scanning error—unrelated documents or partial scan
2713	Invalid Chargeback

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3.23.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4860). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The conditions shown below represent valid options that the issuer can use to process an arbitration chargeback for message reason code 4860.

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Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documents	DE 72 (Data Record)
The cardholder continues to dispute the transaction.	4860 Credit not processed	Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation.	Reason for the return.
For intra-European transactions only: The cardholder continues to dispute a timeshare transaction	4860 Credit not processed	Progressive documentation from the cardholder reconfirming the cardholder entered into a timeshare or similar agreement for provision of services and cancelled the agreement within 10 calendar days **or** A copy of this agreement	TIMESHARE

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240
4902	Documentation received was illegible.
4903	Scanning error—unrelated documents or partial scan
4908	Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received.

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Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.23.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

3.23.6 Additional Processing Notes

The following section contains additional processing notes for the issuer, acquirer, or both.

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Proof of Return as Supporting Documentation. No proof of return is required to support a first chargeback for message reason code 4860 when goods are returned. If the acquirer submits a second presentment with a card acceptor rebuttal that states that the card acceptor never received the returned merchandise, the cardholder must provide proof that the card acceptor received the merchandise before the issuer can initiate an arbitration chargeback.

Clarification on Returned Merchandise. A chargeback for reason code 4860 may be processed if a card acceptor agrees to accept a cancellation of merchandise that was to be picked up at a card acceptor location and the cardholder did not take possession of the merchandise.

Value Added Tax (VAT). Message reason code 4860 may be available if the card acceptor fails to issue a Value Added Tax (VAT) credit to the cardholder. Refer to Example 6—Message Reason Code 4860—Credit not Processed (Available for Value-Added Tax (VAT) Disputes) of this guide for additional information concerning these types of disputes.

Buyer's Remorse Cancellations or Returns. Issuers should not continue with an arbitration chargeback for message reason code 4860 if the card acceptor did not give a credit slip or advice of credit to the cardholder, and the card acceptor denies accepting the cancellation of services or the return of merchandise or if the card acceptor states that the merchandise was not returned or the services were not cancelled.

Card acceptors **are not obliged** to accept returned merchandise or the cancellation of services based on a cardholder whim or for "buyer's remorse." For example, the cardholder changed his or her mind and there is nothing wrong with the merchandise.

Subject to the remainder of this paragraph, if a card acceptor accepts the return of goods or the cancellation of services, the card acceptor **must** issue a credit to the cardholder's account, unless the card acceptor properly disclosed at the time of the transaction that other conditions would apply for a return or cancellation (such as an in-store credit or exchange only).

Proper Disclosure of Refund Policy. If the card acceptor informed the cardholder of its refund policy at the time of purchase, the cardholder must abide by that policy. For example, if the cardholder's sales slip clearly indicates that the refund policy is "in-store credit only," the issuer cannot charge back for "credit not processed" if the cardholder received an in-store credit.

If a card acceptor issues a credit for the returned goods or cancelled services, it must apply the credit to the same MasterCard account that the cardholder used to purchase the goods or services. The card acceptor must not issue a cash or check refund for goods or services purchased using MasterCard.

A sign in the store that details the refund policy will not remedy this chargeback unless the cardholder admits seeing the sign at the point of interaction. The cardholder must sign disclosure documentation or state that he or she was informed of the disclosure.

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Acquirers should advise their card acceptors to state clearly the refund policy on the cardholder's sales receipt and clearly post the policy in the store.

Proof of Return as Supporting Documentation. For first chargebacks using message reason code 4860, the issuer is not required to provide proof of return. However, the acquirer can submit a second presentment if the cardholder states that he or she returned the merchandise and the card acceptor denies receiving it. The issuer must then obtain proof that the merchandise was returned to and received by the card acceptor to accompany the arbitration chargeback.

Progressive Documentation. A progressive cardholder letter may be required with the arbitration chargeback in response to new information or rebutting any card acceptor explanation provided with the second presentment. The progressive cardholder letter must be dated after the second presentment and specifically address the rebuttal provided with the second presentment. Refer to section 1.15.1 Documentation Types of this guide for additional information.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

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3.24 Message Reason Code 4862—Counterfeit Transaction Magnetic Stripe POS Fraud

The issuer can use this message reason code if:

- It receives a letter from the cardholder stating that neither he, she, nor anyone authorized by him or her engaged in the disputed transaction and that the cardholder or a person authorized by him or her was in possession of all cards issued with the account on the transaction date, and
- The transaction is subsequently determined to be the result of counterfeit magnetic stripe fraud, and the entire unaltered contents of the magnetic stripe was not transmitted and not approved by the issuer or its agent.

3.24.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days	No	Cardholder letter or cardholder affidavit of alleged fraud that states that the cardholder or a person authorized by the cardholder was in possession of all cards issued with the account on the transaction date.	None

3.24.2 Conditions for Using Message Reason Code 4862

The account number used for the disputed transaction was magnetic-stripe read to initiate the authorization request (regardless of whether the transaction was thereafter authorized by other means, such as phone or telex).

Issuers may use this chargeback only when the transaction was reported as fraud to SAFE.

Issuers **cannot** use this message reason code for the following:

- Chip/PIN transactions where the transaction certificate and related data were provided in DE 55 of the First Presentment/1240 message
- Non–face-to-face transactions including MO/TO and e-commerce
- Emergency cash disbursements
- "No-show" hotel transactions
- Advance resort deposits
- Emergency travelers check refunds
- Key-entered transactions
- ATM transactions
- Transactions where the full unaltered magnetic stripe was read and transmitted to the issuer and authorized by the issuer or its authorized agent with a POS entry mode of 90 or 80.

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Sometimes transactions can occur on a cardholder account number months after it has been closed. In this case, rather than contacting the cardholder for another letter, the issuer can stand in for any fraudulent activity by providing a copy of the original cardholder letter and an issuer certification letter stating that the following two conditions are met:

- The issuer has determined that the disputed transaction is counterfeit.
- The account has been closed for a minimum of 60 days.

Additional chargeback requirements and limitations apply to World MasterCard Card T&E transactions. Refer to section 1.6.1.1 World MasterCard T&E Interchange Rate Program of this guide for more information.

3.24.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies for the acquirer to process a second presentment for message reason code 4862.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The acquirer can show that the issuer did not properly report the transaction to SAFE before the chargeback.	2713 Invalid chargeback	Documentation that supports the second presentment from the Acquirer's Loss Data File, the Acquirer Loss Data Report (AF739010-BB), or the Acquirer Transaction Data Report via Fraud Reporter.	None
The acquirer can substantiate that the transaction occurred at a POI terminal that transmitted the full, unaltered information from track 1 or track 2 of the magnetic stripe (POS entry mode 90).	2700 Chargeback remedied. See corresponding documentation.	If the transaction occurred at an attended POI terminal and was signature-based, the acquirer also must provide a copy of a signed and printed terminal receipt. If the transaction occurred at an attended POI terminal, the acquirer also must provide a copy of a signed and printed terminal receipt (unless the issuer has authorized a PIN as a substitute for signature).	One of the following: AUTHORIZED MMDDYY NNNNNN PIN MMDDYY NNNNNN Replace "MMDDYY" with the date the issuer authorized the transaction Replace "NNNNNN" with the authorization approval code
The acquirer can show that an authorization was not required or requested.	2707 No authorization request required or attempted	None	None

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)
The chargeback is invalid because magnetic stripe authorization was not used.	2713 Invalid chargeback	None	None
The transaction was between members that participate in the chip liability shift program, occurred at a chip-compliant POI terminal, was initiated with a non-EMV chip card, .and the full, unaltered magnetic stripe was read and transmitted to the issuer and authorized. This is a final remedy.	2870 Chip Liability Shift	If the transaction occurred at an attended POI terminal, the acquirer must provide a copy of a signed and printed terminal receipt.	AUTHORIZED MMDDYY NNNNNN Or PIN MMDDYY NNNNN (if applicable)

3.24.3.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4862.

Reason Code	Description
2002	Nonreceipt of required documentation to support chargeback
2004	Invalid Acquirer Reference Data on chargeback; documentation was received
2011	Credit previously issued
2701	Duplicate Chargeback
2702	Past Chargeback Time Limit
2709	Documentation received was illegible
2710	Scanning error—unrelated documents or partial scan

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Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard procedure.

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3.24.4 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4862). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240.
4902	Documentation received was illegible.
4903	Scanning error—unrelated documents or partial scan.
4908	Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received.

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Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.24.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

3.24.6 Additional Processing Notes

The following section contains additional processing notes for the issuer, acquirer, or both.

CVC 1 Validation. Message reason code 4862 offers issuers protection against magnetic stripe fraud if they base their authorization decisions on CVC 1 validation. When a card acceptor swipes a card through a point-of-interaction (POI) terminal, the terminal transmits the full contents of track 1 or track 2 to the issuer. The issuer can then decode the CVC 1 value to ensure that no one has tampered with the magnetic stripe.

NOTE

The issuer should use message reason code 4862 for transactions that involve counterfeit cards, not for transactions involving cards that have been reported lost or stolen.

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Key–entered Authorizations. Message reason code 4862 cannot be used for key-entered transactions; that is, transactions in which the acquirer's authorization request specified a value of 01 as the point-of-sale (POS) entry mode.

For example, the card acceptor never swiped the card through the electronic POI device and the card acceptor manually entered (keyed) the account information into the terminal to obtain authorization. However, under these circumstances, the issuer may have a chargeback right under message reason code 4837, No Cardholder Authorization.

Message reason code 4862 could be used in the following example: The card acceptor first swiped the card with 90 as the POS entry mode and received something other than an approval code (for example, a decline, referral, or "capture card" response), and then key-entered the transaction and received an approval code. The issuer could charge back the transaction under message reason code 4862, because the card acceptor circumvented the authorization process.

Acquirer Certification for CVC 1 Validation. Acquirers must be certified by MasterCard that they are transmitting the full-unaltered magnetic stripe data, before they are entitled to use the value 90 in the POS entry mode field of the Authorization Request/0100 message.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic Card.

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3.25 Message Reason Code 4863—Cardholder Does Not Recognize—Potential Fraud

The issuer may use message reason code 4863 for all non–face-to-face (Card Not Present) transactions if:

- The cardholder claims that he or she does not recognize the transaction appearing on the cardholder statement, and
- The issuer made a good-faith effort to identify the transaction for the cardholder. (For example, the issuer confirmed that the cardholder contacted or attempted to contact the merchant for transaction identification).

The issuer may not use this message reason code in the following situations:

- Transactions where DE 22 (Point of Service (POS) Data Code) in First Presentment/1240 message contains:
  - Terminal Operating Environment (subfield 4) equal to 1 or 3
  - Cardholder present data (subfield 5) equal to 0
  - Card Present Data (subfield 6) equal to 1 (DE 22 only)
- Transactions where DE 22 of the related Banknet or EPS-Net authorization contains one of the following values indicating card presence:
  - 02, 90 (magnetic stripe read)
  - 05 (smart card transaction)
  - 07 (Proximity Chip)
  - 79 (unable to read chip or magnetic stripe, manual entry)
  - 80 (smart card fallback to magnetic stripe)
  - 91 (Proximity Magnetic Stripe)
- ATM Transactions
- Transactions that occurred at a cardholder-activated terminal (CAT) that were properly identified in the authorization messages and clearing records as Automated Dispensing Machine/Level 1, Self-Service Terminal/Level 2, or when properly identified in the clearing records as Limited Amount Terminal/Level 3.
- Properly identified "no-show" hotel or motel transactions. Refer to section 3.22.2.5 RS5 (Guaranteed Reservation Service) for options.
- Emergency cash disbursements or emergency travelers check refunds.
- Transactions posted to an account when the card was lost or stolen.
- If the card acceptor is Universal Cardholder Authentication Field (UCAF)-enabled, the issuer provided the UCAF for that transaction, all other commerce Authorization Request/0100 message and clearing requirements were satisfied, and the Authorization Request Response/0110 message reflected the issuer's approval of the transaction.

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3.25.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days	No	None For intra-European transactions only:	
		• A cardholder letter clearly stating that the cardholder does not recognize the transaction and has made every effort to identify the transaction with the issuer and/or the card acceptor. • If charging back multiple transactions to a single acquirer (and a single merchant), include a list of the individual items in the batch (ARDs and amounts).	None For multiple transactions charged back using a single chargeback message: MULTIPLE TRANSACTIONS NNN Replace "NNN" with the number of items being charged back.

3.25.2 Conditions for Using Message Reason Code 4863

An issuer only can charge back a non–face-to-face transaction if the cardholder asserts that he or she does not recognize the transaction identified on the cardholder statement and the issuer made a good-faith effort to identify the transaction for the cardholder. Issuers must instruct their cardholders to contact the merchant for more information before they initiate the chargeback. Additional chargeback requirements and limitations apply to World MasterCard Card T&E transactions. Refer to section 1.6.1.1 World MasterCard T&E Interchange Rate Program of this guide for more information.

3.25.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can use to process a second presentment.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documentation	DE 72 (Data Record)
The acquirer can provide additional information, not contained in the authorization or clearing message that would help to identify the transaction. Additional information includes one or more of the following: • A description of the merchandise or services, • The original transaction amount if the disputed transaction represents partial shipment, or • "Ship to" address (if applicable)	2700 Chargeback remedied .See corresponding documentation	Documentation that would further identify the transaction.	None
The issuer's chargeback was invalid.	2713 Invalid Chargeback	Proof of card presence and a signature if alleging that the transaction took place in a face-to-face environment.	Reason for the return
For Merchant-Only Liability Shift Members should refer to MasterCard SecureCode and Universal Cardholder Authentication Field (UCAF) Liability Shift Program of this guide for processing procedures and applicable remedies for e-commerce transactions processed under intraregional or interregional liability shift programs.	Refer to MasterCard SecureCode and Universal Cardholder Authentication Field (UCAF) Liability Shift Program	Refer to MasterCard SecureCode and Universal Cardholder Authentication Field (UCAF) Liability Shift Program	Refer to MasterCard SecureCode and Universal Cardholder Authentication Field (UCAF) Liability Shift Program

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documentation	DE 72 (Data Record)
The acquirer can provide additional information, not contained in the authorization or clearing message that would help to identify the transaction. Additional information includes one or more of the following: A description of the merchandise or services The original transaction amount if the disputed transaction represents partial shipment, or "Ship to" address (if applicable), AND The acquirer can provide proof that it received a positive Address Verification Service (AVS) response of X (address match with nine-digit ZIP code) for the transaction and documentation showing that the address to which the merchandise was sent is the same as the AVS confirmed address.	2700 Chargeback remedied. See corresponding documentation	Documentation that would further identify the transaction, proof of positive AVS response X or Y. AND Documentation that shows the merchandise was sent to the AVS-confirmed billing address.	None

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documentation	DE 72 (Data Record)
For Global Liability Shifts The acquirer can show that: The transaction approved by the issuer contained the value in the UCAF that the issuer or its agent provided (DE 48, subelement 42 had a UCAF collection indicator value of 2), **and** All of the required e-commerce indicators were provided in the Authorization Request/0100 message and the clearing record. Refer to the *Customer Interface Specification* or European *V5 Interface Specifications* manual as applicable for the data element values that satisfy Authorization Request/0100 message requirements for a valid UCAF transaction. Refer to the *IPM Clearing Formats* manual for the specific data element values that satisfy clearing requirements for a valid UCAF transaction.	2008 Issuer authorized transaction.	None	AUTH MMDDYY/NNNN NN SL 2. Replace "MMDDYY" with the date the transaction was authorized. Replace "NNNNNN" with the authorization approval code "2" of SL 2 = DE 48 s42 f3 of the authorization message showing a value of 2.

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3.25.3.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a second presentment/1240 for message reason code 4863.

Reason Code	Description
2001	Invalid Acquirer Reference Data on chargeback; documentation was provided or not required
2011	Credit previously issued
2701	Duplicate Chargeback
2702	Past chargeback time limit

Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard processing procedure.

3.25.4 Arbitration Chargeback

Nov 2007

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4863). The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

The conditions shown below represent valid reasons for an arbitration chargeback by the issuer.

Issuers may submit an arbitration chargeback for the following reasons:

- **RS 1**—The information provided by the acquirer on second presentment is not new information
- **RS 2**—The cardholder claims that the transaction is fraudulent
- **RS 3**—The cardholder claims that the transaction involving AVS-related information is fraudulent
- **RS 4**—Invalid UCAF transaction
- **RS 5**—The card acceptor was UCAF-enabled, but the card was a commercial card.

Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documentation	DE 72 (Data Record)
The issuer asserts that the information provided on the second presentment was not new information.	4863	None	RS 1

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Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documentation	DE 72 (Data Record)
The cardholder claims that the transaction is fraudulent.	4863	Cardholder letter OR Written complaint from a company or government agency representative on behalf of a corporate card cardholder when the company or government agency no longer employs the authorized cardholder and the issuer has closed the account.	RS 2
The cardholder claims that the transaction involving AVS-related information is fraudulent.	4863	Cardholder letter OR Written complaint from a company or government agency representative on behalf of a corporate card cardholder when the company or government agency no longer employs the authorized cardholder and the issuer has closed the account.	RS 3
The issuer can demonstrate that the value contained in the UCAF within the Authorization Request/0100 message is not identical to the value that the issuer or its service provider provided for that transaction.	4863	A copy of the system log supporting the issuer's claim of a discrepancy between the transaction's UCAF value generated by the issuer or its service provider and the value presented in the UCAF field at the time of the authorization.	RS 4

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Arbitration Chargeback Details	IPM Arbitration Chargeback Message Reason Code	Supporting Documentation	DE 72 (Data Record)
Global Interregional merchant-only SecureCode Liability Shift not applicable. : The issuer can demonstrate that the transaction was performed using a commercial card (including MasterCard Business Card, Executive Business Card, Debit Business Card, Corporate Card, Executive Corporate Card, Purchasing Card, Fleet Card, and Multi-Card).	4863	None	RS 5

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
4901	Required documentation not received to support previous Second Presentment/1240
4902	Documentation received was illegible
4905	Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

If it is determined that the transaction occurred as a result of fraud, the issuer must report the transaction to SAFE.

3.25.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

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3.25.6 Additional Processing Notes

The following section contains additional processing notes for the issuer, acquirer, or both.

Improper Use of Message Reason Code 4863. This chargeback reason is to be used only if the transaction was conducted in a non–face-to-face environment (for example, mail order, phone order, e-commerce). Part of the good-faith effort to help the customer recognize the transaction includes a review of the authorization or clearing message to validate the POS entry of the transaction. Issuers must not use this chargeback message reason code when the POS entry reflects that the card was present when the transaction was completed. Failure to review the POS entry mode could cause a loss of arbitration chargeback rights.

Conflicting Data. In the event the issuer is able to confirm conflicting data between the authorization and clearing messages, where the authorization indicates non-face-to-face and the clearing indicates face-to-face, the issuer may use this chargeback message reason code. For the purpose of identifying conflicts, DE 61 (Point of Service [POS] Data) of the authorization message must be compared to DE 22 (Point of Service Data Code) of the clearing message. See Supporting Requirements for Issuer's Chargeback for chargeback requirements. Acquirers are required to produce a signed Transaction Information Document (TID) with proof of card presence if the POS entry mode data in the authorization and clearing messages conflict. (For example, the authorization message was processed as non–face-to-face; however, the clearing message indicates the card was present at an attended terminal.)

Invalid First Chargeback. Acquirers are not required to supply a signed TID and proof of card presence if the authorization and clearing messages (if DE 22 [Point of Service Data Code] was present in the clearing message) detailed that the card was present. Acquirers may process a second presentment using message reason code 2713 (Invalid Chargeback).

New Information. Refer to section 3.25.3 Conditions and Supporting Requirements for Acquirer's Second Presentment of this guide for specific information that must be provided with second presentments when the transaction is considered non–face-to-face (Card Not Present). In addition, proof of card presence and a signature also will remedy this chargeback.

MasterCard Electronic Card. Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

Addendum Disputes. Issuers must not use this chargeback message reason code if the issuer is made aware that the disputed transaction is a subsequent separate addendum transaction that was appended to a previous valid transaction involving the same card acceptor. The issuer must process a chargeback for message reason code 4859 RS7 (Addendum Dispute) if the cardholder acknowledges participation in the original transaction.

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Addendum Disputes—Second Presentments. Acquirers may remedy the dispute with documentation substantiating the cardholder has participated in the original transaction and documentation to establish that the cardholder is responsible for the addendum transaction. Suggested documentation is proof of card presence and signature for the original transaction as well as documentation to support that the addendum transaction is the cardholder's responsibility. Once the issuer is made aware that the disputed transaction is a subsequent separate addendum transaction that was appended to a previous valid transaction involving the same card acceptor, the issuer must change the message reason code to 4859 RS7.

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3.26 Message Reason Code 4870—Chip Liability Shift

Effective 13 April 2007, the issuer may use message reason code 4870 for a first chargeback if:

- Both the issuer and the acquirer are located in a country or region that has adopted a domestic or intraregional chip liability shift, or that participates in the Chip Liability Shift Program for interregional transactions at Level 1.
- A fraudulent transaction resulted from the use of a counterfeit card at a non–chip-capable terminal, and the validly-issued card (if any) was an EMV chip card.

Refer to section 2.8 Processing EMV Chip Transactions of this guide for more information about the Chip Liability Shift Program, including Level 1 participation requirements.

3.26.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 calendar days	None	a. Cardholder letter stating that neither the cardholder nor anyone authorized by the cardholder engaged in the transaction. If charging back as a result of a transaction using a revoked card that was once valid, the issuer may provide a certification letter. b. A written statement by the cardholder that he or she or another person was in possession and control of all valid cards issued to the account at the time of the transaction or an issuer certification of counterfeit. For qualified subsequent fraudulent transactions, a copy of the original cardholder letter or issuer certification letter.	None

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3.26.2 Conditions for Using Message Reason Code 4870

Before using this chargeback, the issuer must report the transaction to SAFE.

The issuer may not use this message reason code when:

- A valid EMV chip card transaction occurred in which the transaction certificate and related data were provided in DE 55 of the First Presentment/1240 message.
- A magnetic stripe-read or key-entered transaction occurred and was properly identified as the result of technical fallback.
- The Authorization Request/0100 message contained a service code value other than 2xx or 6xx, either because:
  - The card was not an EMV chip card (issuers approve such transactions at their own risk).

    Or
  - A counterfeit card transaction occurred in which the service code was altered from that of the valid EMV chip card.
- The transaction was a mail order, phone order, e-commerce, or recurring payment transaction.

DEFINITION

Technical fallback—A transaction in which a hybrid terminal processes a hybrid card using the magnetic stripe because either the chip or the card acceptor device (CAD) failed.

3.26.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

An acquirer has second presentment rights under this message reason code if any of the following conditions exist:

- The country or region in which either the acquirer or issuer is located does not have an applicable intraregional chip liability shift or participate in the interregional Chip Liability Shift Program.
- The First Presentment/1240 message contained DE 55 with the mandatory subelements.
- The transaction was magnetic stripe-read or key-entered as the result of technical fallback and was properly identified as such in the Authorization Request/0100 message.

Acquirers continue to have the right to submit second presentments for chargebacks initiated under the Chip Liability Shift Program for any of the following situations:

- The issuer initiated an invalid chargeback.
- The acquirer already issued a credit.
- The acquirer has new information that was unknown to the issuer before the original chargeback.

The following conditions represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4870.

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)	
The transaction was authorized online and did not involve a valid EMV chip card as evidenced by the service code in DE 35 of the Authorization Request/0100 message.	2008 Issuer authorized the transaction.	None	INV SERVICE CODE X Where "X" is the value contained in position 1 of the three-digit service code transmitted by the card to the terminal. "X" must be a value other than "2" or "6."	Nov 2007
The transaction involved an issuer or acquirer located in a country or region without an applicable intraregional chip liability shift or that does not participate in the interregional Chip Liability Shift Program.	2713 Invalid chargeback	None	CHIP LIABILITY NA	
The acquirer can prove the transaction was the result of technical fallback.	2008 Issuer authorized the transaction.	None	TECHNICAL FALLBACK	
The acquirer can prove that the transaction was completed by reading the chip.				Nov 2007
a. the transaction was below the floor limit and DE 55 was not provided in the First Presentment/1240 message b. the transaction was authorized online and DE 55 was not provided in the First Presentment/1240 message c. DE 55 was provided in the First Presentment/1240 message	a. 2700 Chargeback remedied. See corresponding documentation. b. 2008 Issuer authorized the transaction c. 2713 Invalid chargeback	a. DE 55 and mandatory sub-elements b. None c. None	a. CHIP TRANSACTION b. TRANS AUTHORIZED MMDDYY NNNNNN Replace "MMDDYY" with the date the issuer authorized the transaction. Replace "NNNNNN" with the authorization approval code c. DE 55 PREVIOUSLY PROVIDED	

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3.26.4 Arbitration Chargeback

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason Code	Description
48xx	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240
4902	Documentation received was illegible.
4903	Scanning error—unrelated documents or partial scan
4905	Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received or was not required.
4908	Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received.

Nov 2007

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

3.26.5 Arbitration

Refer to section 1.12 Arbitration Case for the standard procedure.

3.26.6 Additional Processing Notes

ATM Transactions. In cases involving intra-European MasterCard ATM Network transactions, the issuer may charge back the transaction using this message reason code only if the transaction was conducted with a hybrid card at a magnetic stripe reading-only ATM. Please refer to section A.3.8 Message Reason Code 4870—Chip Liability Shift (120 Days) of this guide for further details.

Nov 2007

Chip-capable Terminals. A value of 5, C, D, E, or M in DE 22, subfield 1 of the First Presentment/1240 message indicates that the transaction involved a chip-capable terminal.

Technical Fallback Transactions. In a technical fallback transaction, a value of 79 or 80 is present in DE 22, subfield 1 of the Authorization Request/0100 message.

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3.27 Message Reason Code 4871—Chip/PIN Liability Shift

Nov 2007

Effective 12 October 2007, the issuer may use chargeback message reason code 4871 if:

- Both the issuer and the acquirer are located in a country or region that has adopted a domestic or intraregional chip/PIN liability shift, or that participates in the Chip Liability Shift Program for interregional transactions at Level 2.
- A fraudulent transaction resulted from the use of a hybrid PIN-preferring card at a magnetic stripe-reading-only terminal (whether PIN-capable or not) or at a chip-capable terminal not equipped with a PIN pad capable (at a minimum) of checking the PIN offline.
- The cardholder states in writing that:
  - Neither the cardholder nor anyone authorized by him or her engaged in the transaction.

    and
  - The card is no longer or has never been, in the possession of the cardholder.

Refer to section 2.8 Processing EMV Chip Transactions of this guide for more information about the Chip Liability Shift Program, including Level 2 participation requirements.

DEFINITION

Hybrid PIN-preferring card—A hybrid card that has received MasterCard card design approval; is loaded with a MasterCard-approved EMV application that is capable of offline PIN verification; has passed the MasterCard card personalization certification process; and has been personalized so that the offline PIN CVM option (encrypted or cleartext) as described in EMV specifications appears in the card's CVM list with a higher priority than both online PIN and signature options, with a condition code appropriate for the current transaction.

