The Chargeback Life Cycle

The following illustration shows the chargeback life cycle.

1. Cardholder

- *Disputes transaction.*
- *Contacts card issuer with disputed information.*

2. Card Issuer

Reviews eligibility of transaction for chargeback. If appropriate, returns transactions (charges it back) to merchant bank through Visa (electronically).

3. Visa

- *Electronically screens chargeback for technical criteria compliance.*
- *If appropriate, forwards chargeback to merchant bank (electronically).*

VISA

4. Merchant Bank

Receives chargeback and resolves issue, or forwards to merchant.

5. Merchant

- *Receives chargeback.*
- *If appropriate, and under certain conditions, can re-present chargeback to its merchant bank.*
- *If conditions aren't met, merchant may have to accept chargeback.*

Compliance

Members may submit a compliance case to Visa for committee review if members incur a loss and a valid chargeback or representment is unavailable.

6. Merchant Bank

Forwards re-presented item to Visa.

7. Visa

- *Electronically screens re-presentment for technical criteria compliance.*
- *If appropriate, forwards re-presentment to card Issuer (electronically).*

VISA

8. Card Issuer

Receives re-presented item and, if appropriate, re-posts to cardholder's account. If chargeback issue is not appropriately addressed, card issuer may submit dispute to Visa.

9. Cardholder

Receives information resolving initial dispute and may be re-billed for item or receives credit.

Arbitration

If the card issuer disputes a representment from the merchant bank, the card issuer may file for arbitration with Visa. In arbitration, Visa decides which party is responsible for the disputed transaction. In most cases, Visa's decision is final and must be accepted by both the card issuer and the merchant bank. During arbitration, the Visa Arbitration Committee reviews all information/documentation submitted by both parties to determine who has final liability for the transaction.

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