

Chargebacks

How chargebacks work, and what you can do to avoid them

You're heard of chargebacks before - the pesky issue that arises when customers want their money back. Why do they happen? What can you do about them? With knowledge and insights, you can reduce your chances of getting chargebacks and resolve them sooner when they do happen.

First things first: what exactly are chargebacks? A chargeback is a transaction that has been disputed by the cardholder. Chargebacks occur for two primary reasons: quality issues or fraud. For example, an item the cardholder received may not be what was advertised, or a fraudster stole a cardholder's information, used it to make a purchase, and the purchase showed up on the cardholder's statement.

Cardholders dispute the charge with their bank, and are credited the funds. To cover these funds, merchant accounts are debited. Fortunately for merchants, it doesn't end there.

Here at WePay, merchants are given the option to contest or concede the chargeback. If the merchant decides to contest, they will need to submit evidence to support their case. Merchandise not delivered? Send us tracking numbers and delivery confirmations. Duplicate billing? We'll need separate receipts for each transaction. WePay helps merchants navigate this thorny process, and provides lots of guidance and documentation on chargebacks. More insight on supporting evidence for chargebacks is [here](#).

After we receive the evidence from the merchant, WePay sends it on to the credit card network for their decision on the chargeback. We let merchants know right away who won the chargeback.

We know - this is not a super fun process. However, we try to make chargebacks as painless as possible for you. In addition to keeping you educated and helping you contest chargebacks, WePay has also developed best practices to prevent chargebacks:

- **Deliver excellent service.** Pride yourself on running on a business that prioritizes quality and customer experience. Furthermore, as refunds are less of a hassle to deal with than chargebacks, we recommend highlighting ways a customer can contact you if they are unsatisfied with the product or service they received. Include your support team's email address or 800 number, and make your refund policy simple

and transparent. This will help ensure that customers choose the option that is less time-consuming and expensive. Another best practice is to consistently provide a summary of services, which is signed by the customer.

- **Ensure you have a streamlined shipping process** in place and always set appropriate expectations with your customers as to when they can expect full service or delivery. We also suggest keeping all tracking numbers on items that are shipped out.

More best practices are [here](#).

Unfortunately, chargebacks are not going away anytime soon. In fact, according to [our survey of over 500 US small businesses](#), 25% of SMBs have experienced a chargeback - in the past year. So now, more than ever, we recommend that merchants implement proactive measures to reduce the likelihood of receiving a chargeback. For more information on chargebacks, we recommend our [chargebacks overview](#) and [comprehensive FAQs](#).