DEFINITION

Hybrid PIN-capable terminal—A hybrid terminal that has the same hardware, software and configuration as a terminal that has full EMV Level 1 and Level 2 Type Approval status to the then current specifications; has completed the prescribed terminal integration process in the appropriate environment of use, including the certification of the acquirer host interface; and at a minimum, is capable of offline verification of the PIN (encrypted or cleartext) on a hybrid PIN-preferring card. A hybrid PIN-capable terminal may also be capable of online PIN verification.

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3.27.1 Supporting Requirements for Issuer's Chargeback

Time Frame	Retrieval Request	Supporting Documents	DE 72 (Data Record)
120 Calendar Days	None	a. A cardholder letter or an issuer certification letter. stating neither the cardholder nor anyone authorized by the cardholder engaged in the transaction. b. Proof of lost, stolen, or NRI fraud by providing one of the following: – A statement in the cardholder letter that the card was lost, stolen, or never received. – A written issuer certification of lost, stolen, or NRI fraud. – A law enforcement or police report or a report made to the issuer regarding the loss, theft, or non-receipt of the card. For qualified subsequent fraudulent transactions, a copy of the original cardholder letter or proof of fraud.	None

Nov 2007

3.27.2 Conditions for Using Message Reason Code 4871

Nov 2007

Before using this chargeback, the issuer must report the transaction to SAFE.

The issuer may not use this message reason code when:

- A valid EMV chip/PIN transaction occurred and the transaction certificate and related data were provided in DE 55 of the First Presentment/1240 message.
- A valid and authorized EMV chip transaction, however verified, occurred at a hybrid PIN-capable terminal, and the transaction certificate and related data were provided in DE 55 of the First Presentment/1240 message.
- A magnetic stripe-read or key-entered transaction occurred at a hybrid PIN-capable terminal and was properly identified as the result of technical fallback.
- The transaction was a mail order, phone order, e-commerce, recurring payment, or ATM transaction.
- Online PIN was the cardholder verification method (CVM).
- The transaction was completed despite a CVM fallback from PIN to signature or no CVM.
- The transaction occurred at any type of terminal for which PIN verification of a chip-read transaction is at the acquirer's option (for example, at Self-Service Terminal/Level 2, Limited Amount Terminal/Level 3, and In-flight Commerce Terminal/Level 4 cardholder activated terminals [CATs]).

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DEFINITION

Technical fallback—A transaction in which a hybrid terminal processes a hybrid card using the magnetic stripe or PAN Key Entry because either the chip or the card acceptor device (CAD) failed. Nov 2007

DEFINITION

CVM fallback—A chip transaction in which a lower priority Cardholder Verification Method (CVM) is performed (for example, signature or none), because the higher priority CVM (PIN) is temporarily unavailable. Nov 2007

3.27.3 Conditions and Supporting Requirements for Acquirer's Second Presentment

Nov 2007

An acquirer has second presentment rights under this message reason code if any of the following conditions exist:

- The country or region in which either the acquirer or issuer is located does not have an applicable intraregional chip/PIN liability shift or does not participate in the interregional Chip Liability Shift Program.
- The transaction was a valid chip/PIN transaction.
- The transaction occurred at a hybrid PIN-capable terminal and did not involve a hybrid PIN-preferring card.
- The transaction involved CVM fallback from PIN to signature or no CVM.
- The transaction occurred at a hybrid PIN-capable terminal and was magnetic stripe-read or key-entered as the result of technical fallback and was properly identified as such in the Authorization Request/0100 message.

Acquirers continue to have the right to submit second presentments for chargebacks initiated under the Chip Liability Shift Program for any of the following situations:

- The issuer initiated an invalid chargeback.
- The acquirer already issued a credit.
- The acquirer has new information that was unknown to the issuer before the original chargeback.

The conditions shown below represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4871.

Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)	
The transaction involved an issuer or acquirer located in a country or region without an applicable intraregional chip/PIN liability shift or that does not participate in the interregional Chip Liability Shift Program at Level 2.	2713 Invalid chargeback	None	CHIP LIABILITY NA	Nov 2007

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)	
The acquirer can prove that a valid chip/PIN transaction occurred in which the PIN was either: • Verified offline by the chip or • Present in the Authorization Request/0100 message and verified online by the issuer.	2008 Issuer authorized transaction.	DE 55 and mandatory subelements	OFFLINE PIN OR PIN MMDDYY NNNNNN Where MMDDYY is the authorization date and NNNNNN is the authorization approval code.	Nov 2007
The acquirer can prove that the transaction was completed with chip and PIN, or completed with chip while the card was not PIN-preferring, or the result of CVM fallback a. The transaction was below the floor limit and DE 55 was not provided in the First Presentment/1240 message. b. The transaction was authorized online and DE 55 was not provided in the First Presentment/1240 message. c. DE 55 was provided in the First Presentment/1240 message.	a. 2700 Chargeback remedied. See corresponding documentation. b. 2008 Issuer authorized the transaction c. 2713 Invalid chargeback	a. DE 55 and mandatory subelements b. None c. None	a. CHIP TRANSACTION DOC TO FOLLOW b. TRANS AUTHORIZED MMDDYY NNNNNN c. DE 55 PREVIOUSLY PROVIDED	Nov 2007

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Second Presentment Condition	IPM Second Presentment Message Reason Code	Supporting Documents	DE 72 (Data Record)	
The transaction was authorized online and did not involve a valid EMV chip card as evidenced by the service code in DE 35 of the Authorization Request/0100 message..	2008 Issuer authorized the transaction.	None	INV SERVICE CODE X Where "X" is the value contained in position 1of the three-digit service code transmitted by the card to the terminal. X must be a value other than 2 or 6	Nov 2007
The acquirer can prove the transaction was the result of technical fallback at a PIN-capable terminal.	2008 Issuer authorized the transaction.	None	TECHNICAL FALLBACK	Nov 2007

3.27.4 Arbitration Chargeback

Nov 2007

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

Reason	Description
48XX	New valid chargeback reason
4901	Required documentation not received to support prior Second Presentment/1240.
4902	Documentation received was illegible.
4903	Scanning error—unrelated documents or partial scan.
4905	Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received or was not required.
4908	Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received.

Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard procedure.

3.27.5 Arbitration

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure. Nov 2007

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3.27.6 Additional Processing Notes

Nov 2007

ATM Transactions—Chargebacks of MasterCard ATM Network transactions are not permitted under this reason code.

CVM Fallback—CVM fallback from PIN to signature or no CVM is indicated in DE 55 of the First Presentment/1240 message by data showing that in Byte 3 of the Terminal Verification Result (tag 95), any or all of bits 4, 5, or 6 were set.

Hybrid PIN-capable Terminals—A hybrid PIN-capable terminal is indicated when DE 22 of the First Presentment/1240 message contains a value of 5, C, D, E, or M in subfield 1, and a value of 1 in subfield 2.

Technical Fallback Transactions—In a technical fallback transaction, a value of 79 or 80 is present in DE 22, subfield 1 of the Authorization Request/0100 message.

Valid EMV Chip Cards—If a transaction involves a valid EMV chip card, a value of 2 or 6 is present in position 1 of the three-digit service code in DE 35 of the Authorization Request/0100 message.

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3.28 Message Reason Code 4899—Domestic Chargeback Dispute (Europe Region Only)

Issuers **only** may use message reason code 4899 in the case of a centrally acquired domestic transaction, or a domestic transaction processed through Banknet or EPS-Net, where a chargeback is available according to the applicable domestic rule, but cannot be processed under a different message reason code.

3.28.1 Requirements for Issuer's Chargeback, Acquirer's Second Presentment, and Issuer's Arbitration Chargeback

Members must follow the requirements for the applicable domestic chargeback rules. The applicable domestic chargeback reason code must be provided.

3.28.2 Arbitration

Arbitration of these disputes will be handled domestically, in accordance with applicable domestic dispute resolution procedures.

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Chapter 4 Arbitration Procedures

This chapter provides the procedures that members must follow to file an arbitration case. It also provides examples to illustrate various arbitration cases.

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Overview

If an acquirer believes that an issuer has processed an invalid arbitration chargeback, the acquirer may file an arbitration case with MasterCard. The arbitration case filing must be submitted in U.S. currency (USD) (or in EUR for intra-European and GBP for UK Domestic transactions) for a disputed amount equal to or less than the arbitration chargeback.

An issuer may initiate dispute procedures if it believes the acquirer's second presentment involving an automated teller machine (ATM) transaction was invalid. Refer to the *MDS Settlement and Reports* manual.

MasterCard will review the case and all supporting documentation and assign responsibility for the disputed amount to either the issuer or the acquirer.

4.1 Time Frames

Filing members must file the arbitration case within 45 days from the Central Site Business Date of the arbitration chargeback using one of the following methods:

- By submitting the case through the MasterCom® electronic case filing system.
- By faxing the case to the Dispute Resolution Services (DRS) case filing hub site.

4.2 Filing Procedures

The procedures for filing arbitration cases are as follows.

4.2.1 Arbitration Case Filing Using the MasterCom Electronic Case Filing Application

Members must have access to the MasterCom system and the case filing application to file arbitration cases electronically. The filing member should submit the arbitration case using the MasterCom electronic case filing application available through *MasterCard Online*®. Members that file the case using the MasterCom case-filing application should complete the information required under the 14A–Arbitration case type. The member should type any comments or information concerning the case in the Memo field on the screen and scan any additional documentation into the system.

Unless specifically requested by MasterCard staff, the filing member is not required to provide supporting chargeback documentation that was sent previously during the chargeback cycles. The case filing application retains the supporting documentation exchanged during each of the chargeback cycles.

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After reviewing the case to determine that the documentation and information are correct, the filing member should submit the case into the system. The system will send the arbitration case to MasterCard and to the filed-against member for review. A member with access to the case filing application will receive the case online through the case filing application. If the receiving member does not have access to the case filing application, MasterCard will fax the Dispute Resolution Services (DRS) Case Notification Fax Form and the case documentation to the compliance contact fax number identified in the *Member Information Manual*. Once a filing member chooses to use the electronic case filing system for a specific case, it **must not** file the same case manually.

4.2.2 Arbitration Case Filing Submitted Using the Dispute Resolution Services Case Filing Hub Site

Members without access to the MasterCom system and the case filing application may file the arbitration case using the Dispute Resolution Services (DRS) Case Filing hub site. The filing member must fax a completed DRS Hub Site Electronic Case Filing Form and a completed Summary of Arbitration Documentation (ICA-14A) form (or Intra-European Arbitration Case form, if applicable) to the DRS case filing hub site at 1-636-722-7215. The acquirer must complete the ICA-14A form with a narrative description of the problem, indicating the sequence of events in chronological order. The principal contact or compliance contact as identified in the *Member Information Manual*, or alternate signers, must then sign the form. (See Designated Additional Case Filing Signers for information concerning designated alternate signers.) On receipt of the fax, MasterCard will scan the case filing into the case filing application. A member with access to the case filing application will receive the case online through the case filing application. If the receiving member does not have access to the case filing application, MasterCard will fax the DRS Case Notification Fax Form, along with the case documentation, to the compliance contact fax number identified in the *Member Information Manual*.

Unless specifically requested by MasterCard staff, the filing member is not required to provide supporting chargeback documentation previously sent during the chargeback cycles. The case filing application retains the supporting documentation exchanged during each of the chargeback cycles.

4.2.3 Designated Additional Case Filing Signers

The principal contact may designate one or more alternate signers, providing the identity of any such additional signer is on file with the MasterCard Dispute Resolution Services Department. MasterCard will maintain, at the member's request, a secondary list of up to 10 additional signers. The member should mail or fax a letter signed by the principal contact of the requesting ICA with the names of any additional signers and a sample of each person's signature to the address listed above. The letter becomes effective upon acknowledgement of receipt.

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4.3 Withdrawals

A member that requests to withdraw the case before MasterCard issues a ruling is responsible for the USD 150 (EUR 150[1]) filing fee and a USD 150 (EUR 150[1]) withdrawal fee. MasterCard will process the funds for the filing fee and the withdrawal fee to the appropriate members as billing events though the MasterCard Consolidated Billing System (MCBS). MasterCard will generate Global Clearing Management System (GCMS) "On-Behalf" Fee Collection/1740 messages using message reason code 7800 to debit and credit the disputed amount to the appropriate members.

Additionally, the filing member may return any improper progressive handling fees processed in conjunction with the dispute as a Fee Collection/1740 message with function code 700 and message reason code 7603 within 45 days of the receipt of withdrawal. In the data record text, the member must enter "Per your acceptance of case # XXXXX" (XXXXX = MasterCard case number).

A member using the electronic case filing system that wants to withdraw the case before a ruling must withdraw the case using the case filing application.

A member that does not have access to the case filing application and wants to withdraw a case before a ruling must fax the withdrawal request to the DRS hub site. The member should complete the MasterCard DRS Case Notification Fax Form, providing the arbitration case information and notifying MasterCard of its intention to accept responsibility for the item. The member should then fax the form to the DRS case filing hub site at 1-636-722-7215.

4.4 MasterCard Review Process

When MasterCard receives an arbitration case for review, it will notify the members involved in the arbitration case. Members that have access to the case filing application will receive notification through the case filing application. For members that do not have access to the case filing application, MasterCard will fax a DRS Case Notification Fax Form.

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MasterCard must receive any rebuttal or additional information concerning the case within the applicable waiting period for the case filing. MasterCard will not rule on the case until after the waiting period has elapsed, unless the filed-against member advises MasterCard that it does not want to accept responsibility for the disputed amount. A member using the case filing application must respond, if needed, within 10 days using the case filing application. A member that does not have access to the case filing application must fax its response, if needed, within eight days to the DRS hub site to allow for processing of the response. The member should use the MasterCard DRS Case Notification Fax Form and provide the arbitration case information and any additional information or documentation.

1 EUR amounts apply to intra-European cases only.

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MasterCard will then review the documentation and decide whether it can accept the case for ruling. MasterCard will decline an arbitration case if the filing member did not follow all filing requirements, including for the following reasons:

- The case has insufficient documentation to enable MasterCard to rule on the case and assign responsibility for the disputed amount.
- The member did not sign the Summary of Arbitration Documentation form (ICA-14A) **or** Intra-European Arbitration Case form in accordance with the procedures described in section 4.2 Filing Procedures when filing by mail or via fax to the DRS hub site.
- The member filed the case beyond the appropriate filing period. Refer to section 4.1 Time Frames for details.
- The documentation supplied is not in English or accompanied by an English translation.

NOTE

Cases declined for any of the above reasons will be subject to a debit of the filing fee and any other applicable fees.

When the message reason code has not changed and MasterCard accepts a case for review, it will consider only evidence and documentation that members provided to each other during the previous processing cycles. MasterCard will disregard any additional documentation that either member should have provided previously.

When the message reason code changes with the arbitration chargeback, the acquirer is allowed to provide documentation to remedy the new chargeback reason with the submission of the arbitration case filing. At that time, the issuer may choose either to accept responsibility for the full case filing amount without penalty, or to challenge the new information as necessary within the arbitration case filing process.

All members that have cases filed against them must immediately review case documentation to ensure that all the information is correct and complete. If it is not correct and complete, the member must provide notification to MasterCard within the applicable eight or 10-day waiting period. The lack of written or electronic notification will constitute acceptance by the filed-against member to proceed with the case ruling process.

When ruling on a case, MasterCard will consider the technical merits of the case, the substance (fairness) of the case, previous case rulings, and implications to the MasterCard brand. Below are two examples:

- The issuer initiated the first chargeback past the time frame allowed for the message reason code. In this case, the ruling will not be in favor of the issuer. Refer to the example in Example 1—First Chargeback Past the Allowable Time.
- The issuer submitted the chargeback with the wrong message reason code. In this case, the ruling will not be in favor of the issuer.
  For example, the issuer used message reason code 4853—Cardholder Dispute—Defective/Not as Described, when it should have used Message reason code 4855—Nonreceipt of Merchandise.

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MasterCard will issue a ruling and notify all parties following the conclusion of its investigation. Members with access to the case filing application may review the decision online. Members that process case filings through the DRS hub site or by mail will receive a copy of the decision by fax.

4.5 Fees and Assessments

When MasterCard issues a ruling on an arbitration case, it will assess a USD 250 (EUR 250) administrative fee against the member found responsible for the case. The administrative fee is in addition to the USD 150 (EUR 150[2]) filing fee. The administrative fee is not assessed if the case is accepted or withdrawn before the issuance of a ruling. All applicable assessments occur after the case is ruled.

MasterCard will assess a technical fee of USD 100 (EUR 100) per violation against any member found to have been in violation of the dispute processing rules. Violations that result in technical fees include but are not limited to the following examples:

- Persisting with an invalid chargeback.
- Submitting an invalid second presentment.
- Submitting an invalid documentation indicator code.
- Processing a chargeback cycle past the time limit.

NOTE

An arbitration case ruling could be in favor of a member, but that member still could be assessed a technical fee. For example, if the member used an invalid documentation indicator code, it could be assessed a technical fee.

MasterCard will assess the filing fee, administrative fee, and any technical fees, for the case through the MCBS as billing events.

The filing member is no longer debited the filing fee when the case is filed. MasterCard debits the filing fee through MCBS to the member found responsible for the case.

If MasterCard rules for the filing member, MasterCard will credit the disputed amount to the filing member and will debit the disputed amount to the filed-against member by generating Global Clearing Management System (GCMS) "On-Behalf" Fee Collection/1740 messages using message reason code 7800.

In the arbitration decision, MasterCard may determine responsibility for any improper progressive handling fees. MasterCard will give permission for the member to return any improper progressive handling fees processed in conjunction with the dispute as a Fee Collection/1740 message with function code 700 and message reason code 7603. The member must process the Fee Collection/1740/message within 45 days of the ruling and place in the data record text of the Fee Collection message, "Per favorable decision of case #XXXXX" (XXXXX = MasterCard case number).

2 EUR amounts apply to intra-European cases only.

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The proceeds of assessments levied under the above procedure are added to the general funds of MasterCard.

Refer to the *MasterCom Administrator's Manual* for information about the fees related to MasterCom case filing processing.

4.6 ATM Dispute Resolution Procedures

ATM transactions have only two chargeback cycles. The member must not process an arbitration chargeback. The issuer must initiate the dispute process when the dispute involves an ATM transaction, as in the following examples:

- The acquirer's second presentment to remedy message reason code 4859—RS3—Services Not Rendered—ATM Cash Disbursement Funds Not Received or Received Only in Part was invalid.
- The acquirer's second presentment to remedy message reason code 4834—Duplicate Processing was invalid.

Refer to the *Cirrus Worldwide Operating Rules* for details about dispute resolution for MasterCard ATM Network transactions, and to Appendix A, Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard) of this guide for details about MasterCard Europe ATM Network transactions.

4.7 Arbitration Case Examples

Issuers and acquirers may find the examples in this section helpful in deciding whether to proceed to arbitration to resolve a dispute.

4.7.1 Example 1—First Chargeback Past the Allowable Time

The following is an example of a First Chargeback past the allowable time.

1. On 1 January 2005, an issuer receives a transaction record for posting to one of its cardholder's accounts. In reviewing the account, the issuer determines that the account number was listed on the Warning Bulletin at the time of the transaction.
2. The issuer submits a chargeback using message reason code 4807—Warning Bulletin File, on 18 March 2005. On 27 March 2005, the acquirer submits a second presentment advising the issuer that its chargeback was beyond the allowable time frame.
3. Subsequently, the issuer initiates an arbitration chargeback on 4 April 2005 still maintaining that the account number was listed on the appropriate Warning Bulletin and that the acquirer should therefore accept responsibility.

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4. On 9 May 2005, the acquirer submits an arbitration case to MasterCard seeking resolution.
5. In this particular case, MasterCard would rule in favor of the acquirer because the issuer processed the initial chargeback beyond the allowable time frame. MasterCard also may assess the issuer technical penalties for processing the chargeback past the time limit and for persisting with an invalid arbitration chargeback. This philosophy applies to all chargeback message reason codes.

4.7.2 Example 2—Prerequisites for "Cardholder Disputes" Chargebacks

The following example provides prerequisites for cardholder disputes chargebacks.

1. An issuer initiates a chargeback for message reason code 4853—Cardholder Dispute—Defective/Not as Described, after receiving a letter from a cardholder stating that they engaged in the transaction, tendered return of the merchandise, and was refused a credit.
2. After reviewing the cardholder's letter, the acquirer issues a second presentment stating that the dispute does not qualify within the rules because the cardholder does not mention a particular problem or defect with the merchandise other than the decision to return the merchandise.
3. The issuer disputes the transaction further into the chargeback process.
4. Eventually, the acquirer submits an arbitration case to MasterCard.

This particular sequence of events occurs often in chargeback and arbitration proceedings, and an issuer should ensure that its original chargeback meets all requirements for the message reason code it is using. If this is not the case and the original chargeback is invalid, MasterCard will hold the issuer accountable for the disputed transaction.

MasterCard would rule in favor of the acquirer in this case. MasterCard would hold the issuer liable for the transaction. The issuer also may be subject to additional technical fines for persisting with an invalid arbitration chargeback.

4.7.3 Example 3—Progressive Documentation

Acquirers may dispute the merits of a cardholder's claim as long as it supplies the proper supporting documentation. However, acquirers should be aware that cardholders might still dispute the additional documentation supplied.

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The following example clarifies the MasterCard position involving these particular disputes.

1. An issuer initiates a chargeback for message reason code 4855—Nonreceipt of Merchandise, and supplies a letter from the cardholder. The letter states that the cardholder engaged in the transaction, never received the merchandise, and contacted the card acceptor for a credit that has never been received.
2. When the acquirer receives the chargeback, it submits a second presentment advising the issuer that the card acceptor sent the merchandise and the cardholder received it. As proof, the acquirer provides a signed shipping receipt to the issuer.
3. The issuer sends this signed receipt to the cardholder.
4. The cardholder examines the receipt and, in progressive documentation states the following:
   - That he or she still refuses to pay for the item because the merchandise was not received.
   - That the signature on the receipt is not the cardholder's, or that of anyone authorized by the cardholder to receive the merchandise.

   Subsequently, the dispute evolves into an arbitration case.
5. In this example, MasterCard would rule in favor of the issuer because the cardholder still disputes the original sale and all further documentation that the acquirer supplied.

4.7.4 Example 4—Documentation Requirements to Support a Cardholder Claim of Misrepresentation of Goods or Services (Face-to-Face)

The following example outlines documentation requirements.

1. An issuer initiates a chargeback for message reason code 4853—Cardholder Dispute–Defective/Not as Described, based on a cardholder letter stating that the goods were defective or not as described.

   The issuer provides supporting documentation in the form of a letter from the cardholder. The letter states that the card acceptor indicated that a ring purchased by the cardholder was solid 14-karat gold. In addition, the cardholder provides an appraisal from another jeweler verifying that the ring was in fact gold plated and not solid 14-karat gold. The cardholder claims, therefore, that the ring was not worth the amount paid to the card acceptor. The cardholder attempted to return the ring to the jeweler, but the jeweler refused to accept its return.
2. The acquirer submits a second presentment on the basis that the description on the sales ticket does not indicate that the card acceptor presented the ring as a solid 14-karat gold ring. The acquirer includes a copy of the TID as supporting documentation.
3. In this example, MasterCard would rule in favor of the acquirer because the issuer failed to provide the acquirer or MasterCard with any documentation given to the cardholder verifying that the ring was sold as a solid 14-karat gold ring.

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4.7.5 Example 5—Additional Remedies for Chargeback Message Reason Code 4855—Nonreceipt of Merchandise

An acquirer receives a chargeback for message reason code 4855—Nonreceipt of Merchandise. To remedy this chargeback, the acquirer attempts to retrieve or obtain documentation that will verify receipt of merchandise by the cardholder.

Subsequently, the member finds it impossible to locate this information because of export laws, geographic limitations, shipping regulations, or similar reasons. Consequently, the acquirer is unable to initiate a second presentment to remedy the chargeback.

The requirements for a second presentment to a chargeback for nonreceipt of merchandise are very specific. The rule states, "only if the acquirer can provide proof that the cardholder or a person authorized by the cardholder received the merchandise." However, on past occasions, MasterCard has accepted the following two additional remedies or methods as verification:

- The card acceptor provides a disclaimer, signed by the cardholder at the time of purchase, which removes the card acceptor's liability for merchandise not received. This disclaimer is contingent on supporting documentation provided by the card acceptor that verifies the shipment or dispatch of the merchandise.
- The card acceptor provides the cardholder with an opportunity to purchase insurance on the merchandise. Such insurance would normally stipulate that the cardholder must initiate the claim and would limit card acceptor responsibility to providing documentation that verifies shipment or dispatch. If the cardholder declined to purchase insurance, the card acceptor should obtain a waiver of liability signed by the cardholder.

In the opinion of MasterCard, these two scenarios would provide an effective amount of protection to any card acceptor that operates under the unfavorable conditions previously mentioned.

4.7.6 Example 6—Message Reason Code 4860—Credit not Processed (Available for Value-Added Tax (VAT) Disputes)

In response to a cardholder letter, an issuer initiates a chargeback for message reason code 4860—Credit Not Processed. The issuer provides a copy of the export slip as documentation to verify the cardholder's claim for credit.

After reviewing the chargeback and supporting documentation, the acquirer determines that the cardholder did not present the export slip to the proper customs authorities upon his or her exit from the country. Consequently, the cardholder did not receive the required customs stamp to allow the card acceptor to process the expected credit amount to the cardholder. The acquirer, therefore, submits a second presentment to the issuer because the chargeback was invalid.

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Members should remember that, from an issuer's standpoint, export slips such as the one provided in this example are unacceptable as "credit advices" unless the customs or export authorities of the country in question properly authorized and stamped the slip. In the absence of this information, the issuer cannot provide a valid advice of credit and should not, therefore, initiate a chargeback of this nature.

4.7.7 Example 7—Message Reason Code 4860—Credit Not Processed (Available when credit is improperly withheld)

An issuer initiates a chargeback using Message reason code 4860—Credit Not Processed, after receiving a letter from its cardholder. In the letter, the cardholder expresses his or her dissatisfaction with the issuance of an in-store credit by a card acceptor that accepted the return of merchandise. The cardholder states that there is no use for the in-store credit, was not advised of this policy at the time of purchase, and wants a credit on the MasterCard account.

The issuer processes the chargeback based on the premise that the in-store credit, in itself, confirmed the card acceptor's acceptance of the returned goods, and that the credit was not issued in accordance with disclosure requirements. Refer to section 2.1.8 Returned Merchandise, Adjustments, Credits, and Other Specific Terms of a Transaction of this guide.

The issuer provides a copy of the in-store credit and the cardholder letter with its chargeback. The letter states that the card acceptor did not disclose, at the time of the transaction, that it would issue an in-store credit if the cardholder returned the merchandise.

The acquirer issues a second presentment stating that its card acceptor does not intend to issue a credit to the cardholder's MasterCard account. The acquirer states that the in-store credit was permissible, regardless of their card acceptor's inability to provide a document signed by the cardholder agreeing to this type of refund policy.

The issuer then processes an arbitration chargeback attesting that the chargeback was correct because the refund policy imposed by the card acceptor at the time the merchandise was accepted for return was in violation with procedures identified in section 2.1.8 Returned Merchandise, Adjustments, Credits, and Other Specific Terms of a Transaction of this guide.

The acquirer then submits the dispute to arbitration alleging that the cardholder is not due a credit on his or her MasterCard account and that the issuer's chargeback is invalid.

