

TIPS TO REDUCE CHARGEBACKS IN THE HOSPITALITY INDUSTRY



The following are some common chargeback and fraud scenarios in the hospitality industry along with suggestions on how to respond. While it is not an exhaustive list, it will help you respond to some of the top fraudulent tactics.

If a situation occurs that feels suspicious or is outside of normal activity, trust your instincts. Rules and regulations for card acceptance requirements vary by each card brand, so when implementing policies or procedures, please contact Wind River so we can confirm these policies are in line with regulations.

Example Scenario	Recommendations
<p>Online Reservations: A customer completed their reservation online and made 100% of their payment as a card not present transaction. After they complete their stay, they submit a chargeback. How can I verify this customer at the time of check in to avoid situations like this?</p>	<p>Require customers to make a card present payment at check-in (EMV/contactless) with the same card used to make the reservation. Additionally, require that customers show their ID and the card they used to make the online payment. Confirm the name matches the reservation details and the card used. If the customer does not have the card they used online, refund that card and charge the customer in full using the card presented at check in.</p>
<p>Address Verification & CVV: A customer attempted to book a reservation online and their address, zip code, and/ or CVV came back as mismatch. What should I do?</p>	<p>Make sure to collect the numeric portion of the address, zip code, and CVV code for all card not present transactions. There are fraud filters available to allow you to decline the card if customer's information does not match. Legitimate customers should always return a match. While not entirely fool proof, it is an added obstacle to deter fraud.</p>
<p>Cancellations/Smoking Fees/Room Damages:</p> <ol style="list-style-type: none">1. A reservation is cancelled less than the required 24-hour notice. Our policy states we will charge the customer for one-night stay as a result. The customer disputed this and won the chargeback.2. A customer smoked in their room or caused damages, and we assessed fees on their card as a result. The customer disputed this and won the chargeback. Why?	<p>Card brand rules require proof that customers agreed to policies that result in additional fees prior to processing their payment. Enable an agreement check box along with a signature confirming they agree to each policy. A general agreement will not suffice. When charging for damages, you must provide line-item details of the charges. The customer must agree and sign for these charges*. If the they don't agree, we do not recommend processing the transaction as it would be in violation of many of the card brand rules and guidelines.</p>
<p>Red Flags/Refunds: A guest made a reservation online, they then called a few days later to request a refund on a different card.</p>	<p>Always refund the original card that the payment was made on. There are some cases where this isn't an option e.g., the card was lost or stolen. However, Wind River can always look up the new card number to see if the bank is the same. If it was a re-issued card, the issuer will remain the same.</p>

*There are additional rules and guidelines that we recommend you reach out to our chargeback team for further detail if you run into a situation like this at your business.

For more information regarding chargebacks, how they can affect your business, and different types of fraud, please visit:

[Protecting Your Business from Costly Chargebacks](#)

If you have any questions regarding chargebacks or fraud, please contact Wind River's Risk Department at (608) 441-5711 or chargebackassistance@windriverpayments.com