

A CLIO RESOURCE

Clio's Chargeback Guide



What is a chargeback?

A chargeback is a disputed transaction initiated by a client with the intention of reversing a payment. If the chargeback is resolved in favor of the client, the payment will be refunded to them.

If you're not prepared, chargebacks can create headaches for your law firm. However, businesses with good prevention and response strategies will rarely experience a chargeback. On average, only 0.5% of all card transactions result in a chargeback.

This guide will give you the tools and resources to help prevent chargebacks and help you win disputes.

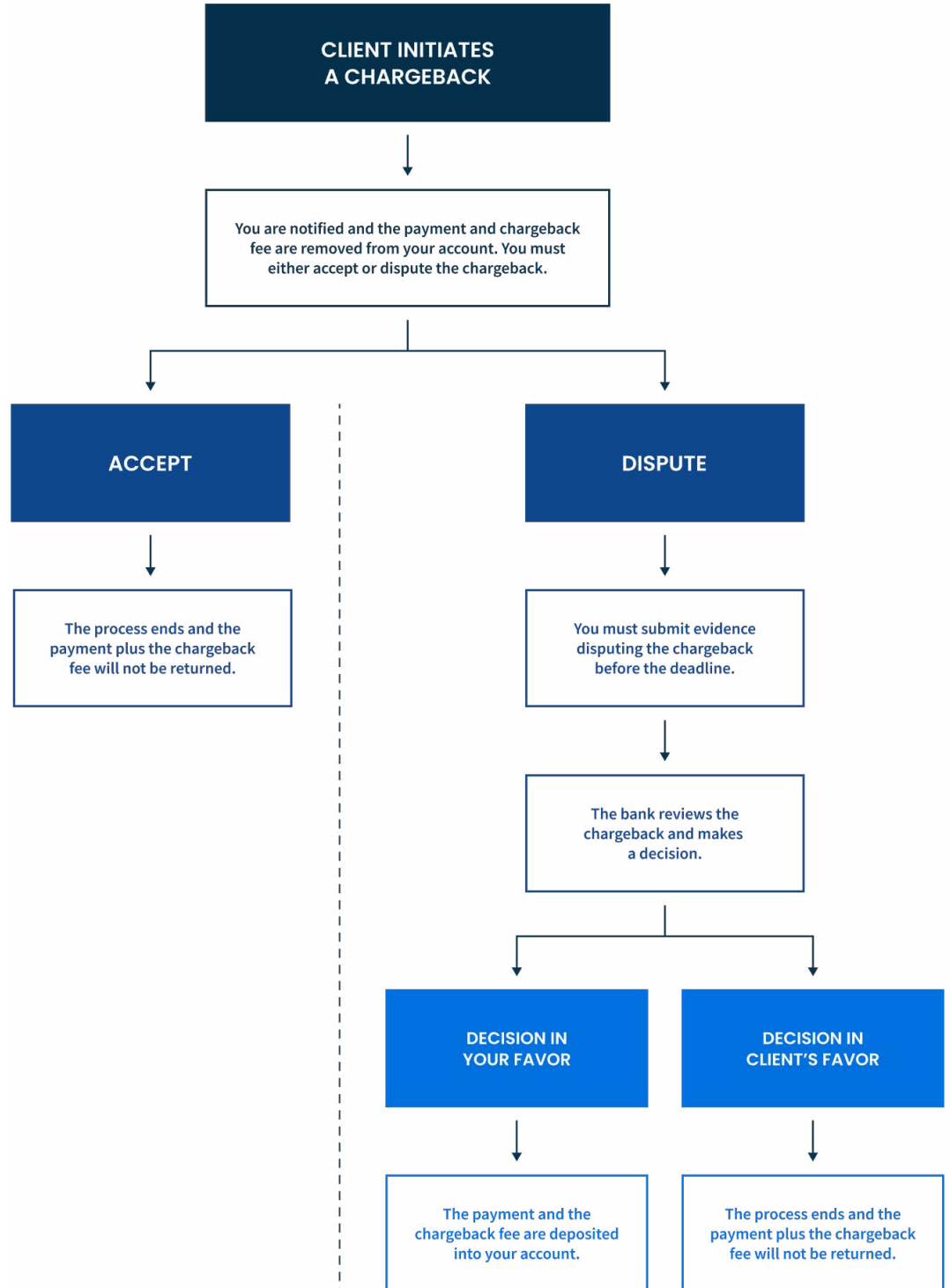
TYPES OF CHARGEBACKS

Chargebacks can occur for any card payment made using MasterCard, Visa, or American Express networks. There can also be an ACH (eCheck) return dispute. The type of chargeback will determine what actions you can take to resolve them:

- **Card payment chargebacks.** You have the opportunity to challenge the dispute according to the rules and processes defined by the card networks.
- **ACH returns** (sometimes referred to as “**ACH chargebacks**”). You don't have the opportunity to challenge the return through the payment network. You will instead need to work directly with your client.
- **Inquiries.** Inquiries are requests from American Express networks to provide additional information about a transaction. An inquiry can potentially become a chargeback if you do not respond and provide no information, or after you respond, American Express determines a chargeback is warranted.



Chargebacks at a glance



Understanding the chargeback process

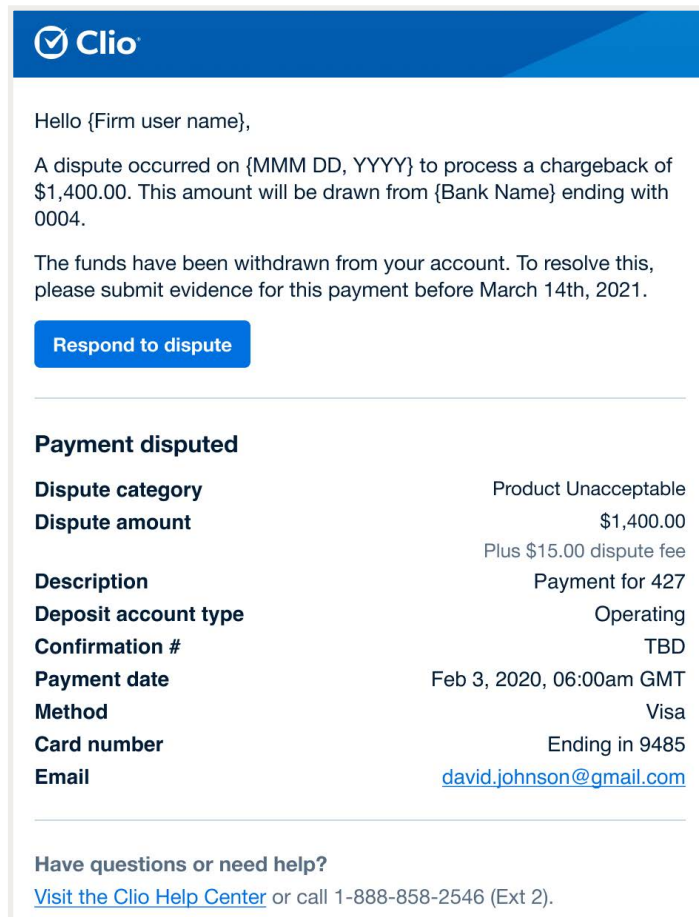
1 — YOUR CLIENT CALLS THEIR BANK TO CHARGEBACK A TRANSACTION

Once your client initiates a chargeback, the bank will assign a reason code (see section: [Chargeback rules for a list of reason codes](#)).

Your client can decide to chargeback a transaction up to 120 days after a transaction.

2 — YOU RECEIVE AN AUTOMATED EMAIL WHEN CLIO IS NOTIFIED OF THE CHARGEBACK

The automated email (shown below) includes details of the chargeback, along with actions for you to either challenge or accept the chargeback.



The screenshot shows an email from Clio with a blue header. The body text includes a greeting, a notice of a \$1,400.00 chargeback, and a deadline to submit evidence by March 14th, 2021. A blue button labeled 'Respond to dispute' is present. Below is a table of dispute details, followed by a 'Have questions or need help?' section with a link to the Clio Help Center and a phone number.

Dispute category	Product Unacceptable
Dispute amount	\$1,400.00
	Plus \$15.00 dispute fee
Description	Payment for 427
Deposit account type	Operating
Confirmation #	TBD
Payment date	Feb 3, 2020, 06:00am GMT
Method	Visa
Card number	Ending in 9485
Email	david.johnson@gmail.com



A member from our Payment Operations team will also reach out to you by phone and email as soon as possible to ensure that you are aware of the chargeback and to assist in the process. You can also contact a Chargeback Expert at Clio anytime by emailing chargebacks@clio.com.

3 — **THE CHARGEBACK AMOUNT PLUS A \$15 FEE GETS DEBITED FROM YOUR ACCOUNT**

Clio, unfortunately, cannot prevent the debit or the fee as **these are administered by your client's bank and the card networks**, and are part of the chargeback rules.