In this example, MasterCard would rule in favor of the issuer because of the card acceptor's inability to provide a document signed by the cardholder at the time of the transaction agreeing to this type of refund policy. Message reason code 4860 is available if the card acceptor accepts returned merchandise or the cancellation of services and issues an in-store credit or partial credit without proper disclosure as specified under the rules.

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4.7.8 Example 8—Message Reason Code 4837—No Cardholder Authorization (Available when two different account numbers appear on the same TID)

An issuer receives a call from a cardholder that states that he or she did not authorize a transaction appearing on the billing statement.

The issuer receives the appropriate cardholder letter and initiates a chargeback for Message reason code 4837—No Cardholder Authorization.

The acquirer processes a second presentment within 45 calendar days, attempting to remedy the chargeback. The second presentment documentation includes a TID that has two different account numbers. One account number was manually imprinted and the other was printed by a point-of-interaction (POI) device that read the card's magnetic stripe. The transaction posted to the account number that the POI terminal printed.

The issuer processes an arbitration chargeback stating that the imprinted account number does not match the account number that was originally presented.

The acquirer submits the case to MasterCard for arbitration because it produced a TID in which the account number matched the electronic file, and the issuer authorized the transaction.

In this case, MasterCard would rule in favor of the issuer because all account numbers appearing on a TID must match. While it is true that the TID reflects the account number processed with the original presentment, the transaction slip also confirms that the account number printed by the POI device does not match the manually imprinted number. Therefore, because a discrepancy with the account number appears on the TID, MasterCard would consider that the card acceptor was in violation of Determine Whether the Card is Valid and Suspicious Cards of this guide.

The dispute described in this example falls correctly within the guidelines of Message reason code 4837—No Cardholder Authorization.

This case is an example of common counterfeit fraud. The counterfeiter re-encoded a different account number on the magnetic stripe on the back of a card. The magnetic stripe now bears an account number that was obtained fraudulently.

4.7.9 Example 9—Documentation Requirements to Support Proof of Electronic Imprint (Magnetic Stripe Read Transactions)

An issuer receives a letter from a cardholder stating that he or she did not authorize or participate in a transaction on the billing statement. The issuer initiates a chargeback under Message reason code 4837—No Cardholder Authorization, and submits a copy of the cardholder's letter as supporting documentation.

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The acquirer submits a second presentment and states in the message text that the card acceptor obtained the account number by swiping the magnetic stripe through the POI terminal. The acquirer provided only a copy of the printed terminal receipt with the second presentment.

The issuer processes an arbitration chargeback stating that documentation was required to support the acquirer's statement, and the acquirer did not supply it.

The acquirer brings the case to arbitration because the terminal receipt contains an identifier of **S** near the authorization number. The acquirer states that the **S** shows that the card acceptor obtained the account number by swiping the magnetic stripe through the POI terminal, and that an **S** could be printed on the terminal receipt only if the card was present and swiped through the terminal.

The acquirer did not supply documentation with the filing, except for the TID, which the acquirer provided with the second presentment and the acquirer's explanation of the **S** appearing on the POI receipt.

MasterCard would rule in favor of the issuer because the acquirer did not remedy the chargeback by providing sufficient documentation with the second presentment. The acquirer did not provide documentation to support its claim that the identifier could be placed on the terminal receipt only when the card is swiped through the terminal. Message Reason Code 4837—No Cardholder Authorization of this guide specifically requires a signed, printed terminal receipt and sufficient documentation to establish the card's presence. The member also must clearly explain this documentation in content and usage. In this example, the acquirer's second presentment should have included the signed TID and the manufacturer's Magnetic Stripe Reading POI Terminal Printer Certification, indicating that the value of the **S** appearing on the POI terminal receipt was printed only if the card was swiped.

NOTE

In response to all valid chargebacks in which the electronic imprint of the card is a factor, acquirers must present sufficient documentation to establish the card's presence.

4.7.10 Example 10—Documentation Requirements to Support a Cardholder Dispute Concerning Quality or Misrepresentation of Goods or Services (Non–Face-to-Face)

An issuer initiates a chargeback for Message reason code 4853—Cardholder Dispute—Defective/Not as Described based on the cardholder's dispute that merchandise purchased during a non–face-to-face transaction was not as described.

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The cardholder stated in his letter that he purchased a computer desk over the Internet. The cardholder stated that he ordered a "solid oak wood" computer desk and that the delivered desk actually was made of oak veneers and particle board. In the letter, the cardholder also wrote that he contacted the card acceptor concerning the dispute and requested that the card acceptor arrange to have the desk picked up. The cardholder stated that the card acceptor refused to accept the desk for return or to issue a credit. The only supporting documentation supplied for the issuer's first chargeback was the cardholder's letter.

The acquirer processed a second presentment with a rebuttal from the card acceptor who stated that the computer desk was never described as a "solid oak" and that solid wood furniture was not even offered for sale at the card acceptor's establishment. The issuer processed its arbitration chargeback stating that the dispute was not remedied. Subsequently, the acquirer filed an arbitration case with MasterCard stating that the issuer's chargeback was invalid.

Under the circumstances described in this example, MasterCard would rule in favor of the acquirer as the first chargeback was improperly documented.

For a non-face to-face transaction, when a written description of the goods or services is not provided at the point of interaction, staff would consider a cardholder letter identifying the procured expected goods or services as a true account of what the cardholder had purchased. However, chargebacks processed for Message reason code—Cardholder Dispute—Defective/Not as Described require supporting documentation for both face-to-face and non–face-to-face transactions to substantiate the cardholder's claim concerning quality or a mischaracterization of the purchased goods or services. Such corroborating documentation may include, but would not be limited to, the shipping invoice showing that the shipped merchandise was different from what was purchased or documentation from a bona fide expert that supported the cardholder's allegations. In this particular case, since the cardholder failed to provide documentation from a qualified source that the desk was not solid oak as conveyed by the cardholder in the original letter of dispute, staff considered the allegation not substantiated within the guidelines of the chargeback.

4.7.11 Example 11—Message Reason Code 4862—Counterfeit Transaction Magnetic Stripe POS Fraud (Chargeback availability on counterfeit transactions)

An issuer receives notification from a cardholder that a transaction appearing on the billing statement was not authorized, and that the card was in the cardholder's possession at all times.

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Upon checking the authorization logs, the issuer found that the authorization attempt showed POS entry mode **02** (card present, magnetic stripe data unverified) and the card acceptor received a "call me" response. The authorization log further revealed that the acquirer or card acceptor, after receiving the "call me" response, initiated another authorization request with a POS entry mode **01** (account number keyed) and that the issuer approved the key-entered authorization request.

Based on the POS entry mode of **02** found on the issuer's internal authorization log, the issuer processes a first chargeback for Message reason code 4862—Counterfeit Transaction Magnetic Stripe POS Fraud. The issuer also provides all of the required supporting documentation.

The acquirer submits a second presentment, asserting that the chargeback was invalid because the transaction was authorized based on key-entered data, not on magnetic stripe data. The acquirer asserts that the second key-entered authorization request represented a distinct transaction, and that a Message reason code 4862 chargeback is invalid if the transaction is not authorized based on swiping the magnetic stripe.

The issuer then initiates an arbitration chargeback and the acquirer files an arbitration case.

In this example, MasterCard would find the chargeback valid and rule in favor of the issuer. If a transaction that proves to be counterfeit is initiated by a POS entry mode **02** authorization request, a Message reason code 4862 chargeback is valid, whether authorization is granted immediately or subsequently obtained using key-entered data.

To remedy this chargeback, the acquirer must demonstrate that the authorization request was based on an electronic reading of full, unaltered track 1 or track 2 data, including CVC (POS entry mode 90).

Alternatively, MasterCard would find a Message reason code 4862 chargeback remedied if the acquirer produces a written (telex or fax) authorization from the issuer in response to a POS entry mode **90** authorization request. An acquirer that initiates an authorization request using magnetic stripe data must conform to POS entry mode **90** criteria to remedy a Message reason code 4862 chargeback.

4.7.12 Example 12—Time Frame Extension for Message Reason Code 4855–Nonreceipt of Merchandise

An issuer received a letter dated 23 March 2003 from a cardholder stating that merchandise purchased in November 2002 that was to be delivered by January 2003 still had not been received. The transaction occurred on 15 November 2002, and posted to the cardholder's account on 17 November 2002. The cardholder's invoice does not show a delivery date, but the cardholder stated that the delivery was to be within two months of the transaction date.

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After two months, the cardholder contacted the card acceptor about the shipment. The card acceptor told the cardholder that the order was not ready for delivery and then asked the cardholder to wait another two months. The cardholder wanted the merchandise and agreed to wait.

After the next two months elapsed, the cardholder called the card acceptor again. The card acceptor told the cardholder that it would be at least another 30 days before the goods would be ready for delivery. The cardholder decided not to wait any longer and requested a credit from the card acceptor. The card acceptor refused to issue a credit.

The issuer processed a chargeback for Message reason code 4855—Nonreceipt of Merchandise, even though no specified delivery date was documented and the cardholder letter was dated 127 days after the Central Site Business Date. Subsequently, the acquirer filed an arbitration case contending that the issuer submitted the chargeback beyond the allowable time frame.

Under the circumstances described in this example, MasterCard would rule in favor of the issuer. The cardholder was willing to wait the requested time and should not be penalized for wanting to receive the merchandise by allowing the card acceptor extra time to deliver the goods.

MasterCard would allow the chargeback to be processed 120 calendar days from the "verbally" specified delivery date of the goods for Message reason code 4855. The chargeback requirement states that the chargeback may not be processed until the specified delivery date has passed. As long as the chargeback is processed within 120 calendar days of the last anticipated delivery date, this chargeback would be considered valid. Because the cardholder contacted the card acceptor and waited as instructed, MasterCard would consider the date given verbally to the cardholder to be the specified delivery date.

The acquirer's right to process a second presentment refuting that the chargeback was processed within the required time frame might include, but is not limited to:

- Proof that the card acceptor delivered the merchandise, or that the card acceptor attempted to deliver the merchandise and the cardholder refused the delivery.
- Documentation that would establish that the card acceptor did not state that it would send the merchandise to the cardholder within the alleged time frame defined in the cardholder letter.

4.7.13 Example 13—Prorated Chargeback Period for Interrupted Services

A cardholder joined a health club with a lifetime membership. Fifteen months into the contract, the health club closed without warning. The cardholder contacted his or her issuer and complained that he or she paid for a lifetime service but received only a portion of the promised service.

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The issuer initiated a chargeback using Message reason code 4959—Services Not Rendered RS1 for the full amount of the transaction. The acquirer initiated a second presentment stating that the chargeback amount was excessive. The issuer continued to charge back for the full amount stating that the card acceptor promised services for a lifetime.

Both the issuer and acquirer are responsible for calculating the proper amount eligible for the dispute, based on the formula in How to Prorate the Chargeback Amount, and must process a chargeback or second presentment only for the amount derived from the formula.

If the cardholder letter or card acceptor rebuttal fails to provide sufficient information to allow staff to prorate the amount, MasterCard will hold the issuer responsible if the cardholder received any services from the card acceptor. In the circumstances described above, MasterCard will prorate the amount of the chargeback by using the details in the chargeback support documentation (prorating details are provided below). Based on the result, MasterCard will assign the appropriate responsibility for the dispute to the issuer and acquirer.

The issuer will assume all fees associated with an arbitration case filing because the member improperly adjusted or failed to adjust the arbitration chargeback.

This step requires the acquirer to file an arbitration case to resolve the dispute. MasterCard will assign technical fines to both the issuer and the acquirer for failure to process the proper amount within the chargeback cycles.

4.7.13.1 How to Prorate the Chargeback Amount

Members should prorate the chargeback amount by converting the period of a contract from years to months. Follow these steps.

Step	Action
1.	Multiply the number of years by 12 to determine the length of the contract in months.
2.	Divide the amount of the transaction by the number of months for which the contract is in force. This step will result in the price per month.
3.	Multiply the number of months of service the cardholder received by the price per month. This calculation provides the transaction amount for which the issuer is responsible.
4.	Subtract the amount for which the cardholder is responsible from the total transaction amount. This step will result in the proper prorated chargeback amount.

If the period of the services is not specific (for example, a lifetime contract), divide the transaction amount by 18 months, representing the maximum chargeback time frame. This calculation will provide the issuer with the monthly cost of the service. The issuer then will follow steps 3 and 4 to determine the chargeback amount.

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By following this schedule for prorating the chargeback amount, MasterCard will process the chargeback for the proper amount.

4.7.14 Example 14—Message Reason Code 4863—Cardholder Does Not Recognize—Potential Fraud

An issuer received notification from its cardholder claiming that he or she did not recognize a transaction dated 1 October 2003 appearing on his or her billing statement. The issuer provided additional details to the cardholder about the purchase using the transaction's card acceptor business code and asked the cardholder to contact the card acceptor for more information. Later, on 31 October 2003, the cardholder wrote a letter to the issuer stating that the transaction was unauthorized. On 12 November 2003, the issuer processed a chargeback for Message reason code 4863—Cardholder Does Not Recognize—Potential Fraud.

The acquirer provided a mail order substitute draft showing a "shipped to address" with its second presentment in an attempt to provide additional information concerning the transaction. Because the cardholder claimed the transaction was fraudulent, the issuer processed an arbitration chargeback for message reason code 4863 and indicated "RS 2" in the data record of arbitration chargeback. The issuer provided the cardholder letter dated 31 October 2003 which stated that the transaction was unauthorized. The acquirer filed the dispute with MasterCard as an arbitration case.

Under the circumstances described in this example, MasterCard would rule in favor of the acquirer, as the first chargeback was improper.

One of the conditions for processing a chargeback for message reason code 4863 (Cardholder Does Not Recognize—Potential Fraud) is that the disputed transaction is "unrecognized" by the cardholder. Subsequent documentation provided with the issuer's arbitration chargeback substantiated that at the time the first chargeback was processed, the issuer was aware that the cardholder was stating that the transaction was "unauthorized." Therefore, the first chargeback was not in accordance with the requirements for message reason code 4863. Staff may consider subsequent contradictory documentation provided with arbitration chargeback in determining the validity of the first chargeback.

4.7.15 Example 15—Validation of the Transaction Certificate

The acquirer submits a transaction certificate and related data in an attempt to remedy a chargeback as specified in Chapter 3, Message Reason Codes. However, upon receipt of the second presentment, the issuer determines that the transaction certificate submitted by the acquirer is not valid.

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MasterCard would arbitrate in favor of the issuer if the issuer can demonstrate that the transaction certificate submitted by the acquirer does not correspond to what the issuer calculated on the basis of the related data. The issuer's supporting documentation must be in the form of a report, signed by the issuer's principal contact, supporting the issuer's claim of a discrepancy between the issuer calculated transaction certificate and the transaction certificate presented by the acquirer.

4.7.16 Example 16—Merchant Reversals

An issuer initiated a chargeback for Message Reason Code 4808—Requested/Required Authorization Not Obtained, based on a transaction for USD 100 that posted to an account that was recently closed because of non-payment of the account.

The second presentment included an authorization date and an authorization amount for USD 100.

The issuer reviewed its authorization records and found that an authorization was approved before the account was closed, but soon thereafter, a merchant authorization reversal was processed for USD 100. Following the merchant authorization reversal, the merchant requested an authorization for USD 150; however, the authorization was declined. Based on the combination of the merchant authorization reversal and decline, the issuer submitted an arbitration chargeback. The acquirer filed an arbitration case for USD 100 with Dispute Resolution Services (DRS).

Staff's decision would support the acquirer. When an authorization is obtained by the merchant, and a merchant authorization reversal is processed, the authorization will be superseded by the reversal unless there is a subsequent authorization request. Once the merchant attempts to gain an authorization after a merchant authorization reversal, the merchant may process a transaction equal to the subsequent approved transaction; or, if the subsequent authorization is declined, the merchant may process a transaction up to the amount of the original transaction.

Issuers should take note of any merchant authorization reversals and any activity from the same merchant, acquirer, or both.

4.8 Conclusion

The MasterCard Arbitration Department is aware of the many variables encountered in the review and resolution of disputes, such as those described in the examples in Arbitration Case Examples. MasterCard provides these examples as guidelines to help members determine the validity of potential disputes to avoid submitting of unnecessary chargebacks, second presentments, and arbitration cases.

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4.9 Intra-European Domestic Disputes

The following sections provide information on Intra-European Disputes.

4.9.1 Definition

A domestic dispute is a disagreement between two or more members concerning a transaction effected under one of the brands within the country where they are established, pertaining exclusively to intracountry matters, such as but not limited to clearing or settlement of transactions made in local currency.

4.9.2 Arbitration

If two or more members are opposed in a domestic dispute (as defined above), they have full recourse to the exclusive arbitration of MasterCard, in accordance with one of the following conditions:

- All members involved in the domestic dispute have expressly designated, MasterCard as arbitrator.
- All members involved in a domestic dispute agreed to be bound by the Standards concerning the matter of the dispute.
- The members involved in a domestic dispute have no agreement to regulate their relationship, did not stipulate either a procedure for resolution of disputes, or rules applicable to the matter of the dispute, in the agreement or rules which regulate their relationship or there is no such agreement or rules and at least one member requests MasterCard to arbitrate the dispute. A solution must be sought through bilateral discussion between the members involved, before investigating such arbitration request.

MasterCard will arbitrate according to any agreement between the parties, but where there is no such agreement or the agreement is silent or unclear in the opinion of MasterCard Europe, MasterCard will arbitrate in accordance with the Standards. The decision of MasterCard is binding on both parties.

4.9.3 Arbitration Procedure

The arbitration procedure defined for international disputes will apply for domestic disputes.

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4.10 Arbitration or Compliance Case Appeals

Any party unwilling to accept a MasterCard ruling on an arbitration or compliance case may make a written request that the ruling be reviewed. The Corporate Secretary of MasterCard will review appeals.

4.10.1 Times for Filing an Appeal

Members must mail the written request so that it is postmarked within 45 calendar days of the date of the MasterCard ruling.

4.10.2 Filing Procedure

A written request for an appeal of an arbitration or compliance case ruling must be submitted and signed by the principal contact as detailed in the applicable Member Information product available via MasterCard Online or *Member Information Manual*.

All cases should be addressed as follows:

MasterCard Worldwide
ATTN: Corporate Secretary
2000 Purchase Street
Purchase NY 10577–2509
USA

A copy of the appeal must also be sent to

MasterCard Worldwide
Vice President, Dispute Resolution Services
2200 MasterCard Boulevard
O'Fallon MO 63368-7263
USA

4.10.3 Notice to Other Parties

Copies of the written request for an appeal must be sent to the other member or members involved in the dispute.

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4.10.4 Filing Fee

When a member submits an arbitration or compliance case appeal, it must be prepared to accept a USD 500 (EUR 500 for intra-European transactions) filing fee. The fee will be debited through MCBS, billing event 2MS24. The USD 500 filing fee is refundable only if the appeal is successful.

Any appeal submitted without the proper filing fee or letter authorizing MasterCard to charge the fee as described above will be refused and returned to the filing member.

4.10.5 Resolution of Appeal

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When a member appeals an arbitration or compliance case decision, the Corporate Secretary may take such action as he or she deems necessary or appropriate or may elect not to act. The Corporate Secretary may delegate authority to act or not to act with respect to any particular appeal matter or type of appeal matter. If the Corporate Secretary or his or her designee elects to conduct further inquiry into the matter, each member must cooperate promptly and fully. If the Corporate Secretary or his or her designee makes a recommendation of action to resolve the matter, such recommendation is final and not subject to further appeal or other action.

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Chapter 5 Compliance Procedures

This chapter provides the procedures that members must follow to file a compliance case. It also provides examples to illustrate various compliance cases.

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Overview

The member may file a compliance case when **all** of the following conditions have been met:

- A member, whether directly or indirectly, has violated any of the *Bylaws and Rules* or operating regulations.
- No chargeback reason code will remedy the violation.
- A member sent a good-faith letter (pre-compliance) to the other member a minimum of 30 calendar days before filing the case with MasterCard to give the member an opportunity to correct the situation, and this effort was unsuccessful. The member must send the good-faith correspondence, citing the specific technical violation as well as documenting the incurred or potential financial loss. The good-faith correspondence must be sent using the MasterCom electronic case filing application, the Dispute Resolution Services case filing hub site. (The exceptions to these conditions are shown in the chart in Time Frames of this guide.) Nov 2007
- The filing member can document a financial loss because of the violation and not simply assert a violation as a basis for filing the case. In other words, the loss could have been avoided if the other member or affiliate had followed the rules.
- The member files the compliance case for the correct disputed amount in U.S. currency (USD), for intra-European cases in Euros (EUR) and UK-domestic cases in British Pounds (GBP) with MasterCard within the applicable time frame. Nov 2007

5.1 Time Frames

The following table shows the time frames for submitting compliance cases under the various categories.

Description	Time Frame
Cases involving transactions where the Central Site Business Date is considered the date of violation	Within 180 calendar days of the Central Site Business Date of the transaction.
Acquirer's obligation to provide the transaction information document (TID)	Within 180 calendar days of the Central Site Business Date of the electronic retrieval request
Member's failure to list a card acceptor (merchant) on the MasterCard MATCH™ system	Within 180 calendar days of the date of the violation or, if beyond 180 calendar days, 45 calendar days from the date the violation was, or should have been, detected. Refer to Chapter 11 of the *Security Rules and Procedures* manual for more information about the MATCH™ system.

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Description	Time Frame
Only for cases involving fraudulent transactions resulting from an account data compromise event, when MasterCard publishes a MasterCard Alerts™ notification and the member alleges that MasterCard data storage Standards were violated, the date of the alleged initial violation is either: • The date when the acquirer receives the Authorization Request Response/0110 message for the valid transaction that is alleged in turn to have resulted in one or more subsequent fraudulent transactions, provided that the valid transaction occurred within the 540 calendar days before the date of the MasterCard Alerts notification, or • If an alleged transaction was not authorized, the transaction date of the valid transaction that is alleged in turn to have resulted in one or more subsequent fraudulent transactions, if the valid transaction occurred within the 540 days before the date of the MasterCard Alerts notification.	Within 180 calendar days of the date of the MasterCard Alerts notification, provided that the Central Site Business Dates of the fraudulent transaction and the violation are within the 540 calendar days before the date of the MasterCard Alerts notification. Refer to Chapter 10 of the *Security Rules and Procedures* manual for additional information about account data compromise events and data storage Standards.
Improper return and submission of a Fee Collection/1740 message	Within 45 calendar days of the final resubmission A good-faith letter is not required.
MasterCom Image Review decision	Within 45 calendar days of the decision date OR Within 45 calendar days of receipt of a chargeback for message reason code 4801—Requested Transaction Data Not Received. A good-faith letter is not required.
Violation of Message Reason Code 4801—Requested Transaction Data Not Received of this guide for receipt of an improper message reason code 4801	Within 45 calendar days of the invalid chargeback A good-faith letter is not required.
Violations initially addressed using a message reason code where the violation is not detected until after the normal compliance time frame has elapsed	Within 45 calendar days from the date the issuer knew, or should have known, that no message reason code would remedy the violation A good-faith letter is required.

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Description	Time Frame	
All other cases	Within 180 calendar days of the violation.	
Violations of any section of rule 5.1.1 of this guide for inaccurate clearing data restricting chargebacks	The time frame established for first chargebacks under the applicable message reason code, or, if the issuer's chargeback was rejected because of inaccurate clearing data, then the greater of: • The first chargeback time frame • Forty-five calendar days from the date that the chargeback was rejected. A good-faith letter is not required.	Nov 2007

5.1.1 Inaccurate Clearing Data That Restricts Chargebacks

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An issuer may file a compliance case when the clearing data presented in the First Presentment/1240 message was inaccurate, causing a valid chargeback to be rejected or unprocessed. As used herein, "inaccurate" means data that does not accurately reflect the conditions that were present at the point of interaction at the time a transaction occurred. The issuer must document, to the satisfaction of MasterCard, that the chargeback would have been valid had the clearing data been accurate and that the filing is not based solely on missing, inaccurate, or improper data. As with any other compliance case filing, a member may not file a compliance case if a chargeback right exists and the chargeback has been or could be processed.

Documentation requirements to support a compliance case filing will be dependent on the data causing the chargeback to reject in the MasterCard clearing system. Please refer to the following sections to identify the documentation required for the dispute.

5.1.1.1 Improper UCAF Data

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This section refers only to chargebacks qualifying for message reason codes:

- **4837**—No Cardholder Authorization
- **4863**—Cardholder Does Not Recognize—Potential Fraud
- **4849**—Questionable Merchant Activity (full UCAF data only) Nov 2007

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Documentation to support this compliance case must include, but is not limited to, the following:

- An issuer's letter detailing the valid chargeback right that existed and showing either the GCMS reject or identification of the data elements alleged to be incorrectly processed, restricting the use of the chargeback.
- A cardholder letter to support the restricted chargeback, if applicable.
- The authorization date, authorized amount and response code for the transaction associated with this compliance filing (authorization logs are not required as only authorizations occurring within the Banknet network will be considered for this compliance.)
- The Central Site Business Date of the First Presentment/1240 message for the transaction being disputed.

In addition to the above documentation listed, if the issuer is disputing a SecureCode fallback transaction, the issuer must supply its Payer Authentication Response message (PARes) log verifying the issuer's unsuccessful SecureCode authentication attempt. A SecureCode fallback transaction occurs when the issuer provides UCAF data in the Authorization Request/0100 message but the SecureCode cardholder authentication attempt is unsuccessful. A SecureCode fallback transaction may be disputed when the First Presentment 1240/200 message contains in PDS 0052, subfield 3, a value of 1 (UCAF supported by the merchant, but UCAF data was not present in the Authorization Request/0100 message).

NOTE

All decisions on clearing data integrity compliance cases are final and may not be appealed to the Corporate Secretary. **Nov 2007**

5.2 Payment of Pre-Compliance Item (Good-faith Letter)

The procedures for payment of a pre-compliance item (good-faith letter) are described in the following sections.

NOTE

The method of payment described in Section 5.2.1 is effective for any pre-compliance accepted using the MasterCom Electronic Case Filing system. **Nov 2007**

5.2.1 Payment of Pre-Compliance Processed Using the MasterCom Electronic Case Filing System or the Dispute Resolution Services Hub Site

MasterCard will automatically move funds for accepted pre-compliance items submitted through the MasterCom Electronic Case Filing system or the Dispute Resolution Services (DRS) case filing hub site. Members should no longer generate a Global Clearing Management System (GCMS) Fee Collection/1740 message to exchange debits and credits resulting from pre-compliance disputes accepted by the receiving member.

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MasterCard will generate a Global Clearing Management System (GCMS) "On-Behalf" Fee Collection/1740 message using message reason code 7800 for the disputed amount to exchange the debits and credits for the pre-compliance dispute if the item is accepted by the receiving member. Any other fees associated with the case will be processed via the MasterCard Consolidated Billing System (MCBS) as a billing event.

NOTE

The method of payment described in section 5.2.2 is effective for any pre-compliance that was submitted by mail and accepted. See for the method of payment for a pre-compliance submitted using the MasterCom Electronic Case Filing system that was submitted and accepted using the MasterCom Electronic Case Filing.

5.3 Processing a Pre-compliance Item (Good-faith Letter)

The procedures for processing a pre-compliance item (good-faith letter) are described in the following sections.

