

NPCI/NFS/OC No.106/2013 – 14

January 29, 2014

To,

All Member Banks of National Financial Switch (NFS)

Dear Sir/Madam,

**Subject: Guidelines for addressing cash withdrawal dispute for multiple transactions done at ATM**

**Background:**

Issuing bank raises chargeback through DMS upon receipt of customer complaints for non-receipt of cash (full or partial), for ATM cash withdrawals done at NFS network ATMs.

Acquiring bank ascertains the status of the disputed transaction and either accepts or represents the chargeback. Proof of cash dispense in the form of Electronic Journal (EJ) or copy of Journal Print (JP) has to be provided while representing the chargeback. Acquiring bank has a time period of 5 days from the date of chargeback for either accepting or representing the chargeback. In case no action is taken by acquiring bank within the stipulated time period, the chargeback is deemed to be accepted by the acquiring bank.

It has been observed that in cases where customer has done multiple cash withdrawal transactions at an ATM on a particular day and customer complains for non-receipt of cash in either one or more of the transactions, but not all the transactions, Issuing bank raises chargeback for all the transactions done by the customer at the ATM. The Issuing bank should raise chargeback only for the disputed transaction but since the customer is unable to identify the failed transaction, Issuing Bank raises chargeback for all the transactions. This action by Issuing bank is not correct.

**Multiple Chargebacks may result into:**

- Financial loss to acquiring bank for deemed acceptance of chargeback, if bank is unable to represent one or more successful transactions within the specified time period due to any reason.
- Accumulation of credits with Issuing bank (surplus credits) for deemed accepted cases by acquiring bank, where only the complaint amount is credited to the customer out of the total chargeback cases.
- Higher credit may be accorded to the customer by Issuing bank for all accepted or deemed accepted cases though the complaint is for lesser amount.
- Increase in the number of chargebacks in the network.
- Possibility of the Acquiring bank wrongly accepting a chargeback even though the ATM had dispensed the cash successfully.

This matter was discussed in the NFS Steering Committee Meeting held on 29<sup>th</sup> November 2013 and it was agreed that NPCI shall formalise a process for addressing multiple chargeback issue.

To address the issues emanating from multiple chargebacks, following process needs to be followed by Issuing and Acquiring banks.



Page 1 of 4

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**Process:**

**1. Applicability:**

This process shall be applicable for addressing customer complaints where a customer has done multiple cash withdrawal transactions on a particular ATM IN A DAY and has not received cash (full or partial), for either one or more of the transactions from the total number of transactions done at the ATM.

Following conditions are to be met:

- a) Customer has done all the cash withdrawal transaction at the same ATM (Same ATM ID).
- b) The cash withdrawals should have been made on same date.
- c) Customer is disputing for one or more transactions from the total number of transactions done at the ATM, but not all the transactions.
- d) Customer is not able to identify the specific disputed transaction/s from the total number of transactions done at the ATM.

**2. Process to be followed by the Issuing bank.**

- a) Issuing bank shall check whether any chargeback is already raised for the transaction done by the cardholder (customer), on the same ATM and on the same date.

If any chargeback is already raised with reason code 'Single Dispute Multiple Transactions' and dispute letter is provided, Issuing bank shall check the status of the chargeback and address the dispute as per the response of the Acquiring bank. Though DMS shall not restrict raising of chargeback for balance transactions, NO further chargebacks should be raised by the Issuing bank for the same complaint.

- b) If no chargeback is raised earlier, Issuing bank shall process the dispute in DMS for the complaint amount by raising chargeback with reason code 'Single Dispute Multiple Transactions'
  - (i) For the first transaction, if only one transaction is disputed by the customer OR
  - (ii) For first few transactions, if more than one transaction is disputed by the customer
- c) The total amount of chargebacks raised should be equal to the amount disputed by the customer i.e. the cumulative value of the chargebacks raised should not exceed the disputed value.
- d) Selecting the correct reason code i.e. 'Single Dispute Multiple Transactions' is very important for Acquiring bank to address the chargeback cases as per the guidelines provided in this circular.
- e) Issuing bank shall prepare a dispute letter as per the format provided in Annexure-I (specimen copy of dispute letter is attached for ready reference) and upload the same in DMS while raising the chargeback manually in DMS. In case chargeback is raised for more than one transaction, dispute letter should be uploaded to any one chargeback case, preferably for the first transaction.