Note: The chargeback fee amount may be subject to change.

4 — **YOU CAN CHOOSE TO EITHER ACCEPT OR CHALLENGE THE CHARGEBACK**

When you click **Respond to dispute** in the automated email, you'll be taken to a page where you can choose how you want to proceed in response to the chargeback:

- **Accept the chargeback.** This chargeback case will be marked as "Lost" automatically and both the money and chargeback fee will not be returned to you.
- **Challenge the chargeback.** You must submit compelling evidence before the chargeback deadline (shown in the automated email). If you miss the deadline, the chargeback will be resolved in favor of the client.



Dispute Details

Dispute category	{{dispute category}}
Client name	Christopher Mudiappahpillai
Bill #	412
Transaction date	06/30/2019
Method	VISA ending in 4242
Confirmation #	000130129
Amount	\$1,400.00

To challenge this dispute, please review the steps below to submit evidence. Or, if you agree with the cardholder that the dispute was valid for the reason given, you can accept this dispute. **You have until {{dispute expiry}} to submit evidence.**

Accept Dispute

or

challenge dispute below

The type of dispute will determine how long you have to respond to a chargeback. While the average response period for a chargeback is approximately 10 days, some types of disputes may be shorter.

After submitting the evidence, Clio will automatically forward the documents to your client’s bank. The bank can take up to 75 days to review evidence and make a final decision. The length of this waiting period is subject to the bank and is outside of Clio’s control.

5 — AN OUTCOME IS DECIDED BY YOUR CLIENT’S BANK

If your client’s bank resolves the case in their favor, the dispute will be marked as “Lost.” The chargeback amount and the fee will not be returned to you.

If your client’s bank resolves the case in your favor, the chargeback amount and the fee will be returned to you.



Clio is here to support you throughout the entire process. If you are unsure of what to do, or what evidence to submit, please contact us at chargebacks@clio.com. Our Chargeback Experts are on standby to help you win as many chargebacks as possible.



Strategies to preventing chargebacks

Not all chargebacks can be prevented, but you can reduce the chances of your client charging back a transaction.

REVIEW YOUR STATEMENT DESCRIPTOR

Choose a [statement descriptor](#) that will be easily recognizable for your client. A statement descriptor is what your client sees when they receive their bill or bank statement. If your statement descriptor is different from what your client expects, they might chargeback the transaction claiming they do not recognize it.

Your statement descriptor does not need to be your legal business name. Ideally, it should be your “doing business as” name or the name you use on your invoices, website, or other public-facing communications.

SET UP CLEAR PROCESSES AND COMMUNICATE THEM TO YOUR CLIENTS

Setting up clear policies and procedures will help ensure that your clients understand what they're paying for and what their options are if they are unhappy with the services they receive. Mutually agreeing to key milestones with a client will also support your case when challenging a dispute.

To help avoid chargebacks, some best practices for law firms include the following:

- **Create clear refund policies and communicate them to your client.** Refund policies should be communicated in writing. They should be easy to understand and clearly displayed or accessible. Ideally your client should agree to and sign your refund policies, digitally or on paper.
- **Ensure your client understands what legal service you will deliver and by when, especially for retainer agreements.** Often, misunderstandings between you and your clients are a cause of chargebacks. Clear business practices can go a long way in preventing these misunderstandings.



- **Use credit card authorization forms to document your client's approval to charge their credit card.** Clio provides templated credit card authorization forms that can be found [here](#).
- **Make sure it is easy for your client to contact you.** Ensure your contact details are easy to find online and be responsive to calls and emails. All too often, a client tries calling to resolve an issue but cannot get the support they need. Clients then resort to filing chargebacks.



Clio can help you devise strategies to prevent chargebacks. If you would like to talk about preventing chargebacks, please contact us at chargebacks@clio.com. Our experts are on standby to help you.



Tips for managing chargebacks

If you receive a chargeback, knowing how to deal with it and implementing best practices when submitting your evidence for disputes will give you the best chance of resolving the issue in your favor.

Most Importantly: Remember to take note of the chargeback deadline.

If you miss the deadline, the chargeback is considered “accepted” and you can no longer dispute it.

TRY TO RESOLVE THE CHARGEBACK WITH YOUR CLIENT

Contact your client as a first step. The most important thing is to understand what went wrong or what they are unhappy about.