5.3.1 Submitting a Pre-Compliance Item (Good-faith Letter) Using the MasterCom Electronic Case Filing Application

Members must have access to the MasterCom® System and the case filing application to process a pre-compliance item electronically. The filing member should submit the pre-compliance item using the MasterCom case filing application available through MasterCard OnLine®.

The filing member must scan in all pertinent documentation to support the rule violation and the resulting financial loss and should type any comments or information concerning the case in the memo fields on the screen. The system will send the pre-compliance item to MasterCard and the filed-against member for review. A filed-against member with access to the case filing application will receive the case online through the case filing application. If a filed-against member does not have access to the case filing application, MasterCard will fax the Dispute Resolution Services (DRS) Case Notification Fax Form and the case documentation to the compliance contact fax number identified in the *Member Information Manual*.

Within 30 days, if the filed-against member uses the case filing software, the filed-against member will review the transaction information and associated documents and will either accept or reject (decline) the pre-compliance item online using the software.

If the filed-against member does not have a workstation, the member should inform Dispute Resolution Services within 25 days by fax, using the DRS Case Notification Fax Form, of the decision to either accept or reject the item.

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5.3.2 Submitting a Pre-Compliance Item (Good-faith Letter) Using the Dispute Resolution Services Case Filing Hub Site

Members without access to the MasterCom system and the case filing application may submit a pre-compliance item (good-faith letter) using the Dispute Resolution Services (DRS) case filing hub site. The filing member must fax a completed DRS Hub Site Electronic Case Filing Form, the pre-compliance item (good-faith letter) citing the rule violation, and all pertinent documentation to support the violation and the resulting financial loss, to the DRS case filing hub site at 1-636-722-7215. Upon receipt of the fax, MasterCard will scan the case filing into the case filing application. A filed-against member with access to the case filing application will receive the pre-compliance item online through the case filing application. If the filed-against member does not have access to the case filing application, MasterCard will fax the pre-compliance information to the filed-against member compliance contact fax number identified in the *Member Information Manual.*

Within 30 days, if the filed-against member uses the case filing software, the filed-against member will review the transaction information and associated documents and will either accept or reject (decline) the pre-compliance item online using the software.

If the filed-against member does not have a workstation, the member should inform Dispute Resolution Services within 25 days by fax, using the DRS Case Notification Fax Form, of the decision to either accept or reject the item.

5.4 Compliance Case Filing Procedures

If the pre-compliance item (good-faith letter) was unsuccessful, the member may file a compliance case.

5.4.1 Filing a Compliance Case Using the MasterCom Electronic Case Filing Application

Members must have access to the MasterCom system and the case filing application to file cases electronically. The filing member should submit the compliance case filing using the case filing application available through MasterCard OnLine.

After the pre-compliance item has been rejected by the filed-against member, or if after 30 days the system automatically rejected the item, the filing member may submit the item as a compliance case by selecting the **Escalate** button on the case filing screen. The system will send the compliance case to MasterCard and to the filed-against member for review. A member with access to the case filing application will receive the case online through the case filing application. For members that do not have access to the case filing application, MasterCard will fax the DRS Case Notification Fax Form and the case documentation to the filed-against member compliance contact identified in the *Member Information Manual.*

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5.4.2 Filing a Compliance Case through the DRS Case Filing Hub Site

Members without access to the MasterCom system and the case filing application may file the compliance case using the DRS case filing hub site. The filing member must fax a completed Dispute Resolution Services (DRS) Hub Site Electronic Case Filing Form and one copy of a completed Regulations/Rules Violation (ICA-14B) form (or Intra-European Compliance Case form, if applicable) to the DRS case filing hub site at 1-636-722-7215. (Refer to Appendix C, Forms for instructions on accessing the forms.) The filing member must include a narrative description of the dispute, indicating the sequence of events in chronological order. The principal contact or compliance contact, as identified in the *Member Information Manual*, or an alternate signer, must then sign the form. (See section 4.2.3 Designated Additional Case Filing Signers for information about designated alternate signers.)

The filing member must include the pre-compliance item (good-faith letter) citing the rule violation, and all pertinent documentation to support the violation and the resulting financial loss. Upon receipt of the fax, MasterCard will scan and escalate the case into the case filing application. A member with access to the case filing application will receive the case online through the case filing application. For members that do not have access to the case filing application, MasterCard will fax the DRS Case Notification Fax Form and the case documentation to the filed-against member compliance contact fax number identified in the *Member Information Manual*.

5.5 MasterCard Review Process

When MasterCard receives a compliance case, it will notify the members involved in the case. Members that have access to the case filing application will receive the notification through the system. For filed-against members that do not have access to the case filing application, MasterCard will fax the DRS Case Notification Fax Form.

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MasterCard must receive any rebuttal or additional information concerning the case within the applicable waiting period of the case filing. MasterCard will not rule on the case until after the waiting period has elapsed, unless the filed-against member advises MasterCard that it does not want to accept responsibility for the disputed amount. A member using the electronic case filing application must respond, if needed, within 10 calendar days using the case filing application. A member that does not have access to the case filing application must fax its response, if needed, within eight days to the DRS case filing hub site. The member should use the MasterCard DRS Case Notification Fax Form, giving the compliance case information and any additional information or documentation.

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MasterCard will then review the documentation and will decide whether it can accept the case for ruling. MasterCard will decline a compliance case if the filing member did not follow all filing requirements, including the following reasons:

- The case has insufficient documentation to enable MasterCard to rule on the case.
- The member did not make a good-faith effort in a timely manner.
- The member did not sign the Regulations/Rules Violation form (ICA-14B) (or Intra-European Compliance Case form, if applicable) in accordance with the procedures described in section 5.4 Compliance Case Filing Procedures (if the case was filed via mail or through the DRS case filing hub site).
- The member filed the case beyond the appropriate filing period. (Refer to section 4.1 Time Frames for details.)
- The documentation supplied is not in English or is not accompanied by an English translation.

NOTE

Cases declined for any of the above reasons will be subject to a debit of the USD 150 filing fee and all other applicable fees.

If MasterCard accepts a case for review, each party will be given the opportunity to submit any documentation that it feels is appropriate for consideration.

The member must send any additional documentation, including the case number assigned to the case, to MasterCard. The member must mail or fax the additional documentation to the following address or DRS hub site fax number:

MasterCard Worldwide
ATTN: Dispute Resolution Services Department
2200 MasterCard Boulevard
O'Fallon MO 63368-7263
USA
DRS hub site fax: 1-636-722-7215

All members that have cases filed against them must immediately review the documentation to ensure that all the information is correct and complete. The lack of written or electronic notification to the contrary will constitute acceptance by the filed-against member to proceed with the ruling process.

MasterCard will issue a ruling and notify all parties following the conclusion of its investigation. Members with access to the case filing application may review the decision online. Members that process case filings through the DRS hub site or by mail will receive a copy of the decision by fax.

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Refer to section 5.7 Fees and Assessments for fee collection or payment information.

5.6 Withdrawals

A member that requests to withdraw the case before MasterCard issues a ruling may be found responsible for the filing fee. MasterCard will process the funds for the filing fee and withdrawal fee for the compliance case filing to the appropriate members as billing events through the MasterCard Consolidated Billing system (MCBS). MasterCard will generate Global Clearing Management System (GCMS) "On-Behalf" Fee Collection/1740 messages using message reason code 7800 to debit and credit the disputed amount to the appropriate members.

A member using the case filing application that wants to withdraw the case before a ruling must withdraw the case using the case filing application. A member that does not have access to the case filing application and wants to withdraw a case before a ruling must fax the withdrawal request to the DRS hub site. The member should fax the MasterCard DRS Case Notification Fax Form, giving the compliance case information and notifying MasterCard of its intention to accept responsibility for the item.

NOTE

MasterCard may assess applicable technical assessment(s) and other applicable fees against either member involved in the compliance filing, even if the case is withdrawn.

5.7 Fees and Assessments

When MasterCard issues a ruling on a compliance case, it will notify all parties and assess a USD 250 (EUR 250[1]) administrative fee against the member found responsible for the case. The member that loses the case also is responsible for the USD 150 (EUR 150) filing fee.

MasterCard will assess the filing fee, administrative fee, and any applicable technical fines or fees for the case through the MCBS as billing events.

If MasterCard rules for the filing member, MasterCard will credit the disputed amount to the filing member and will debit the disputed amount to the filed-against member as Global Clearing Management System (GCMS) "On-Behalf" Fee Collection/1740 messages using message reason code 7800.

Refer to the *MasterCom Administrator's Manual* for information about the fees related to MasterCom case filing processing.

1 EUR amounts apply to intra-European cases only.

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5.8 Compliance Case Appeals

Refer to section 4.10 Arbitration or Compliance Case Appeals for standard requirements and procedures.

NOTE

Compliance decisions are final and binding for cases in which data integrity of the Authorization Request/0100 message data elements is the basis for filing a case. Members may not appeal such decisions to the Corporate Secretary.

5.9 MasterCom Compliance Policy

MasterCard compliance procedures apply to all MasterCom Image Review transactions. The member must follow these procedures to file a compliance case involving a MasterCom Image Review decision.

- Before a member considers filing a compliance case, it must first submit evidence that a financial loss did occur or will occur as a result of the MasterCom Image Review decision. The member cannot cite the MasterCom Image Review decision itself as the sole reason for considering compliance proceedings.
- The member must file any case involving a MasterCom Image Review decision or dispute within 45 calendar days from the decision date. If the dispute is the result of a chargeback for message reason code 4801—Requested Transaction Data Not Received, the case must be filed within 45 days of receipt of the chargeback.
- If the case is filed by the DRS hub site, it must be signed by the principal contact, the compliance contact, or the authorized signer as designated by the principal contact. Nov 2007
- A member having access to the case filing application should submit the case and supporting documentation using the case filing application. A member not having access to the case filing application may submit the case and supporting documentation to the DRS case filing hub site at 1-636-722-7215.

Members should direct any questions or comments regarding MasterCom Image Review or excessive rejects to MasterCom Member Support.

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5.10 Examples of Rules Violations

This section briefly describes compliance filing requirements for specific MasterCard rules violations.

5.10.1 Failure to Compare Signatures (*Chargeback Guide* 2.1.6.3.1)

Before filing a compliance case citing a violation of Compare Signatures of this guide, all of the following criteria must have been satisfied and all of the following documentation must be provided with the case:

- The card must have been reported lost or stolen to the issuer. (The member must supply a copy of an affidavit from the cardholder.)
- The issuer must have recovered the cards that was reported lost or stolen. If more than one card was issued to the account, the issuer must have recovered all cards. If only one card was issued, the issuer must state that in the supporting documentation. All cards do not have to be recovered and presented if a unique identifying character is embossed on the card in question and was imprinted on the slip.
- The member must include legible copies of both the front and back of the cards and legible copies of the slips in question as part of the documentation with the case.
- The signature panel on the card must be intact without any indication of an attempt to alter it.
- The signature on the slip and the signature on the card do not appear to match. For example, the signature would not match if the signature panel is signed "Jan H. Hanley" and the sales slip is signed "Bob Hanley" or "F. Hanley." The signature would be acceptable if signed "Jan H. Hanley," "J.H. Hanley," or "Jan Hanley." In addition, the signature would be acceptable if a title such as Mr., Mrs., or Dr., is missing or is included.
- No complaint citing a violation of Compare Signatures of this guide may be filed for any transaction in which a personal identification number (PIN) has been presented in the authorization message or validated offline by an integrated circuit card (ICC).

5.10.2 Multiple TIDs and Partial Payment (*Chargeback Guide* 2.1.7)

Cases involving these types of violations should include sufficient evidence to establish that the card acceptor circumvented the proper authorization or processing procedure at the point of interaction.

For example, the member should include the following:

- Authorization logs and copies of TIDs clearly showing that the card acceptor did not properly authorize the transaction.
- Proof that the card acceptor split into multiple transactions the cost of goods or services that should have been on one TID.

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The case also should include proof that the member incurred a financial loss because of this improper procedure. For more information on this type of violation, refer to section 2.1.7 Multiple TIDs and Partial Payment of this guide.

5.10.3 Returned Merchandise, Adjustments, Credits and Other Specific Terms of a Transaction (*Chargeback Guide* 2.1.8)

These rules include the proper disclosure of a card acceptor's return policy and any special terms for the transaction (such as, late delivery charges, final sale, in-store credit, custom order, and restocking fees).

When a chargeback right is not available, cases involving these types of violations should include any related documentation to support the dispute. For example, cases involving a credit not being processed should include, in addition to any other pertinent documentation, a cardholder letter explaining that he or she returned the goods or canceled the services, but the card acceptor failed to process a credit properly in accordance with the rules, and as a result, a financial loss occurred. For more information, refer to section 2.1.8 Returned Merchandise, Adjustments, Credits, and Other Specific Terms of a Transaction of this guide.

5.10.4 Account, Cardholder, and Transaction Data Security

An issuer may cite the following Standards, as applicable, when filing a compliance case against the acquirer of record, alleging a loss resulting from an account data compromise event announced in a MasterCard Alerts™ notification.

Manual	Section Number	Section Title
Bylaws and Rules	9.15.3	Account, Cardholder, and Transaction Data Must Be Kept Secure
Bylaws and Rules	9.15.7	Storage if Account, Cardholder, and Transaction Data
Security Rules and Procedures	10.2.1	Card-read Data Storage Standards
Security Rules and Procedures	10.2.2	CVC 2 Data Storage Standards

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When filing a compliance case, the member must satisfy and demonstrate all of the following points:

- Each account included in the case was used in at least one fraudulent transaction after the date of an alleged account data compromise event.
- Each fraudulent transaction included in the case occurred before the date of the MasterCard Alerts notification of the event.
- Each fraudulent transaction was reported to the System to Avoid Fraud Effectively (SAFE) in accordance with the SAFE Timeliness Standard (refer to section 12.2.2 of the *Security Rules and Procedures* manual).
- The fraudulent transactions did not arise from the use of any account involved in prior fraud, unless the issuer subsequently reissued a new card, with a new expiration date, for that account.

The compliance case must provide clear and convincing evidence that the fraud resulted from the rule violation. Such evidence must include:

- Proof that all account numbers included in the case were used at a Common Point of Purchase (CPP) (for example, authorization logs and cardholder billing statements).
- A signed cardholder letter stating that:
  - The fraudulent transactions included in the case were not authorized.
  - The cardholder was in possession of the card at the time of the fraudulent transaction(s).

    NOTE

    An e-mail message from the cardholder or a statement from the issuer's customer service representative is not acceptable.
- A legible signed copy of the Transaction Information Document (TID), unless the transaction was completed with a PIN.
- The MasterCard Alerts case numbers and dates and proof that the fraudulent transaction(s) cited in the case can be attributed to an account data compromise event (such as, card validation code 2 [CVC 2], magnetic stripe data, or expiration date).
- Any other supporting documentation showing that:
  - A violation of a Standard occurred.
  - The issuer suffered a financial loss because of the violation of the Standard cited.
  - The issuer would not have suffered the loss if not for the violation.

  Examples include fraud statistics as to the issuer's experience at the CPP before and after the alleged account data compromise event.

Issuers may not file a compliance case or process chargebacks resulting from fraudulent transactions for accounts possibly compromised in an account data compromise event at the issuer's site or the site of any Member Service Provider (MSP), Data Storage Entity (DSE), or other person or entity handling account data on behalf of the issuer. This provision applies even if the fraudulent transactions included in the case were attributed to an account data compromise event later identified in a MasterCard Alerts notification. This provision does not apply when the fraud was attributed to an account when the card was reissued with a new expiration date.

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MasterCard will make all compliance case rulings at its sole discretion.

5.11 Missing, Invalid, or Inaccurate Authorization Data

A member may file a compliance case when one or more of the mandatory data elements in the Authorization Request/0100 message are missing. Additionally, the member may file a case if any of the mandatory or optional data elements supplied in the authorization message are invalid or inaccurate and, as a result, the issuer incurred a financial loss.

The issuer must prove, to the satisfaction of MasterCard, that it would not have suffered the financial loss had the mandatory authorization data been present, valid, and accurate and that the filing was not based solely on the data being missing, invalid, or inaccurate.

As with any compliance case filings, a member may not file a compliance case if a chargeback remedy is available.

The issuer must include, but is not limited to, the following documentation:

- The authorization record in its entirety, as received through the Banknet® or EPS-Net telecommunications network
- The specific authorization data asserted to be missing, invalid, or inaccurate
- Documentation to confirm that the authorization data, as received, misrepresented the nature of the transaction
- Substantiation of why the missing, invalid, or inaccurate authorization data resulted in the transaction being authorized, and why the transaction would not have been authorized if complete, valid, and accurate data had been received
- A letter signed by the issuer's principal contact or auditor, certifying that proper authorization procedures were employed at the time the authorization request was received. The letter also must state that, if the issuer had received the missing, invalid, or inaccurate data from the acquirer through the authorization record, the issuer would not have suffered a financial loss. If, at the time of the authorization request, the card used in the transaction was lost, stolen, or used without the genuine cardholder's consent, the issuer's principal contact or auditor must certify that the issuer was unaware of this condition at the time of the authorization request.

NOTE

Compliance decisions are final and binding for authorization data integrity cases and the member may not appeal such decisions to the Corporate Secretary.

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5.12 Description of Frequently Cited Rules Violations

A member can file a compliance case when another member violates the rules described in this *Chargeback Guide*, if the member has incurred a financial loss and no chargeback right exists. The most frequently violated rules follow.

Rule Reference[2]	Rule Addresses:
Chargeback Guide MasterCard Guaranteed Reservations	MasterCard Guaranteed Reservations Use only if a chargeback right is not available and the card acceptor failed to follow proper guaranteed reservation procedures. Documentation should include a copy of the TID, cardholder letter, other pertinent documentation, and sufficient documentation to prove a financial loss occurred directly related to the card acceptor's failure to follow proper procedure.
Chargeback Guide Advance Resort Deposit	Advance Resort Deposit Procedures Documentation should include a copy of the TID, cardholder letter, other pertinent documentation, and sufficient documentation to prove that a financial loss occurred because the card acceptor failed to follow the proper procedure.
Chargeback Guide Debit MasterCard Purchase with Cash Back Transactions	Processing and Currency Conversion Requirements MasterCard (not the card acceptor or acquirer) converts the transaction currency at the point of interchange, unless otherwise specified within the rules.
Chargeback Guide Procedures for Completing the Cash Disbursement Transaction	Procedures for Completing a Cash Disbursement Transaction Documentation should include a copy of the TID and sufficient documentation to prove that a financial loss occurred because the clerk failed to complete the cash disbursement properly.
Chargeback Guide Message Reason Code 4801—Requested Transaction Data Not Received	Chargeback Message Reason Code 4801—Requested Transaction Data Not Received Documentation should include MasterCom reporting, chargeback, or retrieval request information; other pertinent documentation; and sufficient documentation to prove a financial loss occurred because of the violation.
Chargeback Guide Acquirer's Obligation to Provide a Transaction Information Document (TID)	Acquirer's Obligation to Provide a Transaction Information Document (TID) Documentation should include retrieval request information, other pertinent documentation, and sufficient documentation to prove a financial loss occurred because the acquirer failed to provide the TID. (For example, the issuer supplied a judicial request for TID to substantiate the collection of a debt.)

Refer to the rules in section 5.4 Compliance Case Filing Procedures of this guide for the filing procedures.

2 Members should cite the appropriate rule when filing a compliance case.

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5.13 Discriminatory Practices

Members always should seek recourse through the available chargeback or compliance mechanisms. However, issuers may report to MasterCard improper card acceptor discriminatory acceptance practices of MasterCard card brands

Issuers may report the card acceptor that violated these rules by completing an "Acceptance Rules and Operating Regulations—Member Complaint Form/Merchant Violations at Point of Interaction" form available on MasterCard Online. Issuers should fax the completed form to fax: 1-636-722-2846.

Cardholders or issuers may also report violations using the following steps.

Step	Action
1.	Go to http://www.mastercard.com
2.	Select a Country or Region.
3.	Scroll to bottom of page and select **FAQs/Contact Us**.
4.	Select **Merchant Violations/How to be a MasterCard Merchant**.
5.	Select **Merchant Violations**.
6.	Select **Merchant Violations**. This will display the Report a Merchant/Retailer Violation Form.
7.	Complete the form and click **Submit**.

The following examples are some of the violations that are categorized as Discriminatory Practices.

Bylaws and Rules Reference	Rule Addresses:
9.11—Honor All MasterCard Cards	When a card acceptor asks for additional information from a cardholder not necessary to complete the transaction (for example, name, address, telephone number, or additional identification.)
9.12.2—Charges to Cardholders	Surcharges (For example, a card acceptor adds a fee to the purchase price when a MasterCard card is used for payment.)
9.12.3—Minimum/ Maximum Transaction Amount Prohibited	Transaction minimums and maximums (For example, a card acceptor states that it will not accept a MasterCard card for payment for less than or greater than a certain amount.)

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Chapter 6 Retrieval Requests and Fulfillments

This chapter includes information about processing retrieval requests and fulfillments through the MasterCom® electronic imaging system and by means other than the MasterCom system. It also includes information about settlement for retrieval request fulfillments, retention period requirements for transaction information documents, and fines and penalties associated with retrieval requests.

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Overview

The issuer submits a retrieval request to obtain a copy of a transaction information document (TID) from the acquirer. The requested document may help resolve an issue with a transaction. MasterCard uses the term TID to include transaction documentation such as formsets, sales tickets, terminal receipts, or records of charges.

Fulfillment occurs when the acquirer provides the issuer with the TID. MasterCard processes and settles the appropriate fees.

This chapter includes the following information:

- Procedures to process retrieval requests, responses, and fulfillments through the MasterCom® electronic imaging system
- Recommended procedures for members that choose to submit or fulfill retrieval requests by means other than the MasterCom system
- Settlement procedures for retrieval request fulfillment records
- Retention period requirements for TIDs
- Information about applicable fees, fines, and penalties

6.1 Issuer's Right to Request a Transaction Information Document (TID)

Because acquirers must present clearing records to all other members electronically through the Global Clearing Management System (GCMS), the issuer has the right to request the original transaction information document (TID), a copy of the original TID, or a substitute draft.

The three most common reasons for an issuer to initiate a retrieval request are to:

- Satisfy a cardholder inquiry
- Substantiate a chargeback
- Support legal or fraud investigation

However, this right does not apply to MasterCard ATM Network transactions or to intra-European CAT Level 1, 2 or 3 transactions.

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6.2 Acquirer's Obligation to Provide a Transaction Information Document (TID)

The acquirer has an obligation to provide a legible copy of the TID or a substitute draft if requested by the issuer.

To ensure timely delivery of the item and to be protected against a chargeback for message reason code 4801—Requested Transaction Data Not Received, MasterCard strongly recommends that the acquirer provide the documentation through the MasterCom system. Using the MasterCom system ensures that the issuer receives the transaction information document image or acquirer's retrieval request response code.

Acquirers must provide TIDs within the applicable time frames even though the issuer may not have a chargeback right.

In addition, any member in violation of this section may be assessed a fee of USD 1,000 per day or a fraction thereof, up to a maximum of USD 10,000 for any single member.

6.3 MasterCom Processing

All members have been assigned a MasterCom endpoint to help with the routing of retrieval and chargeback documentation through the MasterCom system.

The MasterCom system is PC-based and electronically transmits a copy of the requested TID through the MasterCom server. The result is a clear copy that the issuer and the cardholder can read, and proof for the acquirer that it fulfilled the request. Once again, MasterCard strongly recommends that members use the MasterCom system to ensure timely delivery of items and to retain subsequent chargeback and presentment rights.

6.3.1 Initiating a Retrieval Request

All members must process and receive retrieval requests through GCMS to protect their chargeback rights under message reason code 4801—Requested Transaction Data Not Received and 4802—Requested/Required Information Illegible or Missing.

NOTE

Members should recognize that for transactions processed using the MasterCard *PayPass* PAN mapping service, the cardholder PAN for retrievals differ from the PAN originally transmitted by the acquirer.

To request an item electronically, issuers must submit a Retrieval Request/1644–603 message. This message contains all of the information necessary for an acquirer to locate a requested item. Refer to the *IPM Clearing Formats* manual for a description and layout of the IPM message.

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Value	Meaning
6305	Cardholder does not agree with billed amount
6321	Cardholder does not recognize transaction
6322	Transaction Certificate (ICC Transaction)
6323	Transaction Information Document (TID) needed for cardholder's personal records expense reporting
6341	Fraud investigation
6342	Potential chargeback or compliance documentation

6.3.2 Acquirer's Retrieval Request Response

If an acquirer cannot locate an item based on the information that the issuer provided in the retrieval request, it may respond through the MasterCom workstation with one of the acquirer response codes listed below. The acquirer should thoroughly research the retrieval request before transmitting a response. The acquirer's response may have an impact on second presentment rights if the issuer subsequently initiates a chargeback.

The issuer receives the acquirer's response on its MasterCom workstation. The MasterCom system maintains an audit trail within the issuer's notification file. (For more details, refer to the *MasterCom Administrator's Manual* and the online help for the MasterCom system.)

The four Acquirer Response Codes listed in Table 6.1 describe the reasons for the failure to provide requested items.

Table 6.1—Acquirer Response Codes

Acquirer Response Code	Description
A	The acquirer reference data (ARD) is not within the range of reference numbers assigned by that acquirer.
B	The ARD and cardholder number combination in the retrieval request does not match the original document.

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Acquirer Response Code	Description
C	The issuer's request for retrieval was for a transaction identified as a *PayPass* transaction that is equal to or less than USD 25, **or** The issuer's request for retrieval was for a transaction identified as a Quick Payment Service (QPS) transaction that is under the chargeback protection limit as follows: • Limousines and Taxicabs (MCC 4121) = USD 25 • Fast Food (MCC 5814) = USD 25 • Movie Theater (MCC 7832) = USD 35 • Parking (MCC 7523) = USD 50 • Drug Stores (MCC 5912) = USD 25 • Convenience Stores (MCC 5499) = USD 25 • Service Stations (MCC 5541) = USD 25 • Video Stores (MCC 7841) = USD 25 • Book Stores (MCC 5942) = USD 25 • Music Stores (MCC 5735) = USD 25 • Newsstands (MCC 5994) = USD 25 • Grocery/Supermarkets (MCC 5411) = USD 25 • Dry Cleaners (MCC 7216) = USD 25 Members identify a QPS transaction in DE 43 (Card Acceptor Name/Location) subfield 1 (Card Acceptor Name) by providing a Q in position 20, followed by a unique alphanumeric ID in positions 21–22[1]. **Note: Response code "C "for QPS transactions may be sent only by those qualifying acquirers in the United States and Canada that are registered with MasterCard.**
E	The item is unavailable.

To help ensure timely delivery of the response code and to be protected against a chargeback for message reason code 4801—Requested Transaction Data Not Received, MasterCard recommends that all acquirers process their response codes through their MasterCom workstation.

An issuer that receives an acquirer's response code of **A, B, or C** may reject the response to MasterCom Image Review within 10 calendar days. The issuer must document that the retrieval request contained the same data as provided by the acquirer in the original presentment.

The issuer may not submit a chargeback for message reason code 4801—Requested Transaction Data Not Received, unless the issuer receives a favorable response from Image Review. Refer to section 6.3.7 Image Review Guidelines for Rejecting Fulfillments for Image Review guidelines.

