

# Visa Claims Resolution: What's Changing

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Visa recently introduced their new global dispute resolution process: Visa Claims Resolution (VCR). Visa found that it takes 46 days, on average, to resolve a chargeback. More complex cases can take over 100 days to resolve. The goal of VCR is to cut down on time, cost, and the number of overall chargebacks a merchant receives. Starting on **April 14, 2018**, all new Visa disputes will be processed through VCR. Here is the summary of what changes you will see.

## Changes Summarized

The new process will eliminate invalid chargebacks whenever possible, right at the beginning of the process. This means if a cardholder tries to initiate a chargeback when it is past the time limit, a refund has been received, or it does not meet the minimum criteria, Visa will now block the request from becoming a chargeback.

Visa is introducing new terminology and will now use the term disputes instead of chargebacks. The disputes will now be divided between two workflow categories - Allocation and Collaboration. With the introduction of the allocation workflow, the action of responding to a first-time allocation dispute will no longer return funds to a business or the acquirer. The resolution of the allocation process will decide whether funds are returned to the acquirer and then to the business.

New fees are being introduced to both the acquirer and issuer to ensure compliance by all parties to Visa's new time frames. Qualpay's goal will be to automate acceptance responses to help prevent any new fees being charged to us. There are no changes to any fees charged to you, our merchant, as part of these changes.

Qualpay's platform will be updated to support VCR, and as part of the update, you will now be able to upload supporting documentation for challenging any card brand dispute.

## Chargebacks already in Progress

Visa disputes already in progress at the time of the change will follow all of the legacy rules and processes. Within the Qualpay platform, we will refer to these Visa disputes as "Standard." New VCR disputes will be categorized as either allocation or collaboration disputes.

## New Dispute Categorization

VCR will consolidate the existing chargeback reason codes into four dispute categories: Fraud, Authorization, Processing Errors, and Consumer Disputes. At the same time, new condition codes will be introduced. These categories map to two new dispute process flows - **Allocation** and **Collaboration**. Below is a table displaying the category name, workflow and new condition codes. Qualpay will update the Dispute Detail reason code to reflect the Category No and the dispute condition code. The condition code will appear for example as 10.1, with the category number at the beginning and the code will appear after the period.

## VCR Dispute Categorization

Category: <b>Fraud</b> Category No: <b>10</b> Workflow: <b>Allocation</b> Condition Codes:	Category: <b>Authorization</b> Category No: <b>11</b> Workflow: <b>Allocation</b> Condition Codes:	Category: <b>Processing Errors</b> Category No: <b>12</b> Workflow: <b>Collaboration</b> Condition Codes:	Category: <b>Consumer Disputes</b> Category No: <b>13</b> Workflow: <b>Collaboration</b> Condition Codes:
10.1 – EMV Liability Shift Counterfeit Fraud	11.1 – Card Recovery Bulletin	12.1 – Late Presentment	13.1 – Merchandise/Services Not Received
10.2 – EMV Liability Shift Non-Counterfeit Fraud	11.2 – Declined Authorization	12.2 – Incorrect Transaction Code	13.2 – Cancelled Recurring
10.3 – Other Fraud – Card-Present Environment	11.3 – No Authorization	12.3 – Incorrect Currency	13.3 – Not As Described or Defective Merchandise/Services
10.4 – Other Fraud – Card Absent Environment		12.4 – Incorrect Account Number	13.4 – Counterfeit Merchandise
10.5 – Visa Fraud Monitoring Program		12.5 – Incorrect Amount	13.5 – Misrepresentation
		12.6.1 - Duplicate Processing  12.6.2 - Paid by Other means	13.6 – Credit Not Processed
			13.7 – Cancelled Merchandise/Services
			13.8 – Original Credit Transaction Not Accepted
			13.9 – Non-Receipt of Cash or Load Transaction Value

