

The following Payment Network changes may affect your business. We monitor and post details, timing and frequently asked questions so you can prepare your business accordingly. Please visit jpmorgan.com/paymentnetworkupdates, where we publish changes as they are made available.

HELPFUL LINKS

- [Chargeback Management and Prevention](#)
- [Online Chargeback Management](#)
- [Security and Fraud Prevention](#)

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Visa Claims Resolution (VCR)

Summary of Changes

In April 2018, changes to the Visa dispute resolution process, Visa Claims Resolution (VCR), went into effect. What you need to know:

- Visa Claims Resolution (VCR) is Visa's new dispute (chargeback) program that aims to address the rising number of disputes and an increase in related processing time and costs.
- VCR is designed to migrate from a litigation-based model to a liability assignment model that leverages existing data to simplify the processing of disputed transactions and speed up the end-to-end cycle time for resolution.

VCR has the following impacts on the disputes process:

- Visa changed some of the terminology related to dispute resolution.
- Visa has created four new dispute reason categories: 10 - Fraud, 11 - Authorization, 12 - Processing Errors, and 13 - Consumer Disputes.
- These four categories are split into two distinct resolution paths: Allocation (10 and 11) and Collaboration (12 and 13).
- Visa now has 25 reason codes that fall within the four categories. Reason codes are longer, up to 6 characters, and include decimal points. Web reports and delimited file reports now reflect the new reason codes. New dispute categories appear on your reports.
- Visa has shortened the end-to-end cycle for dispute resolution. You will have to respond by day 18 for Allocation disputes and by day 24 for Collaboration disputes.
- No provisional credits given for Allocation disputes when challenging a dispute.
- The Online Chargeback Management system now reflects the new reason codes and case statuses.
- Visa is now blocking invalid disputes through a new set of business rules.

Frequently Asked Questions

What is Visa Claims Resolution (VCR)?

Visa Claims Resolution (VCR) is Visa's new dispute (chargeback) program.

Why is Visa changing its dispute process?

The VCR program is a response to the rising number of disputes and an increase in related processing time and costs. The VCR initiative is designed to migrate from a litigation-based model to a liability assignment model that leverages existing data to simplify the processing of disputed transactions and speed up the end-to-end cycle time for resolving disputed transactions.

What are the changes to Visa's dispute process?

- Visa is changing some of the terminology related to dispute resolution.
- Visa has created two new high-level dispute reason categories, Allocation and Collaboration.
- Visa has 25 new reason codes.
- Visa has shortened the end-to-end cycle for dispute resolution by reducing the amount of time to challenge a dispute and to respond to a challenge.
- No provisional credits given for Allocation disputes when challenging a dispute.

Who is impacted by VCR?

All merchants, acquirers, and issuers worldwide are impacted by the VCR program.

When was VCR effective?

VCR launched on April 13, 2018.

What is the Allocation process?

Allocation disputes relate to fraud and authorization issues. Visa allocates the financial liability to the merchant and acquirer, thus the name, "Allocation." Visa anticipates a majority of the disputes will follow the Allocation process. As of July 2018, approximately 85% of disputes were in the Allocation path.

What is the Collaboration process?

Collaboration disputes relate to processing errors and consumer disputes (other than fraud). Visa expects the merchant and acquirer to collaborate and share relevant transaction information with the issuer to determine assignment of financial liability for the dispute. Visa expects a smaller portion of the overall disputes to follow the Collaboration path. As of July 2018, approximately 15% of disputes were in the Collaboration path.

Should I expect my volume of disputes to change?

Yes, you should expect to see fewer disputes. A new set of business rules evaluate Disputes to determine whether the dispute is valid. Invalid disputes returned to the issuer; require no further action required by the merchant. As of July 2018, Chase Merchant Services has seen a reduction in dispute volume ranging from 7-10%.

DISPUTE RESOLUTION CHANGES FOR MERCHANTS

What are the terminology changes related to Visa's new dispute resolution program?

The chart below illustrates the changes made to Visa terminology.

Current Defined Term	New Defined Term
Chargeback	Dispute
Representment	Dispute Response (for Collaboration)/Pre-Arbitration (for Allocation)
Chargeback Reversal	Dispute Reversal
Representment Rev/Adjustment	Dispute Response Reversal

How does VCR impact the dispute reason codes?