The dispute letter should mandatorily contain the following:

- (i) List of all the transactions performed by the customer at the ATM on the date along with the total number and amount of transactions. The list of transactions should be those which are



settled through NFS and where no credit adjustment or Late Reversal is received for the same.

- (ii) Disputed Amount – complaint amount provided by the customer.
  - (iii) Declaration that the Issuing bank shall not raise dispute/s (chargeback or good faith chargeback) for the balance transactions in DMS.
- f) **Providing dispute letter is mandatory for addressing disputes under this process.** In case dispute letter is not provided, it shall be presumed that customer is disputing only the transaction for which chargeback has been raised.
- g) Once the chargeback cases are accepted or deemed accepted, the complaint amount can be credited to the customer by the Issuing bank.
- h) In case any or all of the chargebacks are represented by the Acquirer, the Issuing bank would have pre-arbitration rights for the disputed amount irrespective of whether the transaction for which chargeback is raised is successful or not, if Acquiring bank has not provided EJs/copy of JP for all the transactions listed in the dispute letter. The Pre-arbitration shall be raised on the chargeback represented by the Acquiring Bank.

### 3. Process to be followed by Acquiring bank.

- a) On receipt of the chargeback with reason code 'Single Dispute Multiple Transactions', the Acquiring bank shall check for the dispute letter provided (uploaded in DMS) by the Issuing bank.
- b) Acquiring bank shall check the status of the transactions provided in the dispute letter including the disputed transactions in DMS. These shall include all the transactions done by the customer at the same ATM on the same date.
- c) After checking the status of all the transactions done by the customer, Acquiring bank shall perform one of the following actions:

- (i) If the total amount of unsuccessful transactions is EQUAL TO or MORE THAN the total disputed amount, accept all the disputed cases (chargebacks).

Credit adjustment must be raised by the acquiring bank for the balance unsuccessful transactions for which chargeback has not been raised after performing reconciliation at their end.

- (ii) If the total amount of unsuccessful transactions is LESS than the total disputed amount, accept chargeback cases to the extent of total amount of unsuccessful transactions. In case of partial acceptance, Acquiring bank shall process representment for the partial amount.
- (iii) If ALL the transactions done by the customer are successful, Acquiring bank shall represent all the disputed cases (chargebacks).

While accepting chargebacks, Acquiring bank shall provide the RRNs of transactions accepted by them in the 'Bankadjref' field. The syntax shall be "MCA-DDMMYY-RRN1, RRN2, RRN3" where 'MCA'



denotes 'Multiple Chargeback Acceptance', 'DDMMYY' shall be the date of the transaction and 'RRN1, RRN2, RRN3' are the failed transactions' RRN for which chargeback is accepted. This shall enable the Issuing bank to know the transaction/s for which the Acquiring bank has accepted the dispute.

- d) While processing representment, either for one or more of the chargeback cases or for partial amount, Acquiring bank should provide the proof of cash dispense in the form of EJ or copy of JP for all the transactions listed in the dispute letter provided by the Issuing Bank along with three preceding and three succeeding transactions.

In case the Acquiring bank fails to provide EJs or copy of JP for all the transactions listed in the dispute letter, Issuing bank shall have the right to raise pre-arbitration for the represented chargeback. DMS shall calculate the penalty amount for delayed resolution and same will be debited to the Acquiring bank as per the existing pre-arbitration process.

- e) While addressing the chargeback cases, the Acquiring bank shall check whether any chargeback was received earlier for transactions done by the same cardholder (customer) on the same ATM and on the same date. If Issuing bank raises chargeback for the balance transactions, Acquiring bank may check their action on the earlier dispute and address the case appropriately.
- f) In case dispute letter is not provided by the Issuing bank, Acquiring bank shall process the chargeback under the normal course presuming that the customer has disputed only the transaction for which chargeback has been raised.

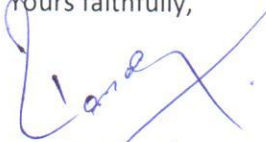
However, while checking the status of the disputed transaction, in case Acquiring bank identifies any unsuccessful transaction for the same cardholder [customer], they may pro-actively raise credit adjustment for the unsuccessful transaction post completion of reconciliation, instead of waiting for chargeback from the Issuing bank.

We request banks to make necessary changes in their complaint management process for implementing the guidelines provided in this circular. For any queries in this regard, member banks may please contact the following:

1. Avinash Kunnoth, NFS Operations, E-mail ID – [avinash.kunnoth@npci.org.in](mailto:avinash.kunnoth@npci.org.in); Mobile - 8879772725.
2. Abhay Parekh, NFS Operations, E-mail ID. – [abhay.parekh@npci.org.in](mailto:abhay.parekh@npci.org.in); Mobile – 8879772794.

