

## **Credit Card Chargeback Protection**

Unless you have a time machine to predict the future...  
...You must know more about credit card chargeback protection!

**You can pay in advance, but you can't see the future**  
**Check Credit Card Chargeback Protection with banks!**  
**Any form of prepayment involves risks. Think carefully before prepaying!**

You can pay in advance, but you can't see the future! If a shop closes down after you make prepayments by credit cards, what can you do?

### **What is Credit Card Chargeback Protection?**

Credit card chargeback protection is a protection mechanism provided by credit card associations to consumers. Generally speaking, where consumers use credit cards to make lump-sum payments upfront, and have disputes over the transactions later on, consumers can request card-issuing banks to assist in applying for refunds of the payments.

Examples of disputes:

- The merchant closes down
- Goods purchased do not match the description

### **General Process Flow of Chargeback Mechanism**

- Step 1:** The consumer approaches the card-issuing bank to raise a chargeback request.
- Step 2:** On behalf of the consumer, the card-issuing bank raises the dispute and chargeback request with the merchant acquirer through the credit card association. The merchant acquirer or the merchant may accept or reject the chargeback request, in accordance with the rules of the respective credit card association.
- Step 3:** Chargeback request accepted: Transaction payment will be refunded to the consumer via the card-issuing bank.

Chargeback request rejected: The consumer may submit the disputed transaction, via the card-issuing bank and in accordance with the rules of the respective credit card association, for arbitration by the association.

### **Remarks on Raising Chargeback Requests**

- Consumers may need to provide information like transaction receipts and agreements.
- Chargeback requests are subject to the rules of the respective card associations, including the chargeback time limits within which consumers must file the requests.
- Different credit card associations have different rules. These include the chargeback time limits, and when the limits start counting.

### **Smart Tips to Consumers**

All prepayments involve risks. Think carefully before prepaying.

### **Chargeback protection is generally not applicable to instalment payment plans (IPPs) on credit cards.**

- An IPP on credit card is effectively a loan provided by the bank to the consumer to pay the merchant in full for the purchase of goods or services, while the customer repays the bank through his/her credit card by instalments.
- If a merchant goes out of business, the customer still has the obligation to service the remaining instalments to the card-issuing bank in accordance with the IPP agreement.
- Terms and conditions of IPPs may vary by card-issuing banks. It is better to understand them thoroughly and assess your own situation before signing any agreements.

### **To Learn More**

Visit the webpages of card-issuing banks or contact them directly.