In addition to Reason Codes changing as a result of the VCR program, each Reason Code is now associated with a new Reason Category. The length and structure of Reason Codes changed from a current two-digit code to four to six digits that contains decimal(s) point(s). VCR tables (Figures 1 and 2) map the old Reason Code to its new Reason Code.

Figure 1: Allocation Reason Code Mappings:

Allocation

Fraud Reason Codes	
Current Reason Code	New VCR Reason Code
62(2)	10.1 EMV Liability Shift Counterfeit Fraud
81(3)	10.2 Other Fraud – Card Present Environment
81(1)	10.3 Other Fraud – Card Present Environment
83(1)	10.4 Other Fraud – Card Absent Environment
93(1)	10.5 Visa Fraud Monitoring Program

Authorization Reason Codes	
Current Reason Code	New VCR Reason Code
70(1)	11.1 Card Recovery Bulletin
71(1)	11.2 Declined Authorization
72(1)	11.3 No Authorization
78(1)	11.3 No Authorization

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Figure 2: Collaboration Reason Code Mappings:

Collaboration

Processing Error Reason Codes	
Current Reason Code	New VCR Reason Code
74(1)	12.1 Late Presentment
74(2)	12.1 Late Presentment
76(1)	12.2 Incorrect Transaction Code
76(6)	12.2 Incorrect Transaction Code
76(2)	12.3 Incorrect Currency
76(4)	12.3 Incorrect Currency
76(5)	12.3 Incorrect Currency
77(1)	12.4 Incorrect Account Number
77(2)	12.4 Incorrect Account Number
80(3)	12.4 Incorrect Account Number
81(2)	12.4 Incorrect Account Number
83(2)	12.4 Incorrect Account Number
80(1)	12.5 Incorrect Amount
80(2)	12.5 Incorrect Amount
82(1)	12.6 Duplicate Processing
86(1)	12.6 Duplicate Processing
72(2)	12.7 Invalid Data
Consumer Disputes Reason Codes	
Current Reason Code	New VCR Reason Code
30(1)	13.1 Merchandise/Services Not Received
41(1)	13.2 Cancelled Recurring Transaction
41(2)	13.2 Cancelled Recurring Transaction
53(1)	13.3 - Not as Described or Defective Merchandise/Services
53(2)	13.3 Not as Described or Defective Merchandise/Services
53(3)	13.3 Not as Described or Defective Merchandise/Services
53(4)	13.3 Not as Described or Defective Merchandise/Services
53(5)	13.4 Counterfeit Merchandise
53(6)	13.5 Misrepresentation
85(1)	13.6 Credit Not Processed
85(2)	13.7 Cancelled Merchandise/Services
85(3)	13.8 Original Credit Transaction Not Accepted
90(1)	13.9 Non-receipt of Cash or Load Transaction Value

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Are there any changes to how I challenge a dispute under the new VCR program?

The biggest change to challenging a dispute under the VCR program is the day that you must respond to the dispute. If you do not plan to challenge the dispute then you should accept the dispute. For Collaboration disputes, you must respond to the dispute by day 24 if you intend to challenge the dispute. For Allocation disputes, you must respond by day 18, if you intend to challenge the dispute. The “respond by date” will reflect the timelines above. The compelling evidence that is needed to challenge a dispute has not changed and should be included if you plan to challenge a dispute.

If I challenge a dispute, do I still get provisional credit for the amount of the dispute?

No provisional credits given for Allocation disputes when challenging a dispute. The process remains the same for Collaboration disputes. Provisional credits given when challenging a Collaboration dispute.

Have my reports changed as a result of VCR?

Because of the changes to the Reason Codes and dispute processing paths, some of your merchant reports have changed. Web reports that currently contain dispute Reason Codes will reflect the new Reason Codes and new dispute categories.

Impacted web reports include:	
PTO Users <ul style="list-style-type: none">▪ PDE-0017 – Chargeback Activity▪ PDE-0020 – Chargebacks Received▪ PDE-0039 – Chargebacks Won/Lost	ROL Users <ul style="list-style-type: none">▪ Exception Summary Report▪ Pending Chargeback▪ Denied Reversal▪ Reversal
Impacted flat files include:	
PTO Users <ul style="list-style-type: none">▪ PDE-0017 – Chargeback Activity▪ PDE-0020 – Chargebacks Received	ROL Users <ul style="list-style-type: none">▪ Combined Extract▪ Chargeback File

Is there a detailed flow for the new dispute process paths?

