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Avoiding Chargeback Fraud

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If you operate an online store, keep an eye out for chargeback fraud. Wait, what's a fraudulent chargeback? It's when a customer pays for something with a credit card and then requests a chargeback—or a return of funds—from the issuing bank even though she or he has received the goods. Not good! It's a crime that's reportedly increasing by 41% year-over-year.

How can your small business avoid chargebacks? The website Small Business Trends gathered 10 tips on what to watch for and how to take action.

- Card Not Present (CNP) merchants should implement an end-to-end fraud and chargeback management system to protect payments and get included in the dispute early on
- Deploy a layered fraud prevention suite to detect anomalies in the sales process
- Watch for unusually large orders
- Watch for multiple orders from the same IP address, but using different card numbers
- Watch for transactions that try to overcharge the card for more than the transaction amount
- Don't rely on the bank to notify you of a chargeback—be vigilant with checking
- Use a mitigation system that includes the merchant in the dispute early in the process
- Keep your billing descriptors (i.e. the merchant name alongside the transaction on the bill) accurate
- Look for transaction attempts from IP addresses in high-risk countries, such as Russia, Malaysia and Ghana
- Look for fake phone numbers, email addresses, etc. when orders are placed **GP**