1 Refer to section 2.10 Quick Payment Service (QPS) Program of this guide for more information about QPS transactions.

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An issuer that receives an acquirer's response code of **E** may initiate a chargeback for message reason code 4801.

6.3.3 Time Frame for Fulfilling a Retrieval Request

The acquirer should ensure that the issuer receives the TID within 30 calendar days following the Central Site Business Date of the retrieval request. If the acquirer fails to comply with this time frame, it may be liable for chargeback under message reason code 4801 (from the 31st to the 60th day and from the 31st to the 120th day for intra-European transactions).

6.3.4 Fulfillment Types

The acquirer that receives a retrieval request must fulfill the request even though a right of chargeback may not exist under the chargeback message reason codes detailed in Chapter 3, Message Reason Codes of this guide. For chip-read transactions, acquirers also must provide the transaction certificate inclusive of its elements upon request.

The acquirer must provide the following types of fulfillments in response to the value (1, 2, or 3) indicated in Retrieval Document Code (Private Data Subelement [PDS] 0228). Retrieval Document Code values are defined as follows:

- **1 = Original TID.** The original TID also is referred to as the "hard copy," or "original paper." The acquirer must transmit a legible copy using the MasterCom system in response to this request. Additionally, the acquirer may provide the original document by certified mail or overnight courier if it is available.
  If the transaction was a mail order, a retrieval request fulfillment for the "hard copy" must minimally provide the cardholder's signature and description of the merchandise.
  MasterCard urges members to consult legal counsel to determine their individual retention period requirements for original or actual interchange documentation.
- **2 = Copy of the Original TID.** The acquirer must transmit a legible image of either a TID copy or substitute draft when applicable.
  MasterCard recommends that acquirers fulfill a retrieval request with a legible copy of the TID, even though a substitute draft may be permitted if the reason for request includes a requirement for a signature or imprint.
- **3 = Substitute draft or facsimile draft.** The acquirer may transmit a substitute draft if the transaction was any one of the following transaction types:
  - Mail/telephone order or recurring transaction or any other NFTF
  - Airline/passenger railway
  - Vehicle rental
  - Parking lot
  - Lodging
  - CAT
  - Chip-read transaction

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The acquirer must not fulfill a retrieval request for a retail transaction electronic draft capture transaction with a substitute draft if it is not for a transaction type listed above.

NOTE

The issuer cannot request a TID for an ATM transaction through GCMS.

6.3.4.1 Documentation Specifications

A legible copy of the front of the actual TID used in the transaction or, at the acquirer's option, the actual TID itself, must conform to the following minimum specifications:

- 80-column slip: 1.75 inches x 3.50 inches (4.45 cm x 8.90 cm)
- 51-column slip: 1.75 inches x 2.50 inches (4.45 cm x 6.35 cm)

The acquirer may provide a legible copy using electronic signature capture technology (ESCT). Acquirers using ESCT must ensure the following:

- That proper electronic data processing (EDP) controls and security are in place, so that digitized signatures are recreated on a transaction-specific basis. The acquirer may recreate the signature captured for a specific transaction only in response to a retrieval request for the transaction.
- That appropriate controls exist over employees with authorized access to digitized signatures maintained in the acquirer or card acceptor host computers. Only employees and agents with a "need to know" should be able to access the stored, electronically captured signatures.
- That the digitized signatures are not accessed or used in a manner contrary to MasterCard rules or policies.

Members that use ESCT do so subject to the indemnity set forth in section 1.1 of the *Bylaws and Rules*.

MasterCard reserves the right to audit members to ensure compliance with these sections and may prohibit use of ESCT if it identifies inadequate controls.

6.3.4.1.1 Primary Account Number Truncation on Terminal Receipts

MasterCard requires that the primary account number (PAN) be truncated on all cardholder-activated terminal (CAT) transaction receipts presented to cardholders. PAN truncation is permitted on cardholder receipts presented at other points of interaction. Documentation provided in response to a retrieval request may contain a truncated PAN. Refer to Chapter 3 of the *Security Rules and Procedures* manual, and section 2.1.6 Completing the Transaction Information Document (TID) of this guide for additional information and receipt specifications.

6.3.5 Requirements for a Substitute Draft

The acquirer is responsible for ensuring that all substitute drafts contain the full primary account number (PAN) used in the transaction.

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6.3.5.1 Substitute Draft for Card Not Present (MO/TO), Electronic Commerce, or Recurring Transaction

The following list identifies the substitute draft data requirements for Card Not Present, electronic commerce, or recurring transactions:

- Cardholder account number
- Cardholder name
- Card expiration date (if available)
- Card acceptor name or Web site address
- Card acceptor location, Web site or customer service phone number in lieu of city information
- Date the merchandise or services were ordered
- Transaction date, date merchandise shipped, or services provided
- Authorization code (if any)
- Specific information describing the merchandise or services purchased
- "Ship to" name and address (if applicable)
- Transaction amount (indicate the original transaction amount if the requested transaction represents a partial shipment)
- Address verification service code (if available)
- Order confirmation number (if available)

DEFINITION

Card Not Present (formerly MO/TO) = A transaction that occurs when the card, the cardholder, or the merchant representative is not present at the time of the transaction (such as but not limited to mail order, telephone order, or Internet transactions).

6.3.5.2 Draft for Vehicle Rental Transaction

The following list identifies the substitute draft data requirements for vehicle rental transactions:

- Cardholder account number
- Description of the rental
  - Type of vehicle
  - Mileage
  - Rental rate(s)
  - Actual rate charges
  - Refueling charge
- Card expiration date
- Cardholder name
- Cardholder address
- Transaction amount
- Authorization code (if any)
- Card acceptor name
- Rental location
- Return location
- Rental agent identification number
- Insurance charges
- Tax

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- Cash received
- Rental agreement number
- Method of billing
- Rental and return dates

6.3.5.3 Substitute Draft for Airline and Passenger Railway Transaction

The following list identifies the substitute draft data requirements for airline and passenger railway transactions:

- Cardholder account number
- Card expiration date (if available)
- Cardholder name or business name (optional)
- Passenger name
- Transaction date
- Transaction amount
- Mailing address (optional)
- Authorization code (if any)
- Airline or passenger railway card acceptor name
- Travel agency name and location (if applicable)
- Airline flight or passenger railway information (if applicable)
- Ticket number (optional)

If the cardholder purchased an airline ticket, the acquirer may provide a computer-generated substitute draft produced by the supplier of the ticket (for example, the airline) instead of a legible copy. The substitute draft must be in accordance with Inter-Industry Message Specifications Standards for Credit Card Billing Data. If the substitute draft fails to satisfy the inquiry, the issuer may request the actual TID (hard copy) or a copy of the TID. The acquirer must provide the actual TID or copy of the TID to the issuer.

6.3.5.4 Substitute Draft for Lodging Transaction

The following list identifies the substitute draft data requirements for lodging transactions:

- Ticket number (optional)
- Cardholder account number
- Cardholder name
- Guest name, if different
- Card expiration date (if available)
- Dates of stay, including check-in and check-out dates
- Transaction amount
- Authorization codes (if any)
- Card acceptor name and location
- Itemization of charges including room rate, taxes, food and beverage charges, and incidental charges

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6.3.5.5 Substitute Draft for Cardholder Activated Terminal (CAT)

The following list identifies the substitute draft data requirements for self-service terminal transactions:

- Cardholder account number
- Card expiration date (if available)
- Invoice number (if available)
- Authorization code (if any)
- Transaction date
- Card acceptor name
- Self-service terminal location code or city and state
- Product purchased
- Total amount

6.3.5.6 Substitute Draft for Parking Lot Transaction

The following list identifies the substitute draft data requirements for parking lot transactions:

- Cardholder account number
- Cardholder name (optional)
- Card expiration date
- Transaction amount
- Card acceptor name and location
- Terminal location code (if available)
- Transaction date and time
- Authorization code (if any)
- License plate number of the car (optional)

6.3.5.7 Substitute Draft for Chip-Read Transaction

The following list identifies the substitute draft data requirements for chip-read transactions:

- Cardholder account number
- Card expiration date
- Cardholder name (if available)
- Transaction date
- Transaction time (optional)
- Transaction amount
- Authorization code (if any)
- DE 55, complete and unaltered
- Card acceptor name and location
- Store department (optional)
- Description of the merchandise or services
- "Ship-to" information (if applicable)

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6.3.6 Retrieval Request Fulfillment Procedure

The acquirer must fulfill a retrieval request through the MasterCom system to guarantee delivery of the item and retain subsequent second presentment rights.

When the acquirer fulfills the request through the MasterCom system, the MasterCom system generates the record. Refer to the *MasterCom Administrator's Manual* or the online help for the MasterCom system for details.

In most cases, the MasterCom system will transmit the image from the acquirer's MIP to the issuer's MIP in 24 hours or less. The printed detail included with the image and transmitted via the MasterCom workstation provides the issuer with sufficient data to allow it to match the documentation to the applicable retrieval request record. The retrieval request is considered complete when the acquirers' workstation processes the image.

Within 10 calendar days of receipt, however, the issuer has the right to reject the image if the acquirer transmitted an illegible or incorrect image of the TID or substitute documentation to the issuer.

For example, the issuer can reject the item if it did not meet the criteria specified for substitute documentation in section 6.3.5 Requirements for a Substitute Draft.

If the issuer fails to respond by rejecting the image within 10 calendar days of receipt, the retrieval request is considered fulfilled and GCMS will reject a subsequent chargeback for message reason code 4801—Requested Transaction Data Not Received.

When the issuer rejects an item, it is routed to the MasterCom Image Review workstation in St. Louis, where a MasterCard representative reviews it and rules in favor of the issuer or acquirer. Refer to sections section 6.3.7 Image Review Guidelines for Rejecting Fulfillments and section 6.3.8 Image Review Guidelines for Rejecting Acquirer's Response Codes for information about the MasterCom Image Review process.

Once the retrieval request is considered fulfilled in accordance with the above procedures, the MasterCom system will generate fulfillment fees through the MasterCard Consolidated Billing System (MCBS).

Members may use the MasterCom system to transmit images of Visa card transactions through the MasterCom workstation. The process is identical to that previously described for MasterCard retrieval requests. Members must ensure that they update their internal Base II files.

The fulfillment fee structure for Visa transactions supplements Base II fulfillment fees to ensure overall consistency with Visa pricing.

Refer to the *MasterCom Administrators' Manual* and the online help for the MasterCom system for more information about fulfilling requests for Visa transactions.

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6.3.7 Image Review Guidelines for Rejecting Fulfillments

When rejecting the image of the TID or substitute draft, the issuer must enter the applicable reject reason code in the MasterCom retrieval application on its MasterCom workstation. Refer to section 6.3.7.1 MasterCom Image Review Reject Codes for more information.

If the issuer rejects the fulfillment, the MasterCard Image Review representative reviews the image and reason for the reject and issues a decision in favor of either the issuer or the acquirer. The MasterCard representative usually issues this decision within two business days. This process is called "MasterCom Image Review."

NOTE

MasterCom Image Review does not decide whether the issuer has valid chargeback reasons. Their responsibility centers on if the item supplied constitutes a valid fulfillment of the request. (For example, if the image is clear and legible and all required data elements are present.)

Refer to section 6.3.9 MasterCom Image Review Decisions for more detailed information about the MasterCom Image Review process.

6.3.7.1 MasterCom Image Review Reject Codes

The following chart contains the issuer reject reason codes and the appropriate chargeback message reason codes to help the member apply the correct chargeback rules.

NOTE

If the issuer intends to submit a chargeback for any message reason code other than for 4801—Requested Transaction Data Not Received, or 4802—Requested/Required Information Illegible or Missing, it should accept the item.

If the issuer rejects the item to Image Review and receives a decision in its favor, it should submit the appropriate chargeback for either message reason code 4801 or 4802.

MasterCom Reject Reason Code		Appropriate Chargeback Message Reason Code
Code	**Description**	
P	Primary account number missing/illegible. (NOTE: A truncated primary account number (PAN) on an electronically generated TID does not constitute missing or illegible information.) Refer to section 6.3.7.2 Guidelines for Rejecting for "P" (Primary Account Number Missing/Illegible).	4802
D	Transaction date missing/illegible.	4802
A	Transaction amount missing/illegible. Refer to section 6.3.7.3 Guidelines for Rejecting for "A" (Transaction Amount Missing/Illegible).	4802

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MasterCom Reject Reason Code		Appropriate Chargeback Message Reason Code
Code	Description	
E	Not used.	
M	Card acceptor name missing/illegible.	4802
W	Wrong document/item not as requested. Refer to section 6.3.7.5 Guidelines for Rejecting for "W" (Wrong Document/Item Not as Requested).	4801
O	Other. (To specify items missing or illegible on a substitute draft.) Refer to section 6.3.7.6 Guidelines for Rejecting for "O" (Other—Missing Information on Substitute Draft) and section 6.3.7.7 Memo Field.	4802

Issuers must ensure that reject reasons and chargeback reasons are compatible. For example, if a member rejects an item for "Card Account Number Illegible" and the review decision is in favor of the issuer, GCMS will not allow a chargeback for message reason code 4801—Requested Transaction Data Not Received.

GCMS will not allow the chargeback for message reason code 4801 because the acquirer supplied the correct item, although it was illegible. The issuer may use message reason code 4801 only if it rejects the item for **W**, wrong documentation/item not as requested, and the MasterCom Image Review decision is in favor of the issuer.

Issuers also should examine the ticket carefully before rejecting it to Image Review to ensure that there is no valid reason for chargeback other than message reason code 4801 or 4802. If the issuer identifies another valid chargeback reason, it should accept the item and submit a chargeback with the appropriate message reason code. The only purpose for rejecting the item to Image Review is to preserve chargeback rights for message reason code 4801 or 4802.

6.3.7.2 Guidelines for Rejecting for "P" (Primary Account Number Missing/Illegible)

The issuer should not reject the item to Image Review under the following conditions:

- A manually keyed or handwritten account number appears on the TID and the account number is clear
- The account number appears more than once on the ticket, and the manually keyed or handwritten account number is clear, but the imprinted number is not clear
- The account number is clear but is not the one requested
- The account number is truncated on an electronically-generated TID

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The issuer must accept the item under the circumstances specified above and use the applicable chargeback message reason code detailed in Chapter 3, Message Reason Codes.

6.3.7.3 Guidelines for Rejecting for "A" (Transaction Amount Missing/Illegible)

If the transaction amount is legible but is not the amount requested in the retrieval request, the issuer should not reject the item to Image Review. It should accept the item and use the applicable chargeback reason detailed in Chapter 3, Message Reason Codes.

6.3.7.4 Guidelines for Rejecting for "E" (Not Used)

This reject reason code is no longer valid.

6.3.7.5 Guidelines for Rejecting for "W" (Wrong Document/Item Not as Requested)

The MasterCard Image Review representative will rule in favor of the issuer if the acquirer improperly fulfilled a retrieval request with a retail substitute draft.

If the acquirer provided an image that was not compatible with the information requested, the issuer should not reject the item to Image Review. For example, the acquirer provided a document with an account number that does not match the original one in the original presentment. The issuer must accept this item and use an applicable chargeback message reason code other than 4801 and 4802.

The issuer may reject a fulfillment to Image Review if **both** the account number and transaction amount on the TID does not match the information provided with the original request.

If the acquirer provided an image of something other than the TID, such as a batch header ticket or a letter from the card acceptor, the issuer may reject for **W** (Wrong Document/Item Not As Requested).

For specific card acceptor types, the acquirer may provide a substitute draft instead of a TID. The acquirer may provide any required data that is missing or illegible in a substitute draft in the memo field, and the issuer must accept the provided information. (An example of information that the acquirer may provide in the memo field is "Credit Issued to a Cardholder.") If the acquirer does not supply the required information, the issuer may reject to Image Review and, if favored, charge back for the applicable chargeback reason detailed in Chapter 3, Message Reason Codes.

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6.3.7.6 Guidelines for Rejecting for "O" (Other—Missing Information on Substitute Draft)

Use this message reason code when a substitute draft does not contain the required information identified in Requirements for a Substitute Draft.

If the image does not contain a signature, the issuer must accept the item and use the applicable chargeback reason detailed in Chapter 3, Message Reason Codes of this guide.

Members rejecting an item for this reject reason code must provide an explanation for the rejection in the memo field. Members should use this code only for categories other than those listed above.

Any information missing on a substitute draft would constitute a common reason for rejection within this category.

6.3.7.7 Memo Field

The acquirer should use the memo field to document unclear or missing information, including the following:

- Card acceptor name or location
- Missing information on the substitute draft
- Transaction date information

When the acquirer provides this information, the issuer may not reject the item to Image Review for the reasons noted in the memo field. If the acquirer does not provide the appropriate information in the memo field, the issuer is permitted to reject the item to Image Review for a decision.

Members may use the following standard abbreviations in the memo field.

Abbreviation	Definition	Abbreviation	Definition
ACC or ACCT#	Account Number	MER or MERCH	Card acceptor
ACQ	Acquirer	MO	Mail Order
AMT or $	Amount	PO	Preauthorized Order
CB	Chargeback	RC	Message reason code
CH	Cardholder	REQ RSN	Request Reason
EC or ECOM	Electronic Commerce	SGN or SIGN	Signature
EDC	Electronic Data Capture	TRN or TRAN	Transaction
ILL or ILLEG	Illegible	TD	Transaction Date

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Abbreviation	Definition	Abbreviation	Definition
ISS	Issuer	TO	Telephone Order
LOC	Location	W/	With

6.3.8 Image Review Guidelines for Rejecting Acquirer's Response Codes

An issuer that receives an invalid acquirer's response code of **A, B, or C** may reject the response to Image Review within 10 calendar days under the following conditions.

Acquirer's Response Code	Condition to Substantiate Reject
A	The ARD in the retrieval request contained the valid ARD received in the original Financial Detail Addendum/1644 messages.
B	The retrieval request contained the same ARD and cardholder combination as received in the original Financial Detail Addendum/1644 messages.
C	The original Financial Detail Addendum/1644 messages does not show a MasterCard® *PayPass*™ transaction took place or carry the QPS three-digit identifier as part of the card acceptor description.

The issuer must complete its research before rejecting the response code. When an issuer rejects an acquirer's response code, it must send a legible copy of the research document to Image Review through Image Mail, identifying the following:

- Rejecting ARD
- Cardholder account number
- Transaction amount

The research documentation must show the original First Presentment/1240 message received from the acquirer (such as the incoming GCMS report) and must be received at Central Site within 24 hours of the reject.

If an issuer rejects a record, the issuer must send a copy of the original financial detail documentation and the record via fax (1-636-722-7215) as proof to Image Review within 24 hours of the reject.

A MasterCom Image Review representative will review the documentation and decide in favor of the issuer or the acquirer.

If the MasterCom Image Review decides in favor of the issuer, the issuer may submit a chargeback for message reason code 4801—Requested Transaction Data Not Received.

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If MasterCom Image Review decides in favor of the acquirer, the acquirer will be paid the fulfillment fee. For fee information, refer to section 6.4 MasterCom Fees.

6.3.9 MasterCom Image Review Decisions

When the Image Review representative has issued a decision, MasterCard Central Site sends the issuer and the acquirer images advising them of the ruling. MasterCard provides the following information:

- Original request record generated by the issuer
- Acquirer's response
- Issuer's response
- MasterCom Image Review decision
- Memos supplied by the acquirer, issuer, or MasterCom Image Review

If Image Review decides in favor of the acquirer, the issuer loses chargeback rights for message reason code 4801—Requested Transaction Data Not Received, and message reason code 4802—Requested/Required Information Illegible or Missing. The issuer retains all other chargeback rights.

If the issuer wants to contest this decision, its only recourse is to file a compliance case. The issuer must submit any case involving a MasterCom Image Review decision or dispute to MasterCard within 45 calendar days from the Image Review decision date. Refer to section 5.9 MasterCom Compliance Policy of this guide for information about MasterCom compliance issues.

If the Image Review is in favor of the issuer, the issuer may submit a chargeback for message reason code 4801—Requested Transaction Data Not Received, or message reason code 4802—Requested/Required Information Illegible or Missing.

Acquirers that receive chargebacks for message reason code 4801—Requested Transaction Data Not Received, and believe the chargeback was the result of an erroneous Image Review decision, must file a compliance case against the issuer within 45 days of receipt of the chargeback for message reason code 4801. Refer to section 5.9 MasterCom Compliance Policy of this guide for information about MasterCom compliance issues.

6.3.10 Chargeback-Related GCMS Format Edits

The chargeback edits provided in this section apply only to chargebacks related to retrieval requests fulfilled through the MasterCom system for message reason codes 4801 or 4802.

No Pre-edit edits are run against the MasterCom system-related chargebacks. Central Site retains all retrieval and chargeback information.

The Message Error Indicator (PDS 0005), error message code (subfield 3) identifies any First Chargeback/1442 messages rejected by GCMS because of an error.

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6.3.10.1 Chargeback Edits for Message Reason Codes 4801 and 4802

MasterCard Central Site edits reject chargebacks for message reason codes 4801 and 4802 for the following reasons:

- The issuer accepted the image sent by the acquirer.
- The issuer rejected the image, and MasterCom Image Review ruled in favor of the acquirer.
- The chargeback was against a retrieval request fulfilled within 30 calendar days following the Central Site Business Date of the retrieval request, the issuer rejected the item, but the MasterCom Image Review decision is pending.
- The chargeback was submitted more than 60 calendar days after the Central Site Business Date of the retrieval request (or more than 120 days for a message reason code 4801 chargeback of an intra-European transaction).
- **For intra-European transactions only:** The issuer did not use a Documentation Indicator of **1** (documentation required/sent) when processing a chargeback for reason code 4801.
- The chargeback was submitted less than 30 calendar days after the Central Site Business Date of the retrieval request.

  GCMS will reject this chargeback unless the retrieval request was fulfilled within the 30-day period, the issuer rejected the fulfillment, and the Image Review decision confirms that the issuer was favored; **or**

  The issuer received an acquirer's response code **E**.
- The acquirer sends an acquirer's response code of **E** (Item Not Available) and the issuer submits a chargeback for message reason code 4802—Requested/Required Information Illegible or Missing.
- The issuer's retrieval request was not on file and the issuer initiated a chargeback for message reason codes 4801 or 4802.
- The issuer submitted a chargeback for message reason code 4801 or 4802, and the issuer's retrieval request was processed more than 120 calendar days from the Central Site Business Date of the original presentment.

6.3.10.2 Second Presentment Edits for Message Reason Code 4801

The acquirer may process a second presentment if:

- The acquirer has been granted a hardship variance, (see Interchange Rate Designator.)
- **For intra-European transactions only:** The issuer processed the chargeback for reason code 4801 and used a Documentation Indicator 1 (documentation required/sent), but the acquirer did not receive the documentation within 8 days of the Central Site Business Date of the chargeback.

For any other situation, MasterCard Central Site edits will reject second presentments for reason code 4801.

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6.4 MasterCom Fees

The acquirer receives reimbursement from the issuer for retrieving a copy of the TID and is dependent on the following:

- How quickly the acquirer fulfilled the request
- The type of documentation requested and provided

MasterCard is responsible for debiting the issuer and crediting the acquirer for MasterCom fees. MasterCard bills the processing fees through the MCBS.

MasterCard will assess a USD 25 processing fee to the party found responsible for each dispute rejected to MasterCard for an Image Review decision.

The following chart summarizes the MasterCom fee structure for MasterCard and Visa fulfillments. Refer to the *MasterCard Consolidated Billing System–European Region* manual for details of applicable fees for intra-European transactions.

		MasterCom Fee Classification Fulfillment Time Frames in Days				
Document Type		**A1–5**	**B6–10**	**C11–15**	**D16—21**	**More than 21 Days**
MasterCard	Copy (2)	USD 8	USD 5	USD 3	USD 2	USD 0
MasterCard	Substitute Draft (4)	USD 6	USD 3	USD 2	USD 1	USD 0
Visa Supplement[2]	Copy (2)	USD 6	USD 3	USD 1	—	—
Visa Supplement[3]	Substitute Draft (4)	USD 4	USD 1	—	—	—

MasterCard considers the fulfillment complete when the acquirer processes it on the MasterCom workstation. The MasterCom system uses the workstation process date for the calculation of MasterCom fees, not the "MIP staged" date and time, because the workstation has the actual date of the acquirer's fulfillment.

For example, if MasterCard Central Site originally processed the retrieval request on 1 October and the acquirer's fulfillment was processed on 6 October, the fulfillment delivery period is five days. The fulfillment meets the MasterCom Fee Classification **A** (1–5 days) as described in the previous chart.

2 Acquirers that fulfill retrieval requests after 21 days are not reimbursed.

3 The MasterCom fees for Visa requests supplement the retrieval fee paid to the acquirer within Base II processing for its copy and substitute draft fulfillments, and are payable by the issuer.

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MasterCom processes fulfillment fees when:

- The issuer accepts the image or response sent by the acquirer.
- The issuer has rejected the image or response and Image Review has issued a decision in favor of the acquirer.
- Ten calendar days have elapsed since the acquirer provided a response or transmitted an image to the issuer's workstation and the issuer has failed to accept or reject the image or response.

The following chart further illustrates how the retrieval fee structure is applied. The fee is based on the document type requested by the issuer, the document type provided by the acquirer, and the number of days taken to fulfill the request via the MasterCom system.

Issuer Retrieval Request		Acquirer Fulfillment			MasterCom Fee	
Type of Document Needed Code	MasterCard Document Type	Type of Document Supplied Code	Document Type	Delivery Period (Days)	Fee	Fee Based On
1	Hard Copy	2	Copy	8	USD 5	Copy
2	Copy	4	Substitute Draft	2	USD 6	Substitute Draft
2	Copy	2	Copy	5	USD 8	Copy
4	Substitute Draft	2	Copy	5	USD 6	Substitute Draft[4]

6.4.1 Fee Generation

MasterCom generates retrieval fulfillment fees through MCBS as follows:

- **Item Unavailable**—If the acquirer sends a response code of E, Item Unavailable, the issuer must accept it. In this case, the acquirer will not receive a fee.
- **Valid Acquirer's Retrieval Request Response**—If the acquirer sends a response code indicating that the requested information was inaccurate and the issuer agrees, the acquirer is paid and the issuer charged based on the date of the acquirer's response and the type of document requested.
- **Image Review Decision**—If the issuer rejects the acquirer's response or the image sent, MasterCom Image Review will resolve the matter.

  If the image review decision favors the issuer, no fees are generated. If the Image Review decision favors the acquirer, the fee is based on the date of the acquirer's response and the type of document requested.

4 Issuers do not pay for more than the type of document requested.

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6.4.2 Retrieval Fee Reversal and Associated Handling Fees

An issuer may reverse a fee resulting from an item accepted on the MasterCom system, or where there has been an Image Review decision favoring the acquirer, only if the item received verified an erroneous card acceptor description. Issuers reversing retrieval request fulfillment fees must do so by submitting a Fee Collection/1740 message with message reason code 7611. Refer to section 6.3.9 MasterCom Image Review Decisions for more information.

In addition, the issuer may collect a USD 25 (EUR 251[5]) handling fee if the retrieval request or second presentment verifies an incorrect card acceptor name, location, or transaction date. When collecting a handling fee, the issuer must submit a Fee Collection/1740 message with message reason code 7612.

