Credit card disputes or chargebacks are a big problem for small business owners. Use these tips to avoid them:

**How disputes work**
- Customer makes a purchase & indicates a dispute reason code.
- Issuing bank validates the dispute & sends it to the merchant.
- Merchant reviews the transaction & either accepts the disputed amount or requests additional documentation.
- Funds are returned to the customer & both parties are notified.

**Common dispute reasons**
- Fraud: 50% of disputes
- Merchandise not received: 14.6%
- Merchandise received but damaged: 12.1%
- Merchandise received but not as described: 11.3%
- Merchandise not as advertised: 8.8%
- Services not received: 8.3%
- Services received but not as described: 7.4%
- Other: 13.4%

**Ways to reduce disputes**
1. Use a recognizable name on card statements. Customers confuse names that are different from your operational name, which can cause disputes.
2. Use accurate product descriptions. Always make sure to describe products accurately to avoid disappointed customers. If you are using a name on your credit card statement that is different from your operational name, that may confuse customers and result in disputes.
3. Be clear about refund and return policies. Carefully document your policies at the register and on your website. Make sure the conditions of the sale are written on a receipt and your customer signs it at the time of the sale. Clearly display your policies at the register and on your website.
4. Use delivery tracking. Use delivery tracking services offered by shippers and always set reasonable shipping expectations. If your shipping address is not a physical address, that may confuse the customer and result in disputes.
5. Move to using chip cards. Speak with your payment processor about updating your terminals to accept chip-enabled cards and ask your customers to use them. With chip technology, you can reduce your liability for fraudulent card transactions.
6. Use ID verification policies and services. Use ID verification policies and services offered by shippers and always set reasonable shipping expectations. If your shipping address is not a physical address, that may confuse the customer and result in disputes.

To learn more about Merchant Services, visit here.