VCR shortened the timeframe to challenge a dispute to 30 days.

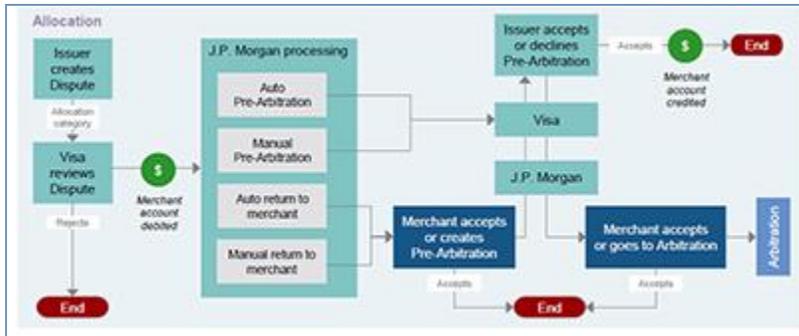
For Collaboration disputes, the path is similar to the previous process, except for the shortened timeframe.

For Allocation disputes, the VCR program changes the dispute process significantly.

- To challenge a dispute, you initiate an outgoing pre-arbitration instead of representment.
- Merchants no longer receive Provisional credit for challenged disputes with an outgoing pre-arbitration issued.
- For Allocation disputes that have been “Auto-Returned to Merchant”, Chase will auto-accept the dispute on behalf of the merchant on day 19 if Chase has not received a response from the merchant by the end of day 18.
- For Allocation disputes, other than those that are “Auto-Returned to Merchant”, a response to challenge the dispute is needed by the end of day 24.

DISPUTE RESOLUTION CHANGES FOR MERCHANTS

Allocation Process Flow



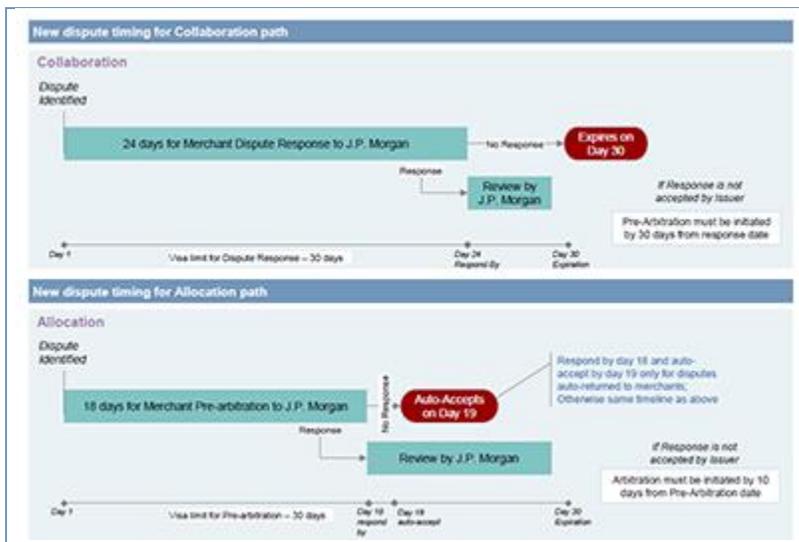
VCR changed the day a response is required to challenge the Collaboration dispute to end of day 24.

The process flow for a Collaboration dispute is the same as it is today, with the only exception being the terminology change for a representation. VCR issues “Dispute response” instead of a “representation”.

When do I have to respond to a dispute?

For Collaboration disputes, you must respond to the dispute by day 24 if you intend to challenge the dispute. For Allocation disputes, you must respond by day 18, if you intend to challenge the dispute. The “respond by date” will reflect the timelines above.

Dispute Respond by Day



DISPUTE RESOLUTION CHANGES FOR MERCHANTS

What changes will be made to the Online Chargeback Management System?