NOTE

The USD 25 (EUR 25) handling fee compensates the issuer for the expense of handling the cardholder inquiry and initiating a retrieval request. It is also an incentive for the issuer to notify the acquirer that there is a problem with a card acceptor's descriptor. Once notified, the acquirer should correct the descriptor, if possible, to reduce future cardholder inquiries and retrieval requests.

An acquirer can collect a fulfillment fee by submitting a Fee Collection/1740-700 message (Retrieval Fee Billing) for supplying the original document in response to a retrieval request for the original material.

6.5 Associated Retrieval Fulfillment Fees

6.5.1 Original TID Fulfillment Fee

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The fee shown in the table below applies when an acquirer fulfills an original TID as requested by the issuer. Acquirers are not obligated to provide an original TID; however, when available and if requested by the issuer, an acquirer supplying the original TID may collect a fee to offset the costs of delivering the document to the issuer.

Supplying an original TID does not replace the obligation of the acquirer to provide a copy of the TID through the MasterCom Imaging System to prevent chargebacks.

5 EUR amounts apply to intra-European transactions only.

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An acquirer may collect an original TID fulfillment fee by submitting a Fee Collection/1740–700 message reason code 7611. Nov 2007

Document Type Fulfillment	Fee
Acquirer mails delivers the actual hard copy of a formset, lodging registration, or Express Checkout Authorization Form to the issuer outside of MasterCom.	USD 15 (EUR 15) This fee is in addition to the relevant MasterCom fee if the acquirer also elects to fulfill the item using the MasterCom system.

6.5.2 Original TID Fulfillment Fee Reversal

Nov 2007

The issuer may reverse this fee originated for retrieval requests fulfilled by means other than the MasterCom system if the item is:

- Never received
- Received but illegible
- Received verifying an erroneous card acceptor description.

Issuers reversing the original TID fee must do so by submitting a Fee Collection/1740 message with message reason code 7611.

6.5.3 Retrieval Request Fulfillment Handling Fees

Nov 2007

The issuer may collect a USD 25 (EUR 25) handling fee if the retrieval request verifies an incorrect card acceptor name, location, or transaction date. When collecting a handling fee, the issuer must submit a Fee Collection/1740 message with message reason code 7612.

6.6 Settlement

GCMS processes and settles retrieval request fulfillment records.

GCMS creates the Financial Position Detail/1644 reconciliation message that confirms each sending member's accepted retrieval fulfillment fees.

6.7 Transaction Information Document Retention Period

The acquirer is required to retain a copy of interchange transaction information documents for a minimum of 18 months from the processing date for transactions.

NOTE

The retention period required by this chapter may not satisfy all local and national laws and regulations. MasterCard recommends that each member discuss the advisability of longer retention periods with its legal department. (Refer to section 1.18 Invalid Chargeback, Second Presentment, and Arbitration Chargeback **for additional retention requirements).**

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Appendix A Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard)

This appendix contains the rules and procedures for processing interregional and intra-European Cirrus and MasterCard-branded ATM and PIN-Based In-Branch terminal exception transactions.

The information contained in this appendix is for Europe region members only.

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Overview

This appendix contains the rules and procedures for processing both interregional and intra-European Cirrus and MasterCard branded ATM and PIN-Based In-Branch terminal exception transactions. For the rules and procedures applicable to Maestro-branded ATM and PIN-Based In-Branch terminal exception transactions, refer to Appendix B, Chargebacks—Maestro Debit Cards.

A.1 Clearing

All MasterCard Europe members holding Cirrus® and MasterCard licenses (participants) must use and comply with the Integrated Product Message (IPM) format and support the full clearing cycle.

A.2 Processing Cycles

The following sections contain information about the Processing Cycles.

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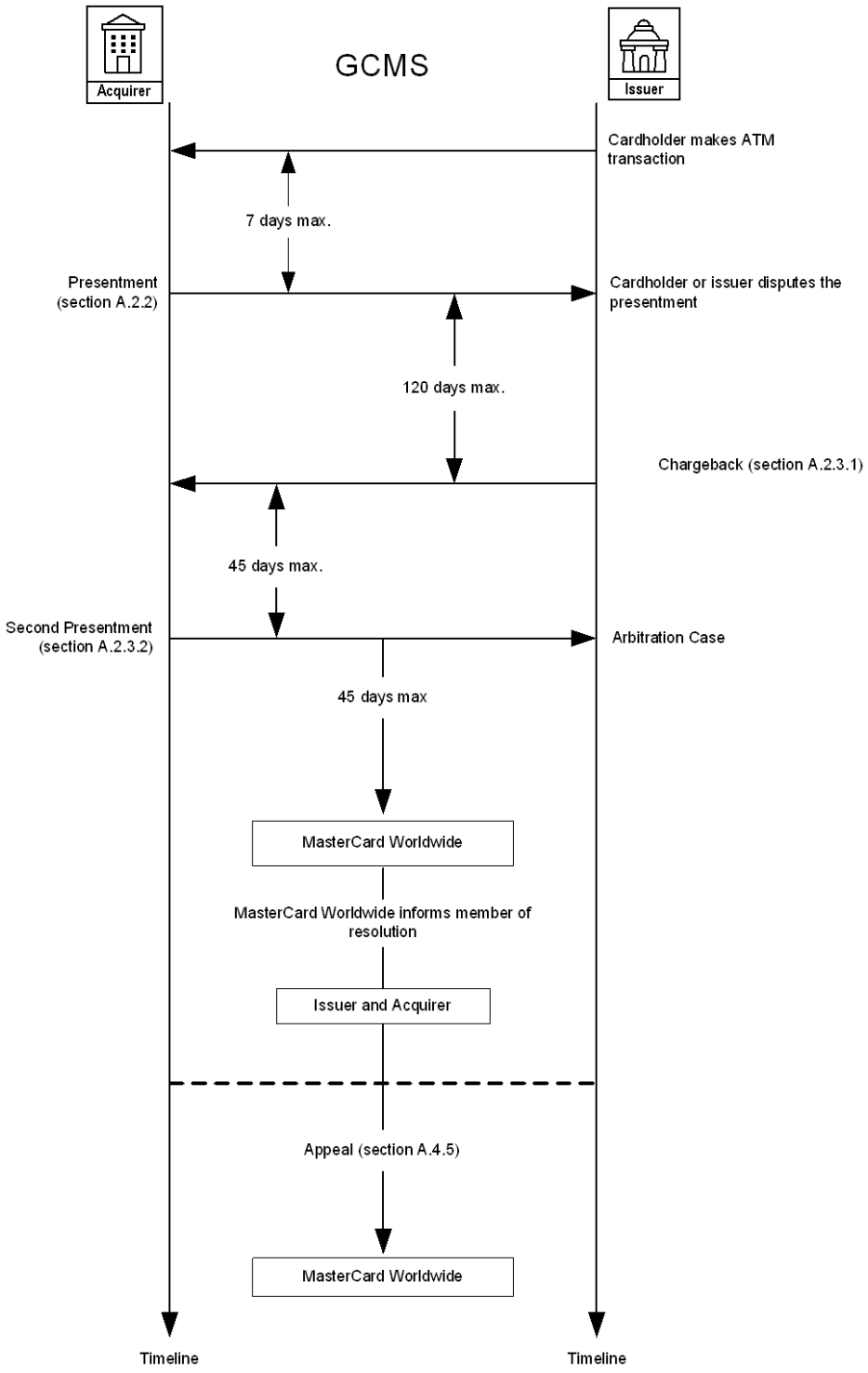
A.2.1 Overview

Figure A.1—Exception processing cycle for ATM transactions



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Processing Cycle	Timeframe
Presentment	The acquirer must send the presentment within seven calendar days of the transaction date.
Chargeback	The issuer must send the chargeback within 120 calendar days of the Central Site Business Date for intra-European transactions and of the switch settlement date for interregional transactions.
Second Presentment	The acquirer must send the second presentment within 45 calendar days of the Central Site Business Date of the chargeback.
Arbitration Case	The issuer must submit the Arbitration Case to MasterCard within 45 calendar days of the second presentment Central Site Business Date.

A.2.2 Presentment

A transaction taking place at the ATM or PIN-Based In-Branch terminal is presented to the issuer electronically via Global Clearing Management System (GCMS).

Interregional transactions made outside Europe with European cards will be presented to European issuers by MasterCard Debit Switch (MDS) via GCMS in USD.

The clearing presentment should be created by the acquirer as soon as possible and sent within seven calendar days of the transaction date. Transactions that are not presented within this time frame may be subject to chargebacks under message reason code 4842 (Late Presentment) or 4811 (Stale Transactions). Nov 2007

For all transactions presented between 46 calendar days and one year from the transaction date, the acquirer will be charged a fee that will be transferred in full to the issuer.

A.2.2.1 Reversals

Whenever an acquirer identifies a partially completed transaction, or a not-completed transaction or an error in the presentment of a transaction, it must process a reversal covered by a Financial Message Reversal. This can be a reversal for the transaction amount of the presentment (full reversal) or for a partial amount (partial reversal). This procedure must be used when a full or partial reversal in the authorization flow was received after presentment of the transaction. There is no time limit for the acquirer to issue a reversal. Nov 2007

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Presentment must be for the full amount of the original transaction, in the currency of the original transaction, and may be altered only by a full or partial reversal:

- **A full reversal:** If a previously authorized transaction is fully reversed (for example, valid authorization request and response, and the corresponding reversal request and response messages are received) within the same clearing cycle, the transaction shall not appear in the clearing file.
- **A partial reversal:** If a previously authorized transaction is partially reversed (for example, valid authorization request and response, and the corresponding reversal request and response messages are received) within the same clearing cycle, the transaction shall appear in the clearing file with the corrected transaction amount.

A.2.3 Chargeback and Second Presentment

The following sections contain information about the Chargebacks and Second Presentments.

A.2.3.1 Chargeback

A chargeback may be initiated if the issuer determines that the transaction was presented in violation of the Rules and that a specific reason is available as detailed in "Chargeback Reasons" (refer to section A.2.5 Message Reason Codes). An acquirer must accept the resultant liability unless it can satisfy the conditions for second presentment.

All chargebacks that are processed using GCMS must be processed electronically by the issuer to the acquirer using the chargeback message as defined in the *IPM Clearing Formats* manual.

The issuer must send the chargeback within 120 calendar days of the Central Site Business Date for intra-European transactions and of the switch settlement date for interregional transactions.

No provisions are made to settle any losses/gains resulting from exchange rate differences or funding costs.

Chargeback support documentation is not required. However, issuers should be able to justify any chargeback initiated.

All message reason codes in this appendix are allowed for ATM and for PIN-Based In-Branch terminal transactions completed with magnetic stripe or chip technology unless otherwise stated. Nov 2007

A.2.3.2 Second Presentment

A second presentment may be processed by the acquirer:

- If additional information can be provided to remedy the original defect that led to the chargeback.
- If the chargeback is believed to be invalid.

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The second presentment must be electronically processed by the acquirer to the issuer using the second presentment message as defined in *IPM Clearing Formats*.

Second presentments must be submitted within 45 calendar days of the Central Site Business Date of the chargeback for intra-European transactions and of the chargeback settlement date for interregional transactions.

The second presentment may not be for an amount in excess of the issuer's chargeback but may be for the same or a lesser amount.

No provisions are made to settle any losses/gains resulting from exchange rate differences or funding costs.

The second presentment DE 72 (Data Record) must contain the contact name, phone, and fax numbers for second presentments for all interregional ATM message reason codes.

The requirements that must be met before an acquirer can second present a transaction, and the supporting documentation required are provided under each message reason code.

Nov 2007

For intra-European transactions other, general second presentment message reason codes may apply, such as:

- 2713—Invalid Chargeback
- 2702—Past Chargeback Time Limit
- 2011—Credit Previously Issued

Please refer to section A.2.3.2 Second Presentment of this guide for more message reason codes.

Supporting documentation, completed in English or accompanied by an English translation, should be submitted at the time the second presentment is processed.

All supporting documentation must be provided through MasterCom:

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1. **For interregional transactions**, when the acquirer supplies documentation through the MasterCom system, the issuer has **ten calendar days** from the date the image was delivered to dispute it **only** if information that is relevant to resolving the dispute is illegible.
2. If the issuer determines the documentation to be illegible, the issuer must complete a Second Presentment (Representment) Documentation Dispute form and fax it to the Debit Dispute Department, together with a copy of the illegible documentation provided by the acquirer. Refer to Appendix C, Forms for instructions for accessing required forms.
3. On receipt of the form and documentation supporting a claim of illegibility, the Debit Dispute Department Representative will forward the Representment Documentation Dispute Form to the acquirer. If the documentation is illegible, the acquirer has **five calendar days** to submit legible documentation via fax to the Debit Dispute Department.
4. If the issuer fails to receive documentation within 10 calendar days from the date of the representment, the issuer must complete a Representment Documentation Dispute form within 20 days of the representment, and fax it to the Debit Dispute Department stating that the documentation was not received. The Debit Dispute Department will forward the documentation to the issuer if it was received from the acquirer within 10 days of the representment, or the representment will be reversed.

Refer to Section A.2.6 Settlement of Disputes for arbitration proceedings.

A.2.4 Chip Transactions

The production of a transaction cryptogram and related data elements for each chip transaction introduces new information, which can help determine the actual circumstances of a transaction and thus assist in determining issuer and acquirer liabilities. Cryptograms must be provided to issuers in the original presentment or must be made available to issuers if needed for subsequent enquiries.

However, the cryptogram in itself does not constitute a guarantee of payment to the acquirer. The lack of a cryptogram or an invalid cryptogram does not provide an automatic right of chargeback to the issuer.

NOTE

Refer to section 11.1.1 of the *Cirrus Worldwide Operating Rules* **for further information concerning the Transitional Chip Liability Shift Program.**

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A.3 Message Reason Codes

The following message reason codes are allowed for ATM and for PIN-Based In-Branch terminal transactions completed with magnetic stripe or chip technology unless otherwise stated. Nov 2007 Nov 2007

Reason Code	Description	Section
4808[1]	Transaction Not Authorized	A.3.2
4834	Duplicate Processing of Transaction	A.3.5
4842[1]	Late Presentment	A.3.6
4859	Services Not Rendered	A.3.7
4870[1]	Chip Liability Shift	A.3.8

In addition to the above chargeback reasons, the following message reason codes may be used by MasterCard to automatically chargeback interregional transactions. Nov 2007

Reason Code	Description	Section
4804	Multiple Processing	A.3.1
4809	Transaction not reconciled	A.3.3
4811	Stale Transaction	A.3.4

A.3.1 Message Reason Code 4804—Multiple Processing

The following sections contain information about message reason code 4804.

A.3.1.1 Chargeback Nov 2007

MasterCard uses this reason code to automatically charge back any interregional transaction between a European acquirer and a non-European issuer if a previous presentment had already been matched to the pending file.

A.3.1.2 Second Presentment

Second Presentments are not permitted. The acquirer may rectify the transaction details and submit a correct new first presentment.

1 Not available for interregional ATM transactions.

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A.3.2 Message Reason Code 4808—Transaction Not Authorized (120 Days)

Nov 2007

The following sections contain information about message reason code 4808.

The issuer receives a complaint from the cardholder or it has determined that an intra-European transaction presented has not been properly authorized.

The issuer or his agent has:

- Never received an authorization request.

  Or

- Declined the authorization request.

  Or

- The amount processed is higher than the authorized amount.

This message reason code may be used for a chip transaction if it has not been authorized online by the issuer.

A.3.2.1 Chargeback

Nov 2007

The full amount should be charged back, except when the processed amount is higher than the authorized amount. In this case, the difference between both amounts may be charged back.

The issuer must specify why the transaction cannot be posted to the account by providing the account condition in the Data Record (DE 72)—for example, "STATUS CODE X". (**C**—Credit Problem; **F**—Other Fraud [for example, lost, stolen or never received]; **X**—Counterfeit; or **O**—Account Closed).

A.3.2.2 Second Presentment

Nov 2007

An acquirer can submit a Second Presentment under the **2008 Transaction Authorized** condition.

The acquirer can substantiate that the transaction was approved by providing the authorization date and code in DE 72 (Data Record) as "MMDDYY NNNNNN."

Other message codes may apply; please refer to section A.3.2.2 Second Presentment for more details.

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A.3.3 Message Reason Code 4809—Transaction Not Reconciled

The following sections contain information about message reason code 4809.

A.3.3.1 Chargeback

Nov 2007

MasterCard uses this reason code to automatically charge back any interregional transaction between a European acquirer and a non-European issuer in the following situation:

MasterCard was unable to reconcile the clearing presentment with the authorization details of a transaction and has determined that there is a discrepancy between the reference of the authorization request and the clearing presentment.

A.3.3.2 Second Presentment

Second presentments are not permitted. The acquirer may rectify the transaction details and submit a correct new first presentment.

A.3.4 Message Reason Code 4811—Stale Transaction

The following sections contain information about message reason code 4811.

A.3.4.1 Chargeback

Nov 2007

MasterCard uses this reason code to automatically charge back any interregional transaction between a European acquirer and a non-European issuer presented more than 120 calendar days after the transaction date.

A.3.4.2 Second Presentment

Nov 2007

Second presentments are not permitted under this reason code.

A.3.5 Message Reason Code 4834—Duplicate Processing of Transaction (120 Days)

Nov 2007

The issuer or the cardholder determines that a transaction has been submitted in duplicate. A transaction is considered duplicate if the terminal ID, the transaction amount, the date and the time of the transaction are the same.

The following sections contain information about message reason code 4834.

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A.3.5.1 Chargeback

When charging back, the issuer must provide the Acquirer Reference Data (ARD) for the original transaction in the Data Record. Nov 2007

Interregional Transactions—The issuer must charge back both transactions.

A.3.5.2 Second Presentment

The acquirer can second present under the following conditions:

2008 Transaction Authorized—The acquirer can substantiate that both transactions are valid and were authorized by PIN. The authorization date and code of both transactions must be entered in the Data Record as "PIN MMDDYY NNNNNN"

2011 Credit Previously Issued—The central site processing date of the credit or reversal must be provided in the Data Record as "Credit MMDDYY" and optionally the ARD.

2704 Invalid Data Record—The chargeback is invalid because the issuer failed to provide the original ARD in the Data Record.

Other message codes may apply; please refer to section 2.3.2 Second Presentment for more details.

A.3.6 Message Reason Code 4842—Late Presentment (120 Days) Nov 2007

An intra-European transaction was presented more than 7 calendar days after the transaction date and the account is permanently closed.

The following sections contain information about message reason code 4842.

A.3.6.1 Chargeback Nov 2007

The issuer must use good-faith efforts to collect the transaction amount from the cardholder before exercising this chargeback right. The issuer cannot submit a chargeback for message reason code 4842 if the account is in good standing.

A.3.6.2 Second Presentment Nov 2007

2003 Correct Transaction Date Provided—The acquirer may remedy the chargeback if it determines that the chargeback was invalid or can substantiate that the transaction date was not more than seven calendar days prior to the central processing date of the presentment. The correct transaction date should be entered in the Data Record (DE 72).

2713 Invalid Chargeback—The acquirer may prove that the account is not permanently closed. The authorization date and code of a transaction authorized after the chargeback date should be entered in the Data Record (DE 72).

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Other message codes may apply; please refer to section 2.3.2 Second Presentment for more details. Nov 2007

A.3.7 Message Reason Code 4859—Services Not Rendered (120 Days) Nov 2007

This message reason code applies only to ATM transactions.

The issuer receives a written cardholder complaint advising that the cardholder did not receive, or received only in part, funds charged to his or her account as a result of an automated cash disbursement.

The following sections contain information about message reason code 4859.

A.3.7.1 Chargeback Nov 2007

The issuer should must populate DE 72 (Data Record) with **RS 3**.

A.3.7.2 Second Presentment Nov 2007

2700 Chargeback remedied, see supporting documentation

The acquirer may remedy the chargeback if it can provide documentation verifying the disbursement of funds to the cardholder.

The acquirer must enter **RS 3** as well as the chargeback contact name, telephone, and fax number in DE 72 (Data Record).

The supporting documentation must be in the form of a legible copy of either the ATM audit tape or an internal transaction report from the acquirer. The ATM audit tape or the transaction report must show any terminal activity that occurred immediately before and after the disputed transaction.

The internal transaction report from the acquirer is to be used only when the ATM did not produce an audit tape. Data on the transaction report must come from the ATM journal and not from the clearing system.

A transaction report must contain sufficient information to enable the issuer to determine the amount of funds that were disbursed by the ATM. If required for clarity, the transaction report must be accompanied by a key that shows the different elements of the report and their definitions.

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At minimum, the audit tape or transaction report must include:

- Primary Account Number read from track 2 of the magnetic stripe or from the chip (DE 2).
- Transaction type and account accessed (DE 3).
- Transaction amount in local currency (DE 4).
- Transaction trace or System Trace Audit Number (DE 11).
- Transaction date and time (DE 12).
- Terminal ID (DE 41).
- Terminal status (only required in case of partial or no dispense).
- Error report (only required in case of partial or no dispense).

The documentation may also show:

- Terminal's response to the last command received from the Interchange System
- Retract indicator
- Bill counts for each canister

If bill counts are present in the documentation, the acquirer must state the denomination of the bills that were dispensed from each canister. Nov 2007

For intra-European transactions other message codes may apply; please refer to section A.2.3.2 Second Presentment for more details.

NOTE

The Data Elements (DE) referred to above should contain the same information that would be included in the 1240/ First Presentment and 0100/Authorization Request Messages. If provided in a different format from IPM or Banknet/EPS-Net, a key would be required to explain each field.

Reasonable evidence of a successful disbursement of funds must be provided in the documentation supplied.

A.3.8 Message Reason Code 4870—Chip Liability Shift (120 Days)

Nov 2007

The Transitional Chip Liability Program allows participating members to charge back fraudulent magnetic strip transactions resulting from counterfeit fraud. Europe is currently the only participating region.

The issuer **may initiate** a chargeback using message reason code 4870 for counterfeit fraud when:

- The issuer receives a cardholder letter alleging that the transaction was fraudulent, and that the cardholder was in possession of his/her card at the time of the transaction.
- The transaction was conducted with a hybrid counterfeit card at a magnetic stripe reading-only ATM and the validly issued card (if any) was a hybrid card.
- The transaction that occurred on the counterfeit card was reported to SAFE on or before the date the chargeback was processed.

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The issuer **must not initiate** a chargeback using message reason code 4870 if a hybrid card is used at a hybrid terminal and if fallback from chip to magnetic stripe technology occurs and the transaction is properly identified with POS entry mode 80 (DE 22) in the authorization record. Nov 2007

NOTE

Technical Fallback is not permitted for ATM or PIN-based in-Branch transactions and the issuer has a compliance right in cases of counterfeit fraud. Refer to Chapter 19, section 9.3.4 of the *Cirrus Worldwide Operating Rules***.** **Nov 2007**

A.3.8.1 Chargeback

To submit a chargeback under message reason code 4870, an issuer must have received a cardholder letter and must provide the cardholder letter should the dispute escalate to an arbitration case.

A.3.8.2 Second Presentment

Nov 2007

2713 Chargeback Invalid

The acquirer provides evidence that:

- The ATM was properly identified in the authorization request as a hybrid terminal.

  Or

- The card involved in the transaction was not a hybrid card according to the service code (DE 35) provided in the authorization request.

DE 72 (Data Record) must be populated with "Chip Liability NA."

Other message codes may apply; please refer to section A.2.3.2 Second Presentment for more details.

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A.4 Settlement of Disputes

The following sections contain information about the settlement of disputes.

A.4.1 Intra-European Disputes

The following sections contain information about intra-European disputes.

A.4.1.1 When to File an Arbitration Case

Nov 2007

When both participants have exhausted their chargeback rights under the allowable processing cycles, the issuer may file for arbitration within 45 calendar days of the central processing date of the second presentment if:

- The issuer believes the acquirer's second presentment is invalid.
- The issuer did not receive documentation required from the acquirer within 10 calendar days of the central processing date of the second presentment for intra-European transactions.

The arbitration case may be for the same full amount of the second presentment or less.

A.4.1.2 When to File a Compliance Case

Nov 2007

A participant may file a compliance case against another participant because of a rule violation of the MasterCard rules if the following conditions are met:

- A chargeback right does not exist.
- The participant has suffered a financial loss directly due to the rule violation in question.

The case must be filed within 180 calendar days from the transaction presentment date or from the violation date if the alleged violation does not concern a transaction.

Before filing a compliance case, the filing participant must send a pre-compliance letter in an attempt to resolve the dispute. The pre-compliance letter must allow the other participant at least 30 calendar days to respond before the compliance case is filed.

A.4.2 Interregional Disputes

The following sections contain information about interregional disputes.

A.4.2.1 When to File an Arbitration Case

Nov 2007

An issuer may proceed to arbitration within 45 days from the second presentment date if it believes the acquirers second presentment is invalid.

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Either the issuer or acquirer may proceed to arbitration if it disputes a MasterCard decision, following the issuers submission of a completed Representment Documentation Dispute form, regarding illegible documentation received with a second presentment. If the issuer fails to receive documentation within ten (10) calender days, the issuer must complete the "Representment Documentation Dispute Form" within twenty (20) days of the second presentment and fax it to the Debit Dispute Department. For instructions on accessing the required form, refer to Appendix C, Forms of this guide. Nov 2007

NOTE

For interregional disputes the issuer must follow the Dispute Resolution Process as outlined in section 11.5 of the *Cirrus Worldwide Operating Rules* before filing an arbitration case because of illegible or missing documentation. **Nov 2007**

A.4.2.2 When to File a Compliance Case

Nov 2007

A participant may file a compliance case if it believes that another participant has violated any section of the Cirrus Worldwide Operating Rules or MasterCard Standard if the following conditions are met:

- A chargeback right does not exist.
- The participant has suffered a financial loss directly caused by the rule violation.

The case must be filed within 180 calendar days from the transaction presentment date or from the violation date if the alleged violation does not concern a transaction.

Before filing a compliance case, the filing participant must send a pre-compliance letter in an attempt to resolve the dispute. The pre-compliance letter must allow the other participant at least 30 calendar days to respond before the compliance case is filed.

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A.4.3 Arbitration and Compliance Filing Procedures—Intra-European and Interregional Cases

Nov 2007

To file a case the following forms should be used:

- **Arbitration Case**—Summary of Arbitration Documentation for Online Transactions form
- **Compliance Case**—Regulations/Rules Violations (Other than Chargeback) for Online Translations form

Refer to Appendix C, Forms for instructions for accessing these forms.

The completed Arbitration or Compliance Case form must be sent to:

MasterCard Worldwide
ATTN: Dispute Resolution Services Department
2200 MasterCard Boulevard
O'Fallon MO 63368-7263
USA

The postmarked date will be considered the filing date.

The documentation must be sent to each party via registered mail (or its equivalent), return receipt requested.

Nov 2007

The Arbitration or Compliance Filing Case form must be accompanied by a thorough description of the circumstances of the case, in chronological order. Legible copies of all relevant documentation, together with paper copies of electronic records, must be included. All documentation must be written in English or translated into English.

All arbitration or compliance cases must be signed by the principal contact or the compliance contact of the filing participant.

