

MERCHANT PROCESSING NEWS



PURPOSE OF THIS NEWSLETTER

It is my desire to both educate and assist business owners on the subject of "merchant services".

VOID VS REFUND

Let's say that a transaction was for \$ 50.00 but it was entered as \$ 500.00 in error and totaled at the register. The customer is presented w/ the sales slip but notices the mistake prior to their signature of approval. Obviously a "void" *must* occur so the correct amount can be charged. A void is characterized as a transaction that is cancelled before a "batch" is submitted. The only fee that is charged is an authorization fee. The Discount Rate and Authorization Fee are based on the correct dollar amount.

A refund occurs only after a completed "batch". When a customer that has charged an item chooses to return that item for a refund, this entails accessing the credit card system and reimbursing the spent funds to the original credit card. The refund can *NOT* be applied to a different card. On the original sale you were charged a Discount Rate and an Authorization Fee. Some service providers charge Discount Rates on both sales and refunds. Since this is not an industry standard, my suggestion is that you choose a service provider that does not; fee doubling adds up to unnecessary lost revenue.

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What's Inside:

- Purpose of this newsletter.
- Void vs. Refund
- What is a Retrieval Request?
- What is a Chargeback?

Also, refund totals are tracked by the service provider and if too high, can cause issues.

WHAT IS A RETRIEVAL REQUEST?

A customer has the right to question any transaction on their credit card statement. On most statements the charging business name and contact number is depicted giving the customer a point of contact in regards to the payment. (The customer may also contact their "issuing bank" and ask for proof of sale.) Upon receipt, your service provider will send a Retrieval Request notice in the mail. You *must* respond to this within the specified time. Usually there is a one-time fee for each Retrieval Request.

WHAT IS A CHARGEBACK?

A Chargeback occurs when you do not provide "proof of sale" upon receiving a Retrieval Request. The customer's card is refunded and the funds are deducted from your checking account as well as a one-time Chargeback Fee. Chargebacks are tracked by the service provider and if too high, can cause issues.

****Note:** most Chargebacks occur because the Retrieval Requests are ignored.

****WARNING:** Excessive Refunds and Chargebacks may result in termination of your credit card acceptance privileges.

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