

What is the Difference between Debit Card Fraud and a Debit Card Merchant Dispute?

Many times members contact the credit union wondering if they need to file a debit card fraud claim or if they need to file a debit card merchant dispute. The primary difference between a fraudulent transaction and a disputable transaction lies in whether or not you, the cardholder, initiated the transaction with the merchant in the first place.

Disputes can arise between a merchant and a cardholder for a variety of reasons. These reasons can range from overcharging the cardholder, charging the cardholder for merchandise that wasn't received, or charging the cardholder for a monthly subscription that was previously cancelled.

If the transactions was never authorized or initiated by the cardholder, a fraud claim may be filed.

Answering the following questions will help you to determine whether your claim is a dispute or fraud.

1. Do you personally know who made the transaction to your debit card?
2. Is the transaction a result of signing up online for a "free trial", however you used your debit card to pay for shipping or a similar charge?
3. Did you give or loan your debit card to anyone? (You cannot make a claim of any kind if you voluntarily gave your card to another person.)

Debit Card Disputes

When you have a disagreement with a merchant about a charge they made to your debit card, this is considered a cardholder dispute. For example:

- You cancelled a transaction, but the merchant still charged you. For instance, you used your debit card to reserve a hotel room, and cancelled with the hotel in accordance with their cancellation guidelines, and you were still charged for the room.
- You purchased an item using your debit card, and later returned the item to the merchant, but your card was never credited for the return.
- You were charged an incorrect amount for a transaction, for example \$400 rather than \$40.
- You have an issue with the quality of goods or services provided.

What you must do if you need to file a Merchant Dispute

- Contact the merchant first
- Try to resolve the dispute directly with the merchant
- If after 30 days you are either unable to resolve the dispute with the merchant or they have failed to follow through with a promise to refund your charges, contact the credit union
- Provide all documentation supporting the transaction and your attempt to first work out the dispute with the merchant (e.g. receipts, letters to/from the merchant, etc.)

The Dispute Process

When you submit a dispute, the credit union is acting on your behalf with the merchant. VISA will make the final decision as to whether or not the credit union is authorized to charge back the merchant for your purchase.

Please be aware that the credit union will only process merchant disputes greater than \$50.00, per transaction. Members are fully responsible for disputes less than \$50.00.

The dispute process can take up to forty-five (45) days; however if we cannot complete our investigation within a ten (10) day period, we will provide you with a provisional credit to your account for the amount of the dispute, less \$50.00. Note: If VISA consents to your dispute, a charge back is filed with the merchant and you will be reimbursed. If VISA determines that we cannot charge back the merchant for your transaction, we will withdraw the full amount of the provisional credit from your account within five (5) days of notifying you of the results.

Fraudulent Transactions

A fraudulent transaction occurs only when you have no knowledge of who used your card and you can state with certainty that you were not aware of the transaction. It is critical that you notify us within two (2) business days of the date you first become aware of the fraudulent activity. **Failure to notify us within two (2) business days increases your liability from \$50 to \$500.** Failure to notify us within 60 days of when the fraudulent transaction appears on your statement means you are liable for the entire amount of the fraudulent transaction.

Errors on your Account

Certain transactions by your debit card are treated as errors and fall within the normal error resolution procedures. Examples of this would be:

- You were charged twice for the same purchase
- You attempted to withdraw funds at an ATM, but for some reason the cash was not disbursed from the machine (most likely due to malfunction), but your account was debited anyway
- What was supposed to be a credit transaction to your account was inadvertently posted as a debit transaction.