Intra-European cases only: Intra-European cases may be filed directly in the MasterCom Electronic Case Filing Application or via the Case Filing Hub Site. For details, refer to Chapter 4, Arbitration Procedures in this guide for arbitration cases or Chapter 5, Compliance Procedures in this guide for compliance cases.

A.4.4 Arbitration and Compliance Review Procedure—Intra-European and Interregional Cases

Arbitration and compliance cases will be reviewed by Dispute Resolution Management in accordance with the rules in effect on the date of the transaction, unless otherwise stated.

Dispute Resolution Management will make its ruling according to timely information received from each participant and other relevant information. Documentation required as outlined in this appendix, which was not provided to the participant concerned within the time frames described above, will not be considered by Dispute Resolution Management.

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Both participants will be advised in writing of Dispute Resolution Management's decision.

For interregional cases—Settlement of the dispute must take place as soon as is practicable after receipt of the Dispute Resolution Services Department's decision. Nov 2007

For intra-European cases—If MasterCard rules in favor of the filing member, MasterCard will credit the disputed amount to the filing member and will debit the disputed amount to the filed-against member by generating Global Clearing Management System (GCMS) "On-Behalf" Fee Collection/1740 messages using message reason code 7800. Nov 2007

A.4.4.1 Non-Acceptance of a Case

Following a preliminary examination of the case, the Dispute Resolution Services Department will decide whether it can accept the case for ruling.

An arbitration or compliance case will be declined if the filing member did not follow the filing requirements, including, but not limited to the following infractions:

- The filing member has not submitted the documentation required in accordance with the rules or otherwise requested by the reviewing body.
- The filing form and all documentation is neither in English nor is accompanied by an English translation.
- The case was filed after the time frames specified above.
- Copies of the filing form and accompanying documentation were not sent to the filed-against participant.
- The filing form was not signed by the Compliance Contact or Principal Contact of the filing member.
- The pre-compliance attempt was not made in accordance with the rules (applicable only in compliance cases).

If a case is not accepted for any of the above reasons, the reviewing body will retain the filing fee. The filing member may resubmit a case that has been declined for ruling if it can correct the deficiency that caused the case to be declined within the applicable filing time frames. A new filing fee will apply.

Following a preliminary examination of the case, the Dispute Resolution Services Department will decide whether it can accept the case for ruling.

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An arbitration or compliance case will be declined if the filing member did not follow the filing requirements, including, but not limited to the following infractions:

- The filing member has not submitted the documentation required in accordance with the rules or otherwise requested by the reviewing body.
- The filing form and all documentation is not in English nor is accompanied by an English translation.
- The case was filed after the time frames specified above.
- Copies of the filing form and accompanying documentation were not sent to the filed-against participant.
- The filing form was not signed by the Compliance Contact or Principal Contact of the filing member.
- The pre-compliance was not made in accordance with the rules (applicable only in compliance cases).

If a case is not accepted for any of the above reasons, the reviewing body will retain the filing fee. The filing member may resubmit a case that has been declined for ruling if it can correct the deficiency that caused the case to be declined within the applicable filing time frames. A new filing fee will apply.

A.4.4.2 Withdrawal of Case

Either participant can accept responsibility for the disputed amount before the Dispute Resolution Services Department has reached a decision. The Dispute Resolution Services Department must receive the Participant's written acknowledgement of responsibility before the decision is made. If the acknowledgement is received before the Dispute Resolution Services Department makes its decision, the Dispute Resolution Services Department will advise both participants accordingly, and the case will be withdrawn.

A.4.4.2.1 Arbitration and Compliance Fees

The participant found liable for the disputed transaction will be responsible for the filing fee and an administration fee.

In addition to the above, a participant will also be charged for each technical violation of established procedures. Staff may assess applicable technical fees against either participant involved in the arbitration or compliance case, even if the case was ruled in their favor.

In the event of a case withdrawal, the Dispute Resolution Services Department will assess the filing fee to the participant accepting responsibility. In addition, a withdrawal fee will be assessed.

For intra-European cases—MasterCard will assess the filing fee, administrative fee, and any technical fees, for the case through the MasterCard Consolidated Billing System (MCBS) as billing events.

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A.4.5 Arbitration or Compliance Case Appeals

Please refer to section 4.10 Arbitration or Compliance Case Appeals of this guide for the procedure and requirements applicable to appeals of both intra-European and interregional arbitration and compliance cases.

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Appendix B Chargebacks—Maestro Debit Cards

This appendix describes the procedures for processing Maestro® exception transactions.

The information contained in this appendix is for Europe region members only.

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Overview

Processing Cycle	Timeframe	
Presentment	The acquirer must send the presentment within seven (7) calendar days of the transaction date.	Nov 2007
Chargeback	The issuer must send the chargeback within 120 calendar days of the central processing date for intra-European transactions and of the switch settlement date for interregional transactions.	
Second Presentment	The acquirer must send the second presentment within 45 calendar days of the central processing date of the chargeback.	Nov 2007
Arbitration Case	The issuer must submit the Arbitration Case to MasterCard within 45 calendar days of the second presentment central processing date.	

B.1 Exception Item Processing

The following sections provide information on Exception Item Processing

B.1.1 Exception Transaction Types

B.1.1.1 POS Transactions

Each member must support the following POS exception transaction types:

- Retrieval request/request for documentation
- Chargeback
- Second presentment

B.1.1.2 ATM Transactions

Each member must support the following ATM exception transaction types:

- Chargeback
- Second presentment

B.1.2 Reversals

Europe uses a dual message system to process authorization messages (using EPS-Net) and clearing messages (using Global Clearing Management System [GCMS]). Therefore, whenever an acquirer identifies an error in the presentment of a transaction, a "reversal" (either full or partial) will be generated. There is no time limit for the acquirer to issue a reversal.

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B.1.3 Retrieval Requests (POS Transactions Only)

Nov 2007

An issuer may initiate a retrieval request for an intra-European transaction following:

- A cardholder request

  Or

- For fraud investigation

In addition, for intra-European transactions, a retrieval request must be undertaken before using one of the following chargeback reasons:

- Non-fulfillment of request for information, reason code 4801
- Non-fulfillment of request—illegible copy, reason code 4802
- No Cardholder Authorization, reason code 4837

B.1.3.1 Acquirer Requirements

The acquirer must fulfill a retrieval request within 45 calendar days of the retrieval request processing date by providing the issuer with a legible copy of the requested documentation through MasterCom®.

B.1.3.2 E–Commerce Transactions

An issuer may request a copy of the order information that was processed at the time of the transaction. An original copy of the transaction receipt for an e-commerce (electronic commerce) transaction cannot be requested, because none exists.

The acquirer must obtain order information from the merchant, if it is requested to do so by an issuer.

The acquirer must validate that the order information supplied by the merchant corresponds to the message digest of the order information contained in the original transaction.

The acquirer must make the merchant's contact address and telephone number available to the issuer.

B.1.4 Chip Transactions

Nov 2007

The production of a transaction cryptogram and related data elements for each chip transaction introduces new information, which can help determine the actual circumstances of a transaction and thus assist in determining issuer and acquirer liabilities. Cryptograms must be provided to issuers in the original presentment or must be made available to issuers via **retrieval request fulfillments** if needed for subsequent inquiries.

Nov 2007

However, the cryptogram in itself does not constitute a guarantee of payment to the acquirer. Nor does the lack of a cryptogram or an invalid cryptogram provide an automatic right of chargeback to the issuer.

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NOTE

Refer to section 11.1.1 of the *Maestro Global Rules* for further information about the Transitional Chip Liability Shift Program. Nov 2007

B.1.5 Chargebacks Nov 2007

All message reason codes in this appendix are allowed for any type of Maestro transactions unless otherwise stated under the message reason code. Such transactions include:

- Magnetic stripe or chip read transactions
- Signature, PIN or non-PIN based transactions

B.1.5.1 Chargeback Procedures

A chargeback may be initiated if the issuer determines that the transaction was presented in violation of the rules and that a specific reason is available as detailed in section B.1.6 (for interregional transactions), and section B.1.7 (for intra-European transactions) of this appendix.

A chargeback must be submitted within 120 calendar days from the Central Site Processing date for the full transaction amount, unless otherwise specified in the appropriate message reason codes. An acquirer must accept the resultant liability unless it can satisfy the conditions for second presentment. Nov 2007

B.1.5.2 Supporting Documentation for a Chargeback Nov 2007

No supporting documentation is required when submitting a chargeback, unless otherwise stated under the specific message reason code. However, issuers should be able to justify any chargeback initiated.

B.1.6 Second Presentment Procedures Nov 2007

An acquirer must use its best efforts to investigate each chargeback received for validity and either accept the charge or process a second presentment.

The second presentment may not be for an amount in excess of the issuer's chargeback but may be for the same or a lesser amount.

No provisions are made to settle any losses/gains resulting from exchange rate differences or funding costs. Nov 2007

Second presentments must be submitted within 45 calendar days from the chargeback processing date. The requirements that must be met before an acquirer can second present a transaction, and the supporting documentation required, are provided under each message reason code.

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For intra-European transactions other general second presentment message reason codes may apply, such as:

- 2713—Invalid Chargeback
- 2702—Past Chargeback Time Limit Issued
- 2011—Credit Previously

Please refer to section 3.1 4Message Reason Codes of this guide for a complete list of message reason codes.

After the acquirer has processed the second presentment, the issuer has no further chargeback rights; arbitration chargebacks are not permitted.

B.1.6.1 Supporting Documentation for a Second Presentment

Supporting documentation, completed in English, or accompanied by an English translation, must be submitted within 10 days of the second presentment processing date.

For intra-European transactions, if the acquirer does not submit the required supporting documentation with the second presentment, the issuer can bring the case to arbitration within 45 days of the second presentment processing date. For disputes between two members that share a common language, it is sufficient if the documentation is translated into English at arbitration stage. Nov 2007

B.1.6.2 Disputing Supporting Documentation

For interregional transactions, when the acquirer supplies documentation through the MasterCom system, the issuer has 10 calendar days from the date the image was delivered to dispute it for legibility or missing information by submitting a completed Representment Documentation Dispute form. For instructions on accessing the forms, refer to Appendix C, Forms of this guide. Refer to section B.4 Arbitration and Compliance for details regarding interregional and intra-European arbitration and compliance procedures.

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B.2 Message Reason Codes for Interregional Transactions

The following message reason codes are applicable to interregional POS, e-commerce, PIN-based in-Branch, and ATM transactions unless otherwise indicated under the message reason code.

Chargeback Reason	European Members use Reason Code:	Members outside Europe use Reason Code:	PIN-based?	Signature?	
Cardholder Denies Transaction Finalized **(POS and e-commerce transactions only)**	4515	77	Yes	Yes	Nov 2007
Documentation Not Received on Retrieval Request **(POS transactions only)** [1]	4801	76	Yes	Yes	
Documentation Not Legible on Retrieval Request **(POS transactions only)** [1]	4802	78	Yes	Yes	
Disputed Amount **(POS and e-commerce transactions only)**	4831	71	Yes	Yes	Nov 2007
Duplicate Transaction	4834	73	Yes	Yes	
Missing or Illegible Signature **(POS transactions only)**	4837	74	N/A	Yes	
Credit Posted as Debit **(POS and e-commerce transactions only)**	4850	72	Yes	Yes	Nov 2007
Goods or Services Not Delivered **(e-commerce only)**	4855	79	Yes	N/A	
Cardholder Dispute **(ATM transactions only)**	4859	17	Yes	N/A	
Credit Not Received **(POS and e-commerce transactions only)**	4860	75	Yes	Yes	Nov 2007
Chip Liability Shift **(POS Transactions Only)**	4870				
Chip Transaction—Late Presentment **(POS Transactions Only)**	4880	80	Yes	No	

1 This chargeback is not currently supported in the MasterCard Debit Switch (MDS).

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In addition to the above chargeback reasons, the following chargeback reason codes may be used by MasterCard to automatically chargeback interregional transactions.

Chargeback Reason	Reason Code	PIN-based?	Signature?
Multiple Processing	4804	Yes	Yes
Transaction not reconciled	4809	Yes	Yes
Stale Transaction	4811	Yes	Yes

B.2.1 Interregional Message Reason Code 4515—Cardholder Denies Transaction Finalized (POS and e-commerce Transactions Only)

The following sections provide information for message reason code 4515.

B.2.1.1 Chargeback

Nov 2007

A cardholder's account is incorrectly debited for an incomplete POS or e-commerce transaction, and an alternative form of payment was used to complete the transaction, (for example, cash, check, and so forth).

B.2.1.2 Second Presentment

2700 Chargeback remedied—The acquirer provides documentation to show that the transaction occurred and was not cancelled.

Nov 2007

B.2.2 Interregional Message Reason Code 4801—Documentation Not Received on Retrieval Request (POS Transactions Only)

This chargeback reason is not currently supported in the MasterCard Debit Switch (MDS).

B.2.3 Interregional Message Reason Code 4802—Documentation Not Legible on Retrieval Request (POS Transactions Only)

This chargeback reason is not currently supported in the MasterCard Debit Switch (MDS).

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B.2.4 Interregional Message Reason Code 4804—Transaction Multiple Processing

The following sections provide information for message reason code 4804.

B.2.4.1 Chargeback

MasterCard uses this reason code to automatically charge back any interregional transaction between a European acquirer and a non-European issuer if a previous presentment had already been matched to the pending file.

B.2.4.2 Second Presentment

Second presentments are not permitted. The acquirer may rectify the transaction details and submit a correct new first presentment.

B.2.5 Interregional Message Reason Code 4809—Transaction Not Reconciled

The following sections provide information for message reason code 4809.

B.2.5.1 Chargeback

Nov 2007

MasterCard uses this reason code to automatically charge back any interregional transaction between a European acquirer and a non-European issuer in the following situation.

MasterCard was unable to reconcile the clearing presentment with the authorization details of a transaction, because of a discrepancy between the authorization request and the clearing presentment.

B.2.5.2 Second Presentment

Second presentments are not permitted. The acquirer may rectify the transaction details and submit a correct new first presentment.

B.2.6 Interregional Message Reason Code 4811—Stale Transaction

The following sections provide information for message reason code 4811.

B.2.6.1 Chargeback

Nov 2007

MasterCard uses this reason code to automatically charge back any interregional transaction between a European acquirer and a non-European issuer presented more than 120 calendar days after the transaction date.

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B.2.6.2 Second Presentment

Second presentments are not permitted.

B.2.7 Interregional Message Reason Code 4831—Disputed Amount (POS and e-commerce Transactions Only)

Nov 2007

The cardholder's account has been debited for an amount that is higher than the original purchase amount.

The following sections provide information for message reason code 4831.

B.2.7.1 Chargeback

The issuer may chargeback only the amount of the disputed difference. Nov 2007

B.2.7.2 Second Presentment

Nov 2007

2700 Chargeback remedied—The acquirer supplies documentation proving that the transaction was correctly processed.

B.2.8 Interregional Message Reason Code 4834—Duplicate Transaction

Nov 2007

A cardholder's account has been debited more than once for a single transaction.

To demonstrate that the transaction is a duplicate, the POS terminal or ATM sequence number, transaction amount, and the date and time of the transaction must be the same for the transactions in question.

The following sections provide information for message reason code 4834.

B.2.8.1 Chargeback

For duplicated interregional transactions, the issuer must charge back both transactions. Nov 2007

B.2.8.2 Second Presentment

Nov 2007

2700 Chargeback remedied— The acquirer supplies documentation supporting two separate transactions or proof that a credit was issued.

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B.2.9 Interregional Message Reason Code 4837—Missing or Illegible Signature (POS Transactions Only)

The following sections provide information for message reason code 4837.

B.2.9.1 Chargeback

This chargeback reason is applicable to signature-based POS transactions, of which the cardholder's physical (not electronic) signature either is missing or illegible on the paper sales receipt. Nov 2007

The cardholder states that he or she did not participate in or authorize the signature-based transaction in question.

This chargeback reason is not applicable for transactions that permit an electronic signature (such as, an electronic commerce transaction).

B.2.9.2 Second Presentment Nov 2007

2700 Chargeback remedied—The acquirer supplies the signed transaction receipt.

B.2.10 Interregional Message Reason Code 4850—Credit Posted as Debit (POS and e-commerce Transactions Only)

The cardholder's account is inaccurately debited instead of credited, because of an incorrect transaction code. For example, a credit was initiated by a merchant to refund the cardholder's account but was posted as a debit. Nov 2007

The following sections provide information message reason code 4850.

B.2.10.1 Chargeback

This chargeback amount should be for twice the original transaction amount to offset the original error.

B.2.10.2 Second Presentment

2700 Chargeback remedied—The acquirer supplies documentation proving that the transaction was correctly processed. Nov 2007

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B.2.11 Interregional Message Reason Code 4855—Goods or Services Not Delivered (e-Commerce Transactions Only)

The cardholder's account has been debited for an e-commerce transaction, but the merchant failed to deliver the goods or services. Nov 2007

The following sections provide information for message reason code 4855.

B.2.11.1 Chargeback

This chargeback does not cover situations where the goods or services delivered by the merchant do not meet the customer's expectations.

B.2.11.2 Second Presentment

2700 Chargeback remedied—The acquirer supplies documentation showing that goods or services were delivered. Nov 2007

B.2.12 Interregional Message Reason Code 4859—Cardholder Dispute (ATM Transactions Only) Nov 2007

This message reason code applies only to ATM transactions.

The issuer receives a written cardholder complaint advising that the cardholder did not receive, or received only in part, funds charged to his or her account as a result of an automated cash disbursement.

The following sections contain information about the message reason code 4859.

B.2.12.1 Chargeback Nov 2007

The issuer must populate DE 72 (Data Record) with **RS 3** Nov 2007

B.2.12.2 Second Presentment Nov 2007

2700 Chargeback remedied, see supporting documentation

The acquirer may remedy the chargeback if it provides documentation verifying the disbursement of funds to the cardholder.

The acquirer must enter **RS 3** as well as the chargeback contact name, telephone and fax number in DE 72 (Data Record).

The supporting documentation must be in the form of a legible copy of either the ATM audit tape or an internal transaction report from the acquirer. The ATM audit tape or the transaction report must show any terminal activity that occurred immediately before and after the disputed transaction.

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The internal transaction report from the acquirer is only to be used when the ATM did not produce an audit tape. Data on the transaction report must come from the ATM journal and not from the clearing system.

A transaction report must contain sufficient information to enable the issuer to determine the amount of funds that were disbursed by the ATM. If required for clarity, the transaction report must be accompanied by a key that shows the different elements of the report and their definitions. Data on the transaction report must come from the ATM journal and not from the clearing system.

At minimum, the audit tape or transaction report must include the following:

- Primary Account Number read from track 2 of the magnetic stripe or from the chip (DE 2)
- Transaction type and account accessed (DE 3)
- Transaction amount in local currency (DE 4)
- Transaction trace or System Trace Audit Number (DE 11)
- Transaction date and time (DE 12)
- Terminal ID (DE 41)
- Terminal status (only required in case of partial or no dispense).
- Error report (only required in case of partial or no dispense).

The documentation may also show:

- Terminal's response to the last command received from the Interchange System
- Retract indicator
- Bill counts for each canister

If bill counts are present in the documentation, the acquirer must state the denomination of the bills that were dispensed from each canister. Nov 2007

NOTE

The Data Elements (DE) referred to above should contain the same information that would be included in the 1240/ First Presentment and 0100/Authorization Request Messages. If provided in a different format from IPM or Banknet/EPS-Net, a key would be required to explain each field.

Reasonable evidence of a successful disbursement of funds must be provided in the documentation supplied.

B.2.13 Interregional Message Reason Code 4860—Credit Not Received (POS and e-commerce Transactions Only)

The cardholder's account is not credited for a refund from a merchant. Nov 2007

The following sections provide information for message reason code 4860.

B.2.13.1 Chargeback

This chargeback should be for the full amount of the refund.

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B.2.13.2 Second Presentment

2011 Credit issued—The acquirer provides the issuer with the date that the credit was processed to the cardholder's account, and the reference number of that transaction. Nov 2007

B.2.14 Interregional Message Reason Code 4870—Chip Liability Shift (POS Transactions Only)

This message reason code is currently applicable only for Intra-European transactions as only Europe participates in the Chip Liability Shift program. Nov 2007

B.2.15 Interregional Message Reason Code 4880—Late Presentment (120 Days)

The following sections provide information for message reason code 4880.

B.2.15.1 Chargeback

An issuer may use reason code 4880 if the transaction is submitted into clearing more than seven calendar days after the transaction date and:

- The cardholder's account is closed
- The cardholder's account does not contain sufficient funds to cover the transaction amount

  Or

- The issuer receives a cardholder letter alleging that the transaction was the result of counterfeit fraud and that the cardholder was in possession of his/her card at the time of the transaction.
- In order to use reason code 4880, an issuer must have used good-faith efforts to collect the transaction amount from the cardholder's account.
- An issuer will not be able to submit a chargeback under 4880 if the cardholder's account is in good standing.

B.2.15.2 Second Presentment

2003 Correct transaction date provided—The acquirer provides evidence that the transaction was presented within the seven calendar day time limit. Nov 2007

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B.3 Message Reason Codes for Intra-European Transactions

Nov 2007

The following message reason codes are applicable to intra-European POS, e-commerce, PIN-based in-Branch, and ATM transactions.

They apply to any type of Maestro transactions, such as Magnetic stripe or chip read transactions and Signature, PIN or non-PIN based transactions, unless otherwise indicated under the message reason code.

Message Reason Code	Description	Section
4515	Transaction Not Finalized (120 Days)	B.3.1
4522	Declined Authorization (120 Days)	B.3.2
4801	Non-Fulfillment of Request for Information (120 Days)	B.3.3
4802	Non-Fulfillment of Request: Illegible Copy (120 Days)	B.3.4
4808	Transaction Not Authorized (120 Days)	B.3.5
4831	Incorrect Transaction Amount (120 Days)	B.3.6
4834	Duplicate Processing of Transaction (120 Days)	B.3.7
4837	No Cardholder Authorization (120 Days)	B.3.8
4846	Currency Errors (120 Days)	B.3.9
4847	Transaction Not Authorized (120 Days)	B.3.10
4850	Credit Submitted as a Debit (120 Days)	B.3.11
4855	Goods or Services not Delivered (120 Days)	B.3.12
4859	Services not Rendered (120 Days)	B.3.13
4860	Credit not Received (120 Days)	B.3.14
4870	Chip Liability Shift (120 Days)	B.3.15
4880	Late Presentment (120 Days)	B.3.16

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B.3.1 Intra-European Message Reason Code 4515—Transaction Not Finalized

The following sections provide information for message reason code 4515.

B.3.1.1 Chargeback

Nov 2007

This message reason code is allowed for POS and e-commerce transactions only.

The issuer receives a reversal message relating to a transaction to which it had given a positive authorization response. However, in the clearing file, a normal transaction is shown for the original authorized amount but no reversal is received in the clearing file. The error may be determined by the issuer or by the cardholder, stating that the transaction never took place or was cancelled.

B.3.1.2 Second Presentment

2700 Chargeback remedied—The acquirer provides evidence to indicate that the transaction took place and was not cancelled. Other second presentment message codes may apply. Please refer to section B.1.8 Chargebacks for details.

Nov 2007

B.3.2 Intra-European Message Reason Code 4522—Declined Authorization

This chargeback reason code is allowed for POS transactions only.

Nov 2007

The following sections provide information for message reason code 4522.

B.3.2.1 Chargeback

Either the issuer or its agent or the chip declined the transaction. However, in the clearing file, a normal transaction is presented and no reversal is received. The error is determined by either the issuer or correspondence is received from the cardholder stating the transaction never took place, or both.

Nov 2007

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B.3.2.2 Second Presentment

Nov 2007

2008 Transaction authorized

The acquirer can substantiate that the transaction was approved by providing the authorization date and code in DE 72 (Data Record) as "MMDDYY NNNNNN".

Or

The transaction was completed with chip. It was under the applicable floor limit and authorized offline by the chip. DE 72 (Data Record) must contain "Chip transaction." If DE 55 (Integrated Circuit Card [ICC] System-Related Data) was not previously provided in the first presentment it must be supplied with the second presentment as supporting documentation. Other second presentment message codes may apply. Please refer to section B.1.5 Chargebacks for details.

B.3.3 Intra-European Message Reason Code 4801—Non-Fulfillment of Request for Information

The issuer may use reason code 4801 only when there is a justifiable reason for the cardholder not to pay the charge or if the issuer will incur a financial loss because the acquirer did not provide the requested item.

Nov 2007

The following sections provide information for message reason code 4801.

B.3.3.1 Chargeback

If the issuer initiated a retrieval request for details of a transaction disputed by the cardholder within 120 calendar days of the presentment processing date, and the requested information is not provided by the acquirer within 45 calendar days after the processing date of the retrieval request, the issuer has the right to chargeback the transaction. The issuer must send the chargeback within 10 calendar days after expiry of the retrieval request fulfillment period.

Nov 2007

B.3.3.2 Second Presentment

2700 Chargeback remedied—The acquirer provides the requested documentation. Other second presentment message codes may apply. Please refer to section B.1.5 Chargebacks for details.

Nov 2007

B.3.3.3 New Chargeback

If the issuer, on examination of the requested documentation for the first time, discovers a new chargeback reason code, a new first chargeback can be processed within 45 days of the second presentment processing date.

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B.3.4 Intra-European Message Reason Code 4802—Non-Fulfillment of Request: Illegible Copy (120 Days)

This message reason code is applicable only for signature based POS transactions, for e-commerce transactions and for Chip/PIN transactions where the transaction certificate and related data were not provided in DE 55 of the First Presentment/1240 message. The issuer may use reason code 4802 only when there is a justifiable reason for the cardholder not to pay the charge, or if the issuer will incur a financial loss because the acquirer did not provide a legible copy of the requested item.

The following sections provide information for message reason code 4802.

B.3.4.1 Chargeback

Nov 2007

The cardholder disputed the transaction and the item provided via MasterCom by the acquirer was not legible or did not contain all the required information. The issuer rejected the item to Image Review within 10 calendar days of the date that the item was received, and the issuer was favored by the Image Review decision.

B.3.4.2 Second Presentment

Nov 2007

2700 Chargeback remedied—The acquirer provides documentation that is legible or complete, or both. Other second presentment message codes may apply. Please refer to section B.1.6 Chargebacks for details.

B.3.4.3 New Chargeback

If the issuer, on examination of the requested documentation for the first time, discover a new chargeback reason code, a new first chargeback can be processed within 45 days of receipt of the second presentment processing date.

B.3.5 Intra-European Message Reason Code 4808—Transaction Not Authorized (120 Days)

The following sections provide information for message reason code 4808.

B.3.5.1 Chargeback

Nov 2007

This chargeback reason code is allowed for ATM and PIN-Based In-Branch terminal transactions only.

The issuer or its agent has declined the transaction, has never received an authorization request for the amount presented in the clearing file, or the amount appearing in the clearing is higher than the authorized amount.

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In the former two cases the complete amount, and in the latter case the difference between both amounts, may be charged back, if no reversal has been received, the customer has issued a complaint, or the issuer has determined the error.

In DE 72 (Data Record) of the chargeback message the following conditions of the account must be given: STATUS CODE (**C—**Credit Problem; **F—**Other Fraud, [for example, stolen or never received]; **X—**Counterfeit or **O—**Account Closed).