- The process to challenge a dispute within the Online Chargeback Management System remains the same:
- Continue to challenge the dispute using “Available Actions” in the Online Chargeback Management System, level 2, dispute detail screen
- Continue to provide the sufficient compelling evidence
- The new Visa reason codes are now visible in the level 2, dispute detail screen
- Case statuses are reflecting the following new Allocation case statuses:
- OPA_REQPND – Case status when Chase initiates a pre-arbitration
- OPA_REQACC – Case status when Issuer accepts a pre-arbitration
- OPA_REQDEN – Case status when the Issuer denies a pre-arbitration

Online Chargeback Management, Dispute List Page

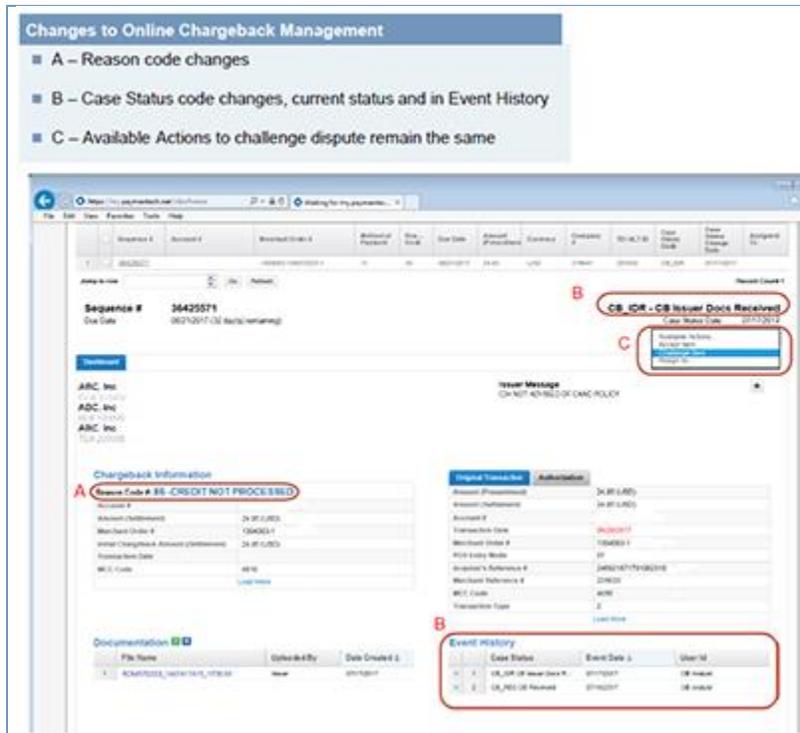
Changes to Online Chargeback Management System

- A – Reason code changes (new codes not shown here)
- B – Case Status code changes

Dispute ID	Account	Reason Code	Amount	Case Status
20160724	400000	88	10.00	OPA_REQPND
20160725	400000	88	10.00	OPA_REQPND
20160726	400000	88	10.00	OPA_REQPND
20160727	400000	88	10.00	OPA_REQPND
20160728	400000	88	10.00	OPA_REQPND
20160729	400000	88	10.00	OPA_REQPND
20160730	400000	88	10.00	OPA_REQPND
20160731	400000	88	10.00	OPA_REQPND
20160801	400000	88	10.00	OPA_REQPND
20160802	400000	88	10.00	OPA_REQPND
20160803	400000	88	10.00	OPA_REQPND
20160804	400000	88	10.00	OPA_REQPND
20160805	400000	88	10.00	OPA_REQPND
20160806	400000	88	10.00	OPA_REQPND
20160807	400000	88	10.00	OPA_REQPND
20160808	400000	88	10.00	OPA_REQPND
20160809	400000	88	10.00	OPA_REQPND
20160810	400000	88	10.00	OPA_REQPND
20160811	400000	88	10.00	OPA_REQPND
20160812	400000	88	10.00	OPA_REQPND
20160813	400000	88	10.00	OPA_REQPND
20160814	400000	88	10.00	OPA_REQPND
20160815	400000	88	10.00	OPA_REQPND
20160816	400000	88	10.00	OPA_REQPND
20160817	400000	88	10.00	OPA_REQPND
20160818	400000	88	10.00	OPA_REQPND
20160819	400000	88	10.00	OPA_REQPND
20160820	400000	88	10.00	OPA_REQPND
20160821	400000	88	10.00	OPA_REQPND
20160822	400000	88	10.00	OPA_REQPND
20160823	400000	88	10.00	OPA_REQPND
20160824	400000	88	10.00	OPA_REQPND
20160825	400000	88	10.00	OPA_REQPND
20160826	400000	88	10.00	OPA_REQPND
20160827	400000	88	10.00	OPA_REQPND
20160828	400000	88	10.00	OPA_REQPND
20160829	400000	88	10.00	OPA_REQPND
20160830	400000	88	10.00	OPA_REQPND
20160831	400000	88	10.00	OPA_REQPND