The guidelines provided in this circular will be operational w. e. f. **1<sup>st</sup> March 2014**.

Yours faithfully,



**Ram Sundaresan**  
Head – NFS

**Annexure I [Dispute Letter format] Ref OC-106 Dated: 29-Jan-2014**

Date: \_\_\_\_\_

From: \_\_\_\_\_ (issuing bank) To: \_\_\_\_\_ (acquiring Bank)

Dear Sir/Madam,

We are in receipt of complaint from our customer for cash withdrawal transaction done at your Bank's ATM. The details are given below for your ready reference.

Card Number : \_\_\_\_\_  
*[To be masked, only first 6 and last 4 digits should be in clear text, rest of the digits should be replaced by \* or X]*

ATM ID : \_\_\_\_\_ Date of transaction : \_\_\_\_\_

**Details of Complaints**

Total Amount Requested/Debited [A] : \_\_\_\_\_  
 [Total of all the transactions settled at NFS and for which credit adjustment is not received]

Total Amount Received by Customer [B] : \_\_\_\_\_

Amount **Disputed** (complaint) by Customer [C = A-B] : \_\_\_\_\_

Details of transactions done by the customer *[Settled at NFS and for which credit adjustment or later reversal is not received]*

Sr. No.	RRN / Transaction No.	Transaction Amount (Rs.)
<b>TOTAL Amount (Rs.)</b>		[Should match with 'A' above]

Details of Chargebacks Raised: \_\_\_\_\_ Date of Chargebacks (Adj.): \_\_\_\_\_

Sr. No.	RRN / Transaction No.	Bank Adjustment Reference	Chargeback Amount (Rs.)
<b>TOTAL Amount (Rs.)</b>			[Should match with 'C' above]

We confirm that no chargeback has been raised earlier and shall not be raised in future for the same dispute.

Yours faithfully,

**Authorized Signatory**

[Signature of official from Issuing Bank along with bank's stamp]



**Specimen – Dispute Letter**

Date: 27-1-2014

From: ABC Bank (issuing bank) To: XYZ Bank (acquiring Bank)

Dear Sir/Madam,

We are in receipt of complaint from our customer for cash withdrawal transaction done at your Bank's ATM. The details are given below for your ready reference.

Card Number : 654321XXXXXX1234

[To be masked, only first 6 and last 4 digits should be in clear text, rest of the digits should be replaced by \* or X]

ATM ID : SC1N1234 Date of transaction : 25-1-2-14

**Details of Complaints**

Total Amount Requested/Debited [A] : 5000

[Total of all the transactions settled at NFS and for which credit adjustments is not received]

Total Amount Received by Customer [B] : 2000

Amount Disputed (complaint) by Customer [C = A-B] : 3000

Details of transactions done by the customer [Settled at NFS and for which credit adjustment or late reversal is not received]

Sr. No.	RRN / Transaction No.	Transaction Amount (Rs.)
1	1234	1000
2	1235	1000
3	1236	1000
4	1237	1000
5	1238	1000
<b>TOTAL Amount (Rs.)</b> [Should match with 'A' above]		<b>5000</b>

This should match with total amount debited and settled at NFS (net of credit adjustment / late reversal received, if any)

Date of chargeback raised

Details of Chargeback Raised:

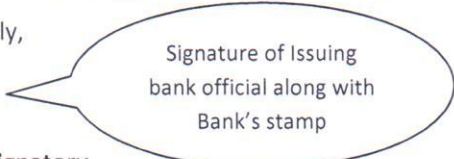
Date of chargeback (Adj.): 27-1-2014

Sr. No.	RRN / Transaction No.	Bank Adjustment Reference	Chargeback Amount (Rs.)
1	1234	ABC/CB/270114/001	1000
2	1235	ABC/CB/270114/002	1000
3	1236	ABC/CB/270114/003	1000
<b>TOTAL Amount (Rs.)</b> [Should match with 'C' above]			<b>3000</b>

This should match with the complaint amount ('C' above)

We confirm that no chargeback has been raised earlier and shall not be raised in future for the same dispute.

Yours faithfully,

Sd/- 

**Authorized Signatory**

[Signature of official from Issuing Bank along with bank's stamp]

