

# Chargeback FAQs - SM Pay

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## What is a chargeback?

When a customer is reimbursed for a debit or credit card charge after successfully disputing it with their bank, rather than the business that charged them.

## Who initiates the chargeback?

The chargeback process can be initiated by either the cardholder or the cardholder's issuing bank. The issuer or cardholder requests a credit, refund, or reimbursement, claiming an incorrect or invalid transaction.

A financial institution can initiate a chargeback to reverse a credit card payment for Card Not Present/CNP transactions (meaning the cardholder does not physically present their card at the business's point of sale). All of SM credit card payments are CNP.

## How do I know I have received a chargeback?

SM will email the chargeback information to the location contact immediately upon receiving notification that there is a new dispute case that needs addressing. The documentation will have information about the dispute that will help identify the specific case being submitted.

## What is the chargeback process?

When a chargeback is initiated, the issuing bank will forward the dispute to the Card Brand (MasterCard, Visa, Discover or Amex) who in turn will send it to the Acquirer/Processor that processed the transaction. The Acquirer/Processor will check the validity of this dispute and forward it SM to give to the merchant that processed the transaction.

If the merchant challenges the dispute by submitting supporting documents, the Acquirer will then send it back to the Card Brands who will pass it on to the Issuing bank. If the Issuing bank accepts the documents, the merchant is credited (if previously debited) and the chargeback process is closed. However, the Issuing bank can continue the process using other dispute stages like Arbitrations.

If the merchant does not respond to the initial chargeback or decides to Accept Liability, the merchant is debited, and the dispute process is completed.

## What do I do when I receive a chargeback?

Submit to SM all transaction records, receipts, shipping information, and any other relevant documentation that provides evidence the transaction was legitimate, and that the cardholder's claim is unfounded.

In cases other than fraud, you may be able to resolve your issue directly with the customer, rather than them requesting a chargeback from the bank.

## How long do I have to respond to a chargeback?

Funds are taken immediately and once the funds has been returned to the original customer, the location can

dispute or represent the chargeback within 10 days of the original chargeback date.



Federal law requires card issuers to offer chargebacks within 60 days of the date of billing.

## What happens if I do not respond to a chargeback?

If you do not respond to a chargeback, it will eventually move to the Closed work queue and the following consequences apply:

- If a Chargeback moves to a Closed status, you can no longer respond to it
- The Acquirer may pursue the case on your behalf on a “best effort” basis.

## What is the cost of receiving a chargeback?

\$30.

## What is a Retrieval Request?

A Retrieval Request is a request for proof that a transaction was valid. To respond to a Retrieval Request you might, for example, provide a copy of the sales draft for the transaction. No financial adjustments are performed for Retrieval Request but, if you do not respond, you could be held responsible (liable) for any Chargeback cases that result.

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