DISPUTE RESOLUTION CHANGES FOR MERCHANTS

Online Chargeback Management, Dispute Detail Screen



If I do not use Online Chargeback Management System, what has changed with my dispute notifications?

- Mailing and faxes are reflected the new Reason Codes.
- Mailings and faxes reflect the shortened dispute cycle and inform clients of “respond by date”.

Are there new dispute fees due to VCR?

Visa did not announce new dispute-specific fees included in the VCR program. We will continue to provide updates on future changes to processes and fees as the information is made available.

If past Visa Reason Code 75 was not mapped to a new Reason Code, what happens to the dispute volume associated with Reason Code 75?

Reason code 75, “Cardholder does not recognize” does not provide information to resolve a dispute and as such will be retired. The issuer is required to use one of the new Reason Codes. The majority of the volume associated with reason code 75 falls into the Fraud bucket.

What are the reason code 98 after VCR for Visa disputes?

Reason Code 98 still appears for Collaboration disputes. A “dispute response” challenges a dispute under the new process. If the issuer denies or rejects a dispute response, the issuer initiates a pre-arbitration (also referred to as a second chargeback). You will not see any issuer initiated pre-arbitration associated with an Allocation dispute.

Going forward, now that Visa is only displaying a “9” for cycle code, how can we tell that we won/lost a Visa dispute?

For an Allocation dispute, the category code of “OPAACCEPT” will signify that you won the challenge and “OPADENY” will signify that the dispute was lost. For a Collaboration dispute, you will be able to tell that you lost the challenge because you will get a new dispute with a Reason Code of 98 and you will have to match the dispute with a Reason Code of 98 to the original dispute by matching the merchant order number.

What are the requirements for the ECI (E-Commerce Indicator)?

The ECI on the authorization must be present and match the ECI on the deposit. If the ECI is missing on the authorization or the deposit or does not match, you will not be able to challenge the dispute. Visa will put the dispute as Card Present fraud (10.3) instead of Card Absent fraud (10.4). You may not be able to determine if the ECI is missing or not, so the best way to highlight a potential problem is if you get 10.3 Reason Codes for card not-present transactions.

I receive the PDE-0017 and/or PDE-0020 DFR file. What is the most current version of the DFR Technical Specifications and where can I find it?

The current version of the DFR Technical Spec is version 6.6 and is located on Developer Center under the “Card Not Present” section and then the “Other Product and Services” area.

I received the Combined Extract and/or the Chargeback file. What is the most current version of the NAP Data File Technical Specifications and where can I find it?

The current version of the NAP Data File Technical Spec is version 1.3 and is located on Developer Center under the “Retail Host” section and then the “Tandem Retail Supplemental Guides” area.

Is there a file size limit for images that I send in for compelling evidence?

Yes. The maximum individual uncompressed file size is 10 MB for all file types.

Is there a maximum page size for images that I send in for compelling evidence?

Yes. The maximum page size is 8.64 inches x 14 inches (for TIFF and JPEG).

DISPUTE RESOLUTION CHANGES FOR MERCHANTS

What images can I send in for compelling evidence?

We recommend that you use TIFF, JPEG or PDF files for best quality. All other file types may be lower quality and could result in a rejection. The table below lists all documents types and how they are converted prior to us sending them to Visa.