## Dispute Workflows - Collaboration and Allocation

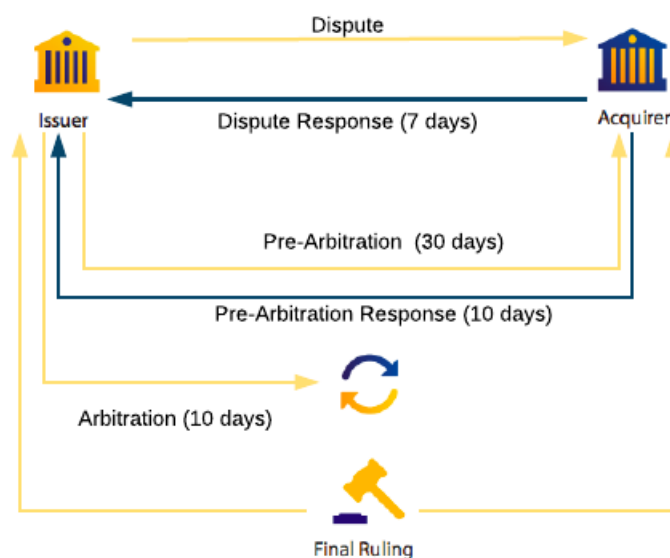
The **Collaboration** workflow, illustrated in figure 1, used for Processing Errors and Consumer Disputes, represents the closest workflow to the standard first-time chargeback process. The dispute response time frames are shortened, and Qualpay will maintain the requirement to decide to **Accept** or **Respond** to this type of dispute within seven calendar days from the incoming dispute date. Note that we require the same response time for all card brand disputes. On receipt of this dispute type, you will be automatically debited for the disputed amount. If you choose to respond, the amount of the dispute will be adjusted to your bank account. If you choose not to respond, Qualpay will automatically accept the dispute with Visa, on your behalf and expire the time frame on the dispute. The status of the dispute will be updated to “time frame expired (E).” Automatically accepting will ensure that Qualpay does not incur additional fees for non-response.

Selecting to respond, and initiating a dispute response will require the issuing bank to respond to the dispute within thirty days of the response date. If the issuing bank rejects your response and creates a pre-arbitration, the dispute status of the current case will be updated to “issuer rejected (D).” A new dispute case will be created to track the new pre-arbitration. On receipt of this dispute type, you will be

automatically debited for the disputed amount. If you choose to respond, the amount of the dispute will not be adjusted to your bank account until a final decision is made. You will have the option to **Accept** or initiate a **Challenge** response; ten days from the incoming dispute date, Qualpay will automatically accept the dispute with Visa on your behalf and expire the time frame on the dispute. The status of the dispute will be updated to "time frame expired (E)." Automatically accepting will ensure that Qualpay does not incur additional fees for non-response.

Challenging the dispute will give the issuer ten calendar days to respond to the pre-arbitration response. The pre-arbitration dispute status will be updated to "arbitration (Z)," an arbitration dispute case will be created, and Visa will make a final ruling on the dispute. Once the final decision is made, monies will be adjusted to the appropriate party.

Figure 1: Collaboration Workflow



For the **Allocation** workflow, illustrated in figure 2, used for Fraud and Authorization disputes, Visa will perform automated checks on the validity of the dispute (including whether a credit has already been issued), and will only assign liability to a merchant if the dispute passes the validity checks. On receipt of this dispute type, you will be automatically debited for the disputed amount. As a result of Visa adjudicating this type of dispute, if you choose to respond to this dispute, you will be initiating a pre-arbitration. Qualpay will require you to decide to **Accept** or **Respond** to this type of dispute within seven calendar days from the incoming dispute date. Unlike the collaboration disputes, no monies are returned to you if you decide to initiate a pre-arbitration. Only if you win the pre-arbitration (because the issuer or Visa accepts) will monies be returned. If you choose not to respond, Qualpay will automatically accept the dispute with Visa, on your behalf and expire the time frame on the dispute. The status of the dispute will be updated to "time frame expired (E)." Automatically accepting will ensure that Qualpay does not incur additional fees for non-response.

Selecting to respond and initiating a pre-arbitration will require the issuing bank to respond to the dispute within thirty days of the pre-arbitration. If the issuing bank rejects your response, the dispute status will be updated to "issuer challenged (P)." You will have the option to **Withdraw** or initiate an **Arbitration** response, seven days from when the first-time dispute status is updated. The options will be removed after seven days, and the status of the dispute will be updated to "lost (L)." If you choose to create an arbitration response, Visa will make a final ruling on the dispute. Once the final decision is made, monies will be adjusted to the appropriate party.

Figure 2: Allocation Workflow