B.3.5.2 Second Presentment

Nov 2007

2008 Transaction authorized—The acquirer can substantiate that the transaction was approved by providing the authorization date and code in DE 72 (Data Record) as "MMDDYY NNNNNN".

2704 Invalid Data Record—The chargeback is invalid because the issuer failed to provide the status code in DE 72 (Data Record). Other second presentment message codes may apply. Please refer to section B.1.6 Chargebacks for details.

B.3.6 Intra-European Message Reason Code 4831—Incorrect Transaction Amount (120 Days)

This message reason code is allowed for POS and e-commerce transactions only. The cardholder's account has been debited for an amount that is higher than the original purchase amount.

The following sections provide information for message reason code 4831.

B.3.6.1 Chargeback

Nov 2007

The issuer may charge back only the disputed difference.

A copy of the cardholder's transaction receipt or similar evidence and a copy of the cardholder's written complaint must be provided as support documentation.

B.3.6.2 Second Presentment

2700 Chargeback remedied—The acquirer provides evidence that the transaction was correctly processed. Other second presentment message codes may apply. Please refer to section B.1.6 Chargebacks for details.

Nov 2007

B.3.7 Intra-European Message Reason Code 4834—Duplicate Processing of Transaction (120 Days)

Nov 2007

The issuer or the cardholder determines that a transaction has been submitted in duplicate. A transaction is considered a duplication if the terminal ID, the transaction amount in the original currency, the date, and the time of the transaction are the same.

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The following sections provide information for message reason code 4834.

B.3.7.1 Chargeback

Nov 2007

In DE 72 (Data Record) of the chargeback message, the Acquirer Reference Data (ARD) of the first transaction must be provided:

FIRST ARD NNNNNNNNNNNNNNNNNNNNN

B.3.7.2 Second Presentment

Nov 2007

2008 Transaction authorized—The acquirer can substantiate that both transactions are valid and were authorized by PIN. The authorization date and code of both transactions must be entered in DE 72 (Data Record) as "PIN MMDDYY NNNNNN".

2011 Credit previously issued—The central site processing date of the credit or reversal must be provided in DE 72 (Data Record) as "Credit MMDDYY" and optionally the ARD (Acquirer Reference Data).

2700 Chargeback remedied—The acquirer provides two separate TIDs indicating two valid transactions.

2704 Invalid Data Record—The chargeback is invalid because the issuer failed to provide the original ARD in DE 72 (Data Record). Other second presentment message codes may apply. Please refer to section B.1.5 Chargebacks for details.

B.3.8 Intra-European Message Reason Code 4837—No Cardholder Authorization (120 Days)

Nov 2007

This chargeback reason code is applicable only to non-PIN-based POS transactions.

The issuer receives a cardholder dispute letter, stating that the cardholder has neither participated in nor authorized a transaction. Issuers may charge back all fraudulent intra-European transactions completed using signature as the CVM at magnetic stripe reading-only POS Terminals.

This chargeback may not be used when the transaction was completed at an EMV terminal which was properly identified in the authorization and the clearing record. Before charging back, the issuer must retrieve the transaction printout by a retrieval request and verify that the transaction was in fact non–PIN-based.

The following sections provide information for message reason code 4837.

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B.3.8.1 Chargeback

Nov 2007

The issuer must supply the cardholder letter as supporting documentation. All fraudulent transactions must be reported to SAFE as outlined in section 6.10 of the *Maestro Global Rules*.

B.3.8.2 Second Presentment

Nov 2007

Second presentments are not permitted for non–PIN-based fraudulent transactions at terminals capable only of reading the magnetic stripe. In this situation the acquirer is held responsible even though a signature waiver may have been granted.

2008 Transaction authorized—The acquirer can substantiate that the transaction was authorized online and verified with PIN. The authorization date and code must be entered in DE 72 (Data Record) as "PIN MMDDYY NNNNNN".

Or

The transaction was authorized offline by the chip and verified with offline PIN. "Chip/PIN TRX" should be entered in DE 72 (Data Record). If DE 55 (Integrated Circuit Card [ICC] System-Related Data) was not previously provided in the first presentment, it must be supplied with the second presentment as supporting documentation.

2700 Chargeback remedied—The authorization record and the clearing record identified the POS terminal as being hybrid. The authorization date and code must be entered in DE 72 (Data Record) as "Hybrid POI MMDDYY NNNNNN". In addition, the acquirer must provide the signed TID. Other second presentment message codes may apply. Please refer to section B.1.6 Chargebacks for details.

B.3.9 Intra-European Message Reason Code 4846—Currency Errors (120 Days)

This message reason is applicable to POS and e-commerce transactions. Nov 2007

B.3.9.1 Chargeback

An incorrect amount is deducted from the cardholder's account in the following circumstances:

- The acquirer did not provide the correct transaction currency code (DE 49) for the currency in which the transaction was completed. Nov 2007
- The transaction amount is provided in a different currency for information purposes, and this currency is incorrectly processed as the transaction currency.
- POI currency conversion disputes. A cardholder states in writing that he or she was not given the opportunity to choose the desired currency in which the transaction was completed or did not agree to the currency of the transaction.

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No documentation is required to support this chargeback, with the exception of disputes involving POI currency conversion. For disputes involving POI currency conversion, a cardholder letter and, if available, a copy of the transaction receipt must accompany the chargeback.

This chargeback must be for the full amount of the transaction.

B.3.9.2 Second Presentment

For POI currency conversion disputes where the cardholder states that they were not given the opportunity to choose the desired currency in which the transaction was completed or did not agree to the currency of the transaction, the acquirer should resubmit the transaction in the merchant's local currency if the chargeback is valid. The acquirer is prohibited from using the second presentment to argue the validity of the cardholder's claim regarding the selection of or non-agreement to the currency.

Nov 2007

2700 Chargeback remedied—Documentation must be submitted by the acquirer to show that the transaction was processed in the proper currency or that the currency conversion was correct (not available for POI currency conversion disputes). Other second presentment message codes may apply. Please refer to section B.1.6 Chargebacks for details.

B.3.9.3 New Presentment

If the issuers chargeback is correct, the acquirer may resubmit the transaction in the proper settlement currency and process this new presentment within applicable time frames.

Chargebacks including but not limited to "Late Presentment" may be applicable to the new presentment. The presentment must be processed with seven days of the Central Site Business Date of the first chargeback for the acquirer to be protected from a chargeback under reason code 4880 (Intra-European Late Presentment).

B.3.9.4 Resolving Chargebacks Relating to POI Currency Conversion

The contents of the transaction receipt are considered only in determining whether POI currency conversion has occurred on a transaction. They neither prove nor disprove the cardholder's agreement to the conversion.

If the chargeback is valid, the acquirer should process the transaction as a First Presentment/1240 message in the merchant's local currency. The new presentment must be processed within seven days of the Central Site Business Date of the first chargeback for the acquirer to be protected from a chargeback under message reason code 4880 (Intra-European Late Presentment).

When converting the new transaction presented in the merchants local currency to the cardholder's billing currency, the issuer should apply the conversion rate that was in effect on the date of the original transaction.

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B.3.10 Intra-European Message Reason Code 4847—Transaction Not Authorized (120 Days)

Nov 2007

This chargeback reason code is allowed for POS and e-commerce transactions only.

Neither the issuer nor its agent have received an authorization request for the amount presented in the clearing file, or the amount appearing in the clearing is higher than the amount authorized. In the former case the complete amount and in the latter case the difference between both amounts, may be charged back if no reversal has been received and the customer has issued a complaint.

For magnetic stripe transactions, this reason code may be used for any transaction that has not been authorized online to the issuer. For chip transactions, it may be used if the transaction amount was above the international floor limit, and the transaction has not been authorized online to the issuer, or if the terminal did not obtain online authorization when instructed to do so by the chip.

B.3.10.1 Chargeback

Nov 2007

In DE 72 (Data Record) of the chargeback message, the following conditions of the account must be given: STATUS CODE (**C**—Credit Problem; **F**—Other Fraud, [for example, lost, stolen or never received]; **X**—Counterfeit; or **O**—Account Closed).

B.3.10.2 Second Presentment

Nov 2007

2008 Transaction authorized—The acquirer can substantiate that the transaction was approved by providing the authorization date and code in DE 72 (Data Record) as "MMDDYY NNNNNN".

Or

The transaction was completed with chip. It was under the applicable floor limit and authorized offline by the chip. DE 72 (Data Record) must contain “Chip transaction”. If DE 55 (Integrated Circuit Card [ICC] System-Related Data) was not previously provided in the first presentment, it must be supplied with the second presentment as supporting documentation.

2704 Invalid Data Record—The chargeback is invalid because the issuer failed to provide the status code in DE 72 (Data Record). Other second presentment message codes may apply. Please refer to section B.1.6 Chargebacks for details.

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B.3.11 Intra-European Message Reason Code 4850—Credit Submitted as a Debit (120 Days)

Nov 2007

This chargeback reason code is allowed for POS and e-commerce transactions only.

The cardholder determines that his orher account was inaccurately posted because of an incorrect transaction code. (For example, a credit was initiated by a merchant but posted in the clearing file as a debit.)

B.3.11.1 Chargeback

This chargeback must be for twice the amount of the original transaction.

B.3.11.2 Second Presentment

Nov 2007

2700 Chargeback remedied—The acquirer provides a copy of a TID justifying the transaction. Other second presentment message codes may apply. Please refer to section B.1.6 Chargebacks for details.

B.3.12 Intra-European Message Reason Code 4855—Goods or Services Not Delivered

Nov 2007

This chargeback reason is applicable to e-commerce transactions only.

The cardholder's account has been debited for an e-commerce transaction, but the merchant failed to deliver the goods or services.

B.3.12.1 Chargeback

This chargeback does not cover situations where the goods or services delivered by the merchant do not meet the customer's expectations.

B.3.12.2 Second Presentment

Nov 2007

2700 Chargeback remedied—The acquirer provides documentation to show that the delivery was made. Other second presentment message codes may apply. Please refer to section B.1.6 Chargebacks for details.

B.3.13 Intra-European Message Reason Code 4859—Services Not Rendered (120 Days)

This message reason code applies only to ATM transactions.

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The issuer receives a written cardholder complaint advising that the cardholder did not receive, or received only in part, funds charged to his or her account as a result of an automated cash disbursement.

The following sections contain information about the message reason code 4859.

B.3.13.1 Chargeback

Nov 2007

The issuer must populate DE 72 (Data Record) with **RS 3**.

B.3.13.2 Second Presentment

Nov 2007

2700 Chargeback remedied, see supporting documentation

The acquirer may remedy the chargeback if it provides documentation verifying the disbursement of funds to the cardholder.

The acquirer must enter **RS 3** as well as the chargeback contact name, telephone and fax number in DE 72 (Data Record).

The supporting documentation must be in the form of a legible copy of either the ATM audit tape or an internal transaction report from the acquirer. The ATM audit tape or the transaction report must show any terminal activity that occurred immediately before and after the disputed transaction.

The internal transaction report from the acquirer is only to be used when the ATM did not produce an audit tape. Data on the transaction report must come from the ATM journal and not from the clearing system.

A transaction report must contain sufficient information to enable the issuer to determine the amount of funds that were disbursed by the ATM. If required for clarity, the transaction report must be accompanied by a key that shows the different elements of the report and their definitions.

At minimum, the audit tape or transaction report must include:

- Primary Account Number read from track 2 of the magnetic stripe or from the chip (DE 2).
- Transaction type and account accessed (DE 3)
- Transaction amount in local currency (DE 4)
- Transaction trace or System Trace Audit Number (DE 11)
- Transaction date and time (DE 12)
- Terminal ID (DE 41)
- Terminal status (only required in case of partial or no dispense)
- Error report (only required in case of partial or no dispense)

The documentation may also show:

- Terminal's response to the last command received from the Interchange System
- Retract indicator
- Bill counts for each canister

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If bill counts are present in the documentation, the acquirer must state the denomination of the bills that were dispensed from each canister.

Other message codes may apply; please refer to section B.1.6 Second Presentment for more details.

NOTE

The Data Elements (DE) referred to above should contain the same information that would be included in the 1240/ First Presentment and 0100/Authorization Request Messages. If provided in a different format from IPM or Banknet/EPS-Net, a key would be required to explain each field.

Reasonable evidence of a successful disbursement of funds must be provided in the documentation supplied.

B.3.14 Intra-European Message Reason Code 4860—Credit Not Received (120 Days)

Nov 2007

This chargeback reason code is allowed for POS and e-commerce transactions only.

The cardholder states in writing that a credit advice was to be processed in favor of his or her account. The advice may be a credit receipt or some other advice issued by a merchant or its agent (such as, travel agent) indicating that the amount was to be credited to the cardholder's account.

B.3.14.1 Chargeback

This chargeback may not be issued before 14 calendar days from the date of the credit receipt or other advice of credit from the merchant. Should no date be specified, the 14-day time frame shall be calculated from the presentment processing date.

A letter or other advice from the merchant instructing the cardholder to obtain the credit due via chargeback procedures is acceptable as an advice of credit and is eligible for immediate chargeback providing it includes or is accompanied by documentation indicating the amount of credit due.

No supporting documentation must be sent. It is sufficient that the issuer has the supporting documentation on file, including evidence that the original transaction was undertaken with a Maestro card.

B.3.14.2 Second Presentment

Nov 2007

2011 Credit issued—The central site processing date of the credit or reversal must be provided in DE 72 (Data Record) as "Credit MMDDYY" and optionally the ARD (Acquirer Reference Data).

Other second presentment message codes may apply. Please refer to section B.1.5 Chargebacks for details.

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B.3.15 Intra-European Message Reason Code 4870—Chip Liability Shift (120 Days)

Nov 2007

This chargeback reason code is allowed for POS, ATM, and PIN-Based In-Branch terminal transactions.

The issuer receives a cardholder letter alleging that the transaction was fraudulent, and the issuer must provide this letter if the dispute is escalated to an arbitration case.

The fraudulent transaction must be reported to SAFE on or before the date the chargeback is processed.

NOTE

Technical Fallback: When a hybrid card is used at a hybrid terminal and fallback from chip to magnetic stripe occurs, the transaction must be properly identified with POS entry mode 80 (DE 22) and authorized online. The cardholder verification method (CVM) must be PIN, except if the transaction is acquired in a waiver country (refer to part 1, section 6.4.3 of the Global Maestro Rules) in which case signature is also a permitted CVM. If the POS entry mode is not properly identified or the proper CVM is not used, the issuer may charge the item back under reason code 4870.

Technical Fallback is not permitted for intra-European ATM or PIN-based in-Branch transactions. The issuer may have a compliance right in case of counterfeit fraud. Refer to Global Maestro Rules, chapter 19, section 7.10.1 and 7.11.

B.3.15.1 Chargeback

Nov 2007

For **counterfeit fraud** the following additional requirements must be met:

- The transaction was conducted with a counterfeit card at a magnetic stripe reading-only terminal.

  And

- The validly-issued card (if any) was a hybrid card.

  And

- The cardholder letter must state that he or she was in possession of the card at the time of the transaction.

For **lost, stolen, or never received fraud** the following additional requirements must be met

- The transaction was conducted at a magnetic stripe reading-only POS terminal deployed in a signature waiver country, using signature as CVM.

  And

- The transaction was conducted with a hybrid card.

  And

- The cardholder letter must state that the card was lost, stolen, or never received at the time of the transaction, or the issuer can otherwise certify by means of a different document accompanying the cardholder's letter that the card was lost, stolen, or never received at the time of the transaction.

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B.3.15.2 Second Presentment

Nov 2007

2713 Invalid Chargeback—The acquirer provides evidence that the terminal was properly identified in the authorization and clearing records as a hybrid terminal and the proper CVM was used

Or

The transaction was not reported to SAFE on or before the chargeback date.

2008 Transaction authorized—The transaction was authorized online and did not involve a hybrid card. The first value in the service code (DE 35) was not 2 or 6 and therefore did not indicate a hybrid card. The acquirer must enter "INV SERVICE CODE" in DE 72 (Data Record). Other second presentment message codes may apply. Please refer to section B.1.5 Chargebacks for details.

B.3.16 Intra-European Message Reason Code 4880—Late Presentment (120 Days)

Nov 2007

An intra-European transaction is presented more than seven calendar days after the transaction date and the account is permanently closed.

The following sections provide information for message reason code 4880.

B.3.16.1 Chargeback

The issuer must use good-faith efforts to collect the transaction amount from the cardholder before exercising this chargeback right. The issuer cannot submit a chargeback for message reason code 4880 if the account is in good standing.

Nov 2007

B.3.16.2 Second Presentment

Nov 2007

2003 Correct Transaction date provided—The acquirer can substantiate that the transaction date was not more than seven calendar days before the central processing date of the presentment. The correct transaction date should be entered in DE 72 (Data Record).

For non-ATM transactions the acquirer must also provide a transaction printout. For offline chip transactions the acquirer must also provide the transaction certificate and related data in DE 55 (Integrated Circuit Card [ICC] System-Related Data) if they had not been previously contained in the First Presentment/1240 message.

Other second presentment message codes may apply. Please refer to section B.1.5 Chargebacks for details.

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B.4 Arbitration and Compliance

B.4.1 Overview

This section provides members with the arbitration and compliance processing procedures for both interregional and intra-European transactions.

B.4.2 When to File an Arbitration Case

Arbitration proceedings can be initiated only if both the issuer and the acquirer have exhausted all their rights under the allowable processing cycles (presentment—chargeback—second presentment).

An issuer may proceed to arbitration when it believes the acquirer's second presentment is invalid. Nov 2007

In addition, **for interregional transactions**, either the issuer or the acquirer may proceed to arbitration if they dispute a decision, following the issuer's submission of a completed Representment Documentation Dispute Form (Form 564), concerning illegible documentation received with a second presentment. If the issuer fails to receive documentation within ten calender days, the issuer must complete the Representment Documentation Dispute Form within twenty days of the second presentment and fax it to the Debit Dispute Department. (Refer to section 11.6.3 "Disputing Support Documentation" of the *Maestro Global Rules* manual for further information). Nov 2007

For all intra-European transactions, only the issuer may initiate arbitration proceedings. The preliminary documentation dispute resolution process is not supported within Europe. Nov 2007

For intra-European ATM transactions, the issuer is permitted to file an arbitration case, if the required documentation from the acquirer is not received within ten calendar days of the central processing date of the second presentment. Nov 2007

Alternatively, the member must accept responsibility for the transaction.

B.4.3 When to File a Compliance Case Nov 2007

A member may file a compliance case if all the following conditions are met:

- A member has violated any section of the Maestro Rules.
- The filing member has suffered a financial loss as a direct result of this rule violation.
- A chargeback right is not available to remedy the situation.

The filing member sent a pre-compliance letter to the other member to try to resolve the dispute. The filing member must allow the other member 30 calendar days to review the case and correct the situation.

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Refer to the *Member Information Manual—MasterCard Product* or the *Member Information—Cirrus/Maestro* product, located on MasterCard OnLine for member contact names and addresses.

B.4.3.1 Example of a Compliance Case

The following section provides an example of a Compliance Case.

B.4.3.1.1 Missing, Invalid, or Inaccurate Authorization Data

A member may file a compliance case when one or more of the mandatory data elements in the Authorization Request/0100 message are missing. Additionally, the member may file a case if any of the mandatory or optional data elements supplied in the authorization message are invalid or inaccurate, and as a result, the issuer incurred a financial loss.

The issuer must prove to the satisfaction of MasterCard, that it would not have suffered the financial loss, if the mandatory authorization data had been present, valid, and accurate, and that the filing was not based solely on the data being missing, invalid, or inaccurate.

The issuer must include, but is not limited to, the following documentation:

- The authorization message in its entirety as received through EPS-Net.
- The specific authorization data asserted to be missing, invalid, or inaccurate.
- Documentation to confirm that the authorization data, as received, misrepresented the nature of the transaction.
- Proof that the missing, invalid, or inaccurate authorization data received resulted in the transaction being authorized, and why the transaction would not have been authorized if complete, valid, and accurate data had been received.
- A letter signed by the issuer's Principal Contact or auditor, certifying that proper authorization procedures were employed at the time the authorization request was received. The letter must also state that if the issuer had received the missing, invalid, or inaccurate data from the acquirer through the authorization message, the issuer would not have suffered a financial loss. If, at the time of the authorization request, the card used in the transaction was lost, stolen, or used without the genuine cardholder's consent, the issuer's Principal Contact or auditor must certify that the issuer was unaware of this condition at the time of the authorization request.

B.4.4 Time Frames for Filing

For cases filed via registered mail, the postmark date is considered the filing date.

B.4.4.1 Arbitration Case

An arbitration case must be submitted within 45 days from the Central Site Processing date of the second presentment.

Nov 2007

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B.4.4.2 Compliance Case

A compliance case must be filed within 180 days from the violation date. Please refer to section 5.1 Time Frames of this manual for more details. Nov 2007

B.4.5 Documentation

The Arbitration Case form or the Compliance Case form, and any relevant supporting documentation, must be completed in English or must be accompanied by an English translation.

The forms must be signed by the Compliance Contact or Principal Contact of the filing member. Refer to Appendix C, Forms for instructions for accessing these forms.

B.4.6 Filing Procedures

B.4.6.1 Filing a Case Through Registered Mail

The filing member sends the arbitration or compliance case by registered mail within the applicable time frames to the address indicated below for resolution. At the same time, a copy must be sent to the other member. Nov 2007

MasterCard Worldwide
ATTN: Dispute Resolution Services Department
2200 MasterCard Boulevard
O'Fallon MO 63368-7263
USA

The filing form must be accompanied by a thorough description of the circumstances of the case, in chronological order. Legible copies of all relevant documentation, together with paper copies of electronic records, must be included.

NOTE

A pre-compliance must be sent before filing a compliance case. See section B.2.3 above.

B.4.6.2 Filing a Case Using the Dispute Resolution Services Case Filing Hub Site (Intra-European only)

The filing member sends the arbitration or compliance case within the applicable time frames to the Dispute Resolution Services Case Filing Hub site fax number indicated below, for resolution. When filing via the hub site, members do not need to forward a copy of the case to the other member. Nov 2007

Dispute Resolution Services Case Filing Hub site:

Fax: 1-636-722-7215

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The filing form must be accompanied by a thorough description of the circumstances of the case, in chronological order. Legible copies of all relevant documentation must be included.

Unless specifically requested by MasterCard staff, the filing member is not required to provide supporting chargeback documentation previously sent during the chargeback cycles. The case filing application retains the supporting documentation exchanged during the chargeback cycle.

B.4.6.3 Filing a Case Using the MasterCom Electronic Case Filing Application (Intra-European only)

Nov 2007

Members must have access to the MasterCom system and the case filing application to file cases electronically. If not present electronically, legible copies of all relevant documentation, together with copies of electronic records, must be scanned into the case filing application.

B.4.7 Arbitration and Compliance Fees

For interregional arbitration and compliance cases, the filing member may either:

- Attach a check for the filing fee
  Or
- Authorize MasterCard Dispute Resolution Department to collect the fee.

The member found liable for the disputed transaction will be responsible for the filing fee and an administration fee.

Staff may assess applicable technical violation fees against either member involved in the arbitration or compliance case, even if the case was ruled in their favor.

For intra-European cases, please refer to section 4.5 Fees and Assessments of this manual.

B.4.8 Arbitration and Compliance Review Procedure

Arbitration and compliance cases will be reviewed in accordance with the Rules and policies in effect on the date of the transaction, unless otherwise stated.

On receipt of an arbitration or compliance case, the MasterCard Dispute Resolution Services Department (herein the Panel) will send an acknowledgement to both parties. The filed-against member has **ten days** from the date of the acknowledgement to respond, and provide legible copies of any supporting documentation. This response may be sent by fax.

The Panel will make its ruling on the basis of information received punctually from each member and other relevant information. Documentation required as part of the exception item processing rules, which was not provided to the member concerned within the time frames described above, will not be taken into consideration by the Panel.

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Both members will be advised of the Panel's decision. Additionally, responsibility for payment of the filing and administrative fees will be decided.

Settlement of the dispute must occur as soon as is practicable after receipt of the Panel's decision.

For intra-European cases the funds will be moved electronically. For more details please refer to section 4.5 Fees and Assessments of this manual.

B.4.8.1 Non-Acceptance of a Case

Following a preliminary examination of the case, the Panel will decide whether it can accept the case for ruling.

The Panel will decline an arbitration or compliance case if the filing member did not follow the filing requirements, including:

- The filing member has not submitted the documentation required in accordance with the rules, or otherwise requested by the reviewing body.
- The filing form and all documentation is neither in English nor is it accompanied by an English translation.
- The case was filed after the time frames specified in section B.2.4.
- Copies of the filing form and accompanying documentation were not sent to the filed-against member in accordance with section 2.6.1.
- The filing form was not signed by the Compliance Contact or Principal Contact of the filing member.
- The pre-compliance letter was not sent in accordance with the rules (applicable only in compliance cases). Nov 2007

If a case is not accepted for any of the above reasons, the filing fee will be retained. The filing member may resubmit a case that has been declined for ruling if it can correct the deficiency that caused the case to be declined within the applicable filing time frames. A new filing fee will apply. Nov 2007

B.4.8.2 Pre-Decision Acceptance of Responsibility for the Disputed Amount

Either member can accept responsibility for the disputed amount before the Panel has reached a decision. The member's written acknowledgement of responsibility must be received by the Panel, before its decision is made. If the acknowledgement is received before the Panel makes its decision, the Panel will advise both members accordingly, and the case will be withdrawn.

The Panel will decide which member is to pay the filing fee.

For intra-European cases please refer to section 4.5 Fees and Assessments of this manual.

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B.4.9 Arbitration or Compliance Case Appeals

Please refer to section 4.10 Arbitration or Compliance Case Appeals of this manual for the procedure and requirements applicable to appeals of both intra-European and interregional arbitration and compliance cases.

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Appendix C Forms

This appendix contains instructions for accessing the forms that are referred to in this guide.

Overview C-1

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Overview

Nov 2007

All forms associated with the Chargeback Guide can be located at *MasterCard Online*®. Complete the steps below to access the forms listed below.

Step	Action
1.	Log on to **MasterCard Online** using your SecureID token.
2.	Under the **Main Menu**, select **Resources** and then click **Business Forms**.
3.	Select **Chargeback** from the **View Forms by Category** drop-down list.

The following forms have been referenced in the *Chargeback Guide*.

Form Number	Form Name
297	Acceptance Rules and Operating Regulations–Member Complaint Form/Merchant Violations at Point of Interaction
407	Expedited Billing for Message Reason Codes 4831 and 4857
408	Expedited Billing for Message Reason Codes 4841 and 4860
409	Expedited Billing for Message Reason Code 4853
410	Expedited Billing for Message Reason Code 4854
411	Expedited Billing for Message Reason Code 4855
413	Expedited Billing for Message Reason Code 4859
430	Expedited Billing for Message Reason Code 4846
500	MDS Exception Item Processing Request
564	Representment Documentation Dispute
571	Summary of Arbitration Documentation (ICA 14A)
572	Regulations/Rules Violations (Other than Chargeback) (ICA-14B)
615	Summary of Arbitration Documentation for Online Transactions
616	Regulations/Rules Violations (Other than Chargeback) for Online Transactions
682	Dispute Resolution Services Hub Site Electronic Case Filing
684	Retrieval Request/Fulfillment (ICA-12B)
798	Electronic Debit Exception Processing Support Documentation

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