If your client mentions that they have withdrawn the dispute with their bank, ask them to provide written proof that the chargeback was withdrawn.

Written proof can be provided in the form of either a **rebilling statement** or a **withdrawal letter**.

Note: Email evidence from your client stating that they withdrew the dispute or never disputed a transaction can also help your case.

Once you receive written proof, you should take the following actions:

- Send your written proof to Clio so that we can send it to your client's bank to help prove that the chargeback is invalid.
- You should also still submit your evidence disputing the chargeback. If the cardholder forgets to withdraw the chargeback, submitting evidence ensures your best chance at winning.



Criteria for submitting a rebilling statement	Criteria for submitting a withdrawal letter
<p>A rebilling statement must be submitted as a screenshot of the user's online banking portal or a photo of their paper account statement and must include the following info, which must match the charge info:</p> <ul style="list-style-type: none"> • Cardholder name • Last four digits of card number • Original charge amount & date • Conditional credit amount & date • Reversal of conditional credit amount & date 	<p>A withdrawal letter must be submitted as a screenshot of a message in the bank's online messaging portal or a photo of a letter on bank letterhead. It cannot be a forwarded email from a bank rep. It must also state that your customer dropped or withdrew the dispute and include the following information, which must match the charge info:</p> <ul style="list-style-type: none"> • Cardholder name • Last four digits of card number • Amount disputed



Best practices when submitting evidence for a dispute

Adhering to these best practices will ensure that your dispute has the best chance of overturning the chargeback.

WHAT SHOULD YOUR EVIDENCE INCLUDE?

Evidence can include:

- Signed refund policies.
- Signed retainer agreements.
- Screenshots of invoices and receipts showing details of the service delivery, the amount charged, and if possible, client acknowledgement of receipt.
- Signed credit card authorization forms .
- Client communication proving that the transaction was valid and authorized.
- Client communication proving you delivered the legal service as agreed to.

Any evidence you submit must adhere to a specific criteria for chargeback review:

- Evidence can only be in the format of PDF, JPEG, or PNG file types.
- The combined file size can't be more than 5MB.
- The combined page count must be less than 50 pages.
- If the size of your evidence exceeds these limits, you can compress your files with online tools such as Smallpdf.
- Make sure any text, documents, or images are clear. Any blurred images or small text can easily become illegible during the evidence transmission process. Note: color documents are converted to black and white, which can distort any color evidence.

When compiling your evidence, include a brief narrative that explains:

- What legal service was delivered?
- When was the legal service delivered?
- How was the legal service delivered? (if applicable)
- A summary of evidence attached.
- Why should you win the chargeback?



Tips to remember when writing a brief narrative:

- Keep narratives and evidence concise. Banks process a very high number of chargebacks and often have very little time for each case.
- Avoid using legal jargon in your narrative. Most chargeback analysts are not familiar with the legal industry.
- **Do not include full card numbers** in any of your evidence. If a chargeback analyst sees a full card number, they are obligated to destroy the evidence to maintain PCI compliance.
- If your customer did not try to contact you to resolve the dispute, state this in your narrative. Banks often expect their client to first try and contact you to try to resolve the matter before filing a chargeback.

Text formatting	Screenshots
<ul style="list-style-type: none">• Use a 12 point font or larger.• Make sure that documents are US Letter or A4 size, in portrait orientation (you can still add screenshots to your documents in landscape orientation).• Use bold text, callouts, or arrows to draw attention to pertinent information.• Avoid using color highlighting.	<ul style="list-style-type: none">• Crop the screenshot to the area of interest and circle any key components (e.g., service confirmation or signature).• Use the text fields in the dispute evidence form to describe what the image contains and how it supports your response.



Clio can help you compile your evidence and increase your chances of winning a chargeback. If you would like to talk to one of our specialists, please contact us at chargebacks@clio.com.



Chargeback example

Below is an example of a chargeback that was successfully disputed. The details below show what should be included when submitting evidence to your client's bank when you dispute a chargeback.

Text and fields in **blue** are automatically populated by Clio.

Text and fields in **black** are information provided by you, which Clio compiles into a package for your chargeback dispute.

Chargeback evidence
Case number: 123456789
Reason code: 4755 (Services not received)

To whom it may concern

Please review the following compelling evidence for the chargeback for \$XXX received on 1 January 2022 for the charge authorized on 1 December 2021.

