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## Table of Contents

- *Chargeback Overview*
- *Splitit's Chargeback Policy*
- *How to Submit Evidence*
- *Tips and Recommendations*
- *Common Reasons for Chargebacks*
- *Shopper/Consumer Rights*

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## Chargeback Overview

A chargeback occurs when a customer disputes a transaction through their bank or credit card company, resulting in the payment being reversed. Shoppers generally have up to 120 days from the purchase date to file a chargeback.

With traditional single-payment transactions, you may only encounter one chargeback for the total amount. However, with Splitit's installment solution, each installment must be individually disputed. Despite this difference, the chargeback process and evidence submission remain the same for both cases. Note that Splitit does not have any influence or role in the creation or outcome of a dispute. This process is compliant with the rules and regulations set by the credit card networks.

The chargeback process is governed by payment networks like Visa and Mastercard, with the final decision made by the cardholder's issuing bank. Splitit facilitates transactions and plays a limited role in the process, handling dispute submissions on behalf of the merchant if evidence is uploaded. Additionally, Splitit keeps merchants informed by providing updates about the chargeback's status via email or the chargeback section in the portal.

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## Splitit's Chargeback Policy

1. **No Assumed Liability:** Splitit does not assume liability for disputed amounts.
2. **Reserve Debits:** When a chargeback is filed, Splitit debits the disputed amount into a reserve until the financial institution of the issuing card makes the decision.

3. **Merchant Responsibility:** The merchant assumes responsibility for chargeback risks. To further understand the dispute and its reasons, The merchant is encouraged to engage in a conversation with the shopper to understand the reasons behind the initiation.
  4. **Merchant Communication:** Splitit sends an Initial Email followed by a Reminder email with all the details informing of chargebacks plus steps on how to submit evidence.  
**Evidence Submission:** Merchant must submit all necessary evidence, before the due date, as communicated by Splitit. (If the due date has passed and no evidence is submitted, Splitit can no longer dispute the chargeback)
  5. **Chargeback Assistance:** You can contact your Splitit representative / account engagement team for further assistance.
  6. **Chargeback Review and Submission:** Splitit's chargeback management team will review the evidence and submit it to the processor for dispute handling. The system will be updated as and when new information on the status of the chargeback / dispute is received from the issuing bank.
  7. **Dispute Decision:** The bank reviews the claim, and if it determines the dispute is valid, the funds are refunded to the customer, resulting in a potential loss for the merchant. This decision process can take up to 120 days to complete. Splitit does not influence or have any role in the decision-making process for dispute outcomes.
  8. **Dispute Outcome:**
    - If you win the chargeback Splitit credits the full reserve amount back to you.
      - The shopper will be contacted to either continue the plan or allow it to be fully captured.
      - If the shopper elects to continue the plan, the plan will restart without charging months that passed while the chargeback was awaiting resolution. Thus the plan is extended rather than multiple payments being captured immediately.
      - If the shopper doesn't respond or elects to pay the plan in full, the plan will be fully captured.
      - Splitit does not receive an explanation as to why a dispute is won or lost.
    - If you lose the chargeback, the shopper retains the funds, and the chargeback amount is not credited back to you.
      - Any uncollected payments will be cancelled. This amount will either be reclaimed from the Merchant or the reserve as appropriate.
  9. **Unrecoverable Funds:** If a chargeback is won but Splitit cannot collect the remaining balance from the shopper, Splitit is not responsible for recovering those funds.
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## How to submit evidence

1. Log into your Merchant Hub and click on **Chargeback** on the left-side menu.
2. Use the fields at the top to locate your chargeback, specifying a combination of **Installment Plan Number** and **Created Date**.

3. In the chargebacks list at the bottom of the page, click anywhere in the row (except for the *Plan Number*) to open up the chargeback dialogue for that transaction.
4. Review details of the disputed amount, reason code and any associated information that will help you understand the dispute better.
5. In the **Files** section, upload and submit your evidence by dragging and dropping, or by clicking **Browse** and uploading. Please submit enrollment agreements, communication with the shopper, attendance records, signed contracts, etc. Anything that shows they agreed to their purchase is helpful.
6. In the **Comments** section, click on **New Comment** and describe the case and the communication you had with the shopper. Provide a detailed description of your uploaded images, explaining how each supports your response in the internal notes section.

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## Tips and Recommendations

- Reach out to the shopper directly for chargeback withdrawals and understand why the dispute was opened.
- Attempt to resolve the dispute directly with the shopper (many times shoppers open a chargeback to get refunds directly from the issuing bank rather than from the merchant).
- Make sure you receive written communication from the shopper on how you have arrived at a settlement and/or how they did not intend to open this dispute.
- Make sure you include the refund policy in the evidence. Ideally this would be in the agreement that is signed by the shopper for enrolling in the service.
- In order for a shopper to withdraw a chargeback, the shopper must contact their credit card company. Once withdrawn, the credit card issuer notifies the payment network, which then would update Splitit's system.
- Merchants should proactively dispute chargebacks instead of waiting for the customer to withdraw them. Taking action increases the chances of recovering funds, even if the customer intends to reverse the dispute. The customer is not notified of the merchant's actions, so the merchant does not have to worry about the customer seeing this as lacking trust.

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## Common Reasons for Chargebacks

- **Unauthorized Transactions:** The cardholder disputes a transaction they don't recognize or approve.
- **Non-Delivery of Goods/Services:** The cardholder claims they didn't receive what they paid for.
- **Dissatisfaction:** The product or service received was significantly different from what was described.

- **Fraud:** The cardholder disputes charges due to identity theft or credit card fraud.
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## **Shopper/ Consumer Rights**

Consumers have specific rights in the chargeback process, established by credit card networks (e.g., Visa, Mastercard, American Express) and often backed by consumer protection laws. These rights vary slightly depending on the card issuer and jurisdiction, but generally include the following (6 top ones):

1. **Right to Dispute Charges:** File a chargeback for unauthorized, fraudulent, or incorrect transactions.
2. **Right to Refunds for Valid Claims:** Receive a full refund if the dispute is resolved in their favor.
3. **Right to Fraud Protection:** Not liable for unauthorized charges if reported promptly.
4. **Right to Provide Evidence:** Submit proof to support the claim, like receipts or correspondence.
5. **Right to Fair Investigation:** A balanced review process involving both consumer and merchant.
6. **Right to Temporary Credit:** Access provisional funds during the investigation.