

## Protection from Refusal of Payment (Charge Back)

Nowadays, making payment through credit card online system, the bank and card issuer will consider the details and information filled by cardholder to approve the payment. But there may be fraudulent payment using other credit card to make a payment. This will cause a refusal payment from the exact cardholder and be charged back by the bank and card issuer. According to this matter, THAIEPAY need companion from all merchants to detect and verify details and information filled by cardholder for protection from refusal of payment and charge back. We, THAIEPAY, are kindly to explain to you about this matter by dividing into topics as follows.

### 1. What are the Refusal of Payment and Charge Back?

After the customer of the merchant has made a payment of products or services, the bank or card issuer has accepted that payment, and that payment has been completed through THAIEPAY, there may be a refusal of that payment from the cardholder caused by not receiving products or services, or credit card stealing. That is to say, the bank and the card issuer give their cardholders a period of refusal of payment, 180 days for VISA, and 150 days for MASTERCARD. After the cardholders received the invoice (Statement) and considered that they didn't make the payment, they have right to refuse that payment. In this case, when the refusal of payment occurred, it means that the bank or the card issuer can not collect money from the cardholders. Then the bank or the card issuer will charge the money back from the merchants.

### 2. How to deal when the refusal of payment occurred?

When the refusal of payment from the cardholder occurred, the bank and/or the card issuer will notify THAIEPAY about the refusal of payment and charge back. After receiving that notification, THAIEPAY will change the status of that payment into "Charge Back". In the meantime, there will be automatic e-mail delivering to the merchants. When the bank or card issuer gives the notification about the refusal of payment and charge back to THAIEPAY, we are bound to deduct your money from your monthly total income or collect money directly from the merchant (in case of having not enough monthly total income for us to deduct), and we will return the money (whole amount plus fee 300 baht) back to the bank and/or card issuer.

However, THAIEPAY will give the merchants 7 days, counted from the first day that the merchants received the notification, to send us the details about orders and payments such as documents about ordering products, details of customers, responding e-mail between merchants and customers, or documents about delivering order. We will pass those documents forward to the bank and card issuer for verifying the payments if they were made by the exact cardholders or not. If we can proof that the cardholder and the payment maker is the same person, the bank or card issuer can use those documents to force that cardholder to accept that payment. Then the money will be returned to the merchant. Due to this, the bank and card issuer has a right to collect money back from the cardholder or the merchant. After 7 days, if there is still no documents or contact from the merchant, THAIEPAY will consider that the merchant accept the refusal of payment and the merchant has to return money back to the bank and card issuer.

### 3. How can we protect Refusal of Payment and Charge Back occurred?

According to the 2 topics above, you will see how much the merchant will loss if the refusal of payment and charge back occurred. THAIEPAY would like to inform you the ways of Protection from Refusal of Payment and Charge Back as follows.

#### 3.1 When the payment status is "HOLD", you have to collect all involved documents

As you know, we, THAIEPAY, are now supplying more staff to investigate every completed payment by considering any details and information such as countries, company names, and IP addresses. If there are suspicious payments occurred or any details are not correct and matching, we are bound to change the status of those payments into "HOLD" and we require all involved documents to



prove. After the status is changed, there will be an automatic replying e-mail to the merchant and the status is also shown as "HOLD" in the ADMIN system. Then, after receiving notification e-mail of "HOLD" from us, the merchant should realize that there is a suspicious payment. The merchant must always ask for the copy of the customer's credit card. The customer can conceal the numbers but leave only 4 digits of credit card number.



Example of credit card given by the customer to THAIEPAY

### 3.2 Primary investigation of the customer's details by you is preferred.

You may primarily investigate the customers' details by yourself for examples they give you a few contact, they can't give you their contact numbers, or their address and delivering address are not matching, different countries or continents. All of these examples are considered suspicious. You should e-mail or contact those customers. If no documents or contact from customers again you should decide to cancel that payment.

### 3.3 The merchant should observe the unusual ordering and delivering from the customers.

According to your business, you naturally realize how your customer ordinarily order your products or services, how much and how many they want, and where they want you deliver your products to. If there is very different ordering such as large amount ordering, or delivering address is not the same as the primary ordering, you should contact your customers immediately for any documents or additional details, and then send us to investigate.

### 3.4 The last notification for merchants is recommended.

Apart from using other's credit cards to make a payment which causes the refusal of payment and charge back, there may another reason such as the exact cardholders refuse the payment because they don't receive products, or the products are broken, or the products are not the same as required.

In fact, we, THAIEPAY, are now developing our payment investigation system effectively. So the refusal of payment and charge back caused by using other's credit card to make payment is reduced but there are still the refusal caused by another reasons as identified above. Due to this, merchants can prevent this matter by using service of qualified delivering companies. You should inform those companies to let you know about delivering if it is completed or not and give Tracking NO> to your customers also. Moreover, you should contact your customers yourself whether they received products because making payment through internet payment gateway, customers will never see the exact products or merchants. So if there is no contact from merchants since they have made payments, they may hesitate and decide to refuse those payments with the banks and/or card issuers.

As we have informed you, THAIEPAY need companion from all merchants to reduce the refusal of payment and charge back or stop this matter. That is to say we want to prevent all disadvantages, which may effect merchants and THAIEPAY, regarding responsibility of returning money to the bank and/or card issuer. These will loss merchants and THAIEPAY's reliance and cause us bad records. If merchants have the refusal of payment and charge back repeatedly, THAIEPAY are bound to notify merchants about closing your accounts.