Payment details

Transaction amount	\$XXXX
Transaction date	1 December 2021
Transaction type	Purchase
Authorization code	111ABC
Acct last 4	4444
CVV/CVC	Pass
AVS code	A
AVS street check	Pass
AVS zip code check	Pass

Customer details

Name	XXXXXXXXXXXX
Email	XXXXX@XXXXXXXX
Billing address	123 Fictional New York 1111, NY, US
Purchase IP address	68.111.222.111 Area, NY, US



Product Description

On **(insert date)**, **(insert client name)** signed an agreement to contract legal services from **(insert your firm name)**. The client requested the following work: **(insert type of work)**.

(Insert type of work) was delivered to the client on **(insert service date)**. The client was subsequently billed on **(insert billing date)**. The client paid and responded via email acknowledging receipt of services and the documents in question.

Please see evidence attached:

- Signed agreement contracting for services.
- Client receipt screengrab, include customer details and payments details.
- Copy of client signed credit card authorization form.
- Copy of client signed refund policy.

The charge in question is valid and services were rendered because the customer signed the agreement, confirmed receipt of services and documentation via email, signed a credit card authorization form and signed the refund policy.

Attached evidence

Evidence document 1

Evidence document 2

Evidence document 3

Evidence document 4



Questions & Answers

To help you better prepare and manage your chargebacks, here are some frequently asked questions about some of the most common chargeback rules to be aware of. **Please note these are not Clio's rules. Rather, these rules are defined by the card networks and Clio is obligated to obey them.**

— **HOW LONG DOES A CLIENT HAVE TO DISPUTE A TRANSACTION?**

Depending on the bank that your client deals with, they can have up to 120 days after the original transaction date to dispute the transaction.

— **WHO MAKES THE FINAL DECISIONS ON TRANSACTION DISPUTES?**

The outcome of the dispute is decided by your client's bank, not Clio.

— **HOW MUCH WILL A CHARGEBACK COST ME?**

After a chargeback is initiated, the chargeback amount plus chargeback fee is removed from your operating account immediately, and given back to your client. Unfortunately, this is a card network rule that is outside of Clio's control.

- Clio does not hold funds in escrow. Clio must return funds to your client the moment we are notified of the chargeback.
- Clio will **never** debit any of your trust accounts for chargebacks or refunds, ensuring you remain IOLTA compliant.

— **WHAT IS THE CHARGEBACK FEE?**

The chargeback fee is \$15 per chargeback. This fee may be subject to change.

— **AM I STILL CHARGED ANY FEES IF I WIN THE DISPUTE?**

If you win the dispute, the chargeback amount plus fees are returned to you.



— HOW LONG CAN A TRANSACTION BE DISPUTED?

Different chargeback “reason codes” determine the time available to dispute the chargeback. “Fraud” reason codes tend to have shorter deadlines as compared to “product or service not received” reason codes. The deadline for submitting evidence against a chargeback will be included in the automated email you receive when a client initiates a chargeback.

— WHAT ARE THE MOST COMMON REASON CODES IN THE LEGAL INDUSTRY

- **Fraud:** Your client claims they did not authorize or make the transaction and do not recognize it.
- **Product not received:** Your client claims they did not receive the product or service as agreed to.
- **Subscription canceled:** Your client claims they canceled their pre-authorized payment agreement (recurring transactions) but their card was subsequently charged.
- **Product unacceptable:** Your client claims they received the product or service, however it was not acceptable.
- **General:** Your client did not provide their bank a clear reason why they are charging back the transaction.
- **Duplicate:** Your client claims two (or more) transactions were processed instead of one.
- **Credit not processed:** Your client claims they were owed a credit which was not processed.

— MY CUSTOMER SAID THEY WITHDREW THE DISPUTE WITH THEIR BANK. WHAT SHOULD I DO NEXT?

Ask your customer to provide written evidence that they withdrew the dispute from the bank. Send this evidence to Clio as soon as possible.

— WHAT CAN I DO AFTER I LOSE A DISPUTE?

Unfortunately, if you lose a dispute, there is nothing more you can do. The next step would be to consider proceedings directly with your client.



Clio has been transforming the legal industry for over a decade with 150,000 customers spanning 90 countries, and the approval of over 70+ bar associations and law societies globally.

Learn more at clio.com

About Clio

Clio, the leader in cloud-based legal technology, empowers lawyers to be both client-centered and firm focused through a suite of cloud-based solutions, including legal practice management, client intake, and legal CRM software. Clio continues to lead the industry with initiatives like the Legal Trends Report, the Clio Cloud Conference, and the Clio Academic Access Program.