Method	File Type	Chase conversion	File size limit
Online Chargeback Management system	JPEG	No conversion	10 MB
	PDF	No conversion	10 MB
	TIFF	No conversion	10 MB
	BMP	TIFF	10 MB
	DOCX	TIFF	10 MB
	GIF	TIFF	10 MB
	JPG	JPEG	10 MB
	PNG	TIFF	10 MB
	TIF	TIFF	10 MB
	TXT	TIFF	10 MB
XLS	TIFF	10 MB	
Multiple Documents Upload	TIFF	No conversion	10 MB
Fax	N/A	TIFF	10 MB
Mail	N/A	TIFF	10 MB

PULSE Dispute Resolution

Summary of Changes

Changes to the PULSE dispute resolution process go into effect August 27, 2018. What you need to know:

- **Dispute initiation period extended from 90 to 120 days:** Consumer/Issuer dispute window will be longer. Review and adjust your operational processes accordingly.
- **Authorization code now required on transaction receipt for dispute reason code A11 “Declined/No Auth”:** Make sure your receipts are displaying authorization code prior to August 27 to support dispute challenges.
- **Pre-Arbitration, Arbitration and Retrievals extended to all dispute reason codes.** We expect to see a higher volume of disputes and retrievals due to this expansion and increased time to resolve.
- Migration to a new, web-based application for processing and settling Regulation E claims and adjustments. Chase Merchant Services clients should not experience any impact or require changes related to the migration.

Frequently Asked Questions

When will the changes take effect?

PULSE changes take effect August 27, 2018.

Who is impacted by the PULSE changes?

All merchants, acquirers and issuers worldwide processing debit transactions on the PULSE network are subject to these changes.

Will I need to access the new disputes system?

No, Chase Merchant Services will be managing your disputes on your behalf within the new system.

As a merchant, do I need to do anything related to the extended period to initiate a dispute?

Nothing specifically required related to your processing with Chase Merchant Services, but you may need to adjust internal processes considering the overall status of a transaction. Transactions can be disputed up to 120 days from initial date and you must provide compelling evidence to challenge disputes beyond 120 days.

What if I don't have an authorization code on the receipt and get a dispute with reason code A11?

Receipts without the authorization code will not be accepted as compelling evidence for this reason code.

How do I get an authorization code to appear on the receipt?

No changes are required as all receipts should automatically show approval code.

Will Chase Merchant Services require technical changes from my company?

No technical changes are required.

MasterCom Claims Manager (MCM)

Summary of Upcoming Changes

Mastercard announced plans to make changes to their dispute resolution process beginning October 2018, continuing through early 2020. What you need to know:

- Mastercard is introducing a new dispute resolution platform called MasterCom Claims Manager (MCM) in 2018.
- Mastercard will decommission the MasterCard Connect platform on June 30, 2019
- Chase Merchant Services plans to connect to the new platform before the old platform end of life. This has no impact to merchants.
- In a future phase, Mastercard will introduce a collaboration process that will allow issuing banks to connect with merchants and resolve cardholder claims before they become a dispute.

Frequently Asked Questions

When will the changes be in effect?

Mastercard will be rolling out changes in phases. Chase Merchant Services is making changes according to this schedule:

- Phase 1 – April 2019:
 - Migration to the new platform with real-time APIs. No impact to merchants.
 - Elimination of the third dispute cycle. Process impact to merchants.
- Phase 2 – Early 2020:
 - New collaboration process to reduce the number of actual disputes by connecting issuing banks to merchants and retrieve additional information.

Who is impacted by MCM?

All merchants, acquirers and issuers worldwide are impacted by the MCM program.

Will I need to access the new MasterCom platform?

No. Chase Merchant Services will be managing your disputes on your behalf within the new system.

Will Mastercard mandate the new collaboration process?

Yes, as of now, Mastercard has the intention to have this collaboration process mandated for all stakeholders (issuing banks, acquirers and merchants).

Will we need to make technical changes?

Chase Merchant Services is not requiring technical changes for phase 1 in Q1 (April) of 2019, but the second phase due early 2020 will require technical changes to pass on additional information required for the collaboration process and potential changes to reporting related to this new process.

Discover Dispute Resolution

Summary of Upcoming Changes

Discover announced their intention to make changes to their dispute resolution processes and systems, similar to Visa and Mastercard. The extent of the changes as of July 2018, have not been confirmed, but they will use the same disputes system that PULSE is rolling out in the summer of 2018.

Frequently Asked Questions

When will the changes be in effect?

Discover has not officially announced the changes or their effective date.

Who is impacted by Discover changes?

All merchants and acquirers worldwide processing Discover transactions are impacted by the Discover changes.

Will I need to access the new Disputes System?

No. Chase Merchant Services will be managing your disputes on your behalf within the new system.