



Chargebacks Made Simple Guide

A High-Level Overview of the Chargeback
and Compliance Case Processes

JULY 2025

DISCLAIMER: This guide is not a replacement for the suite of manuals,
rules, or publications provided by Mastercard.



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1 Introduction

1.1 Purpose of This Guide

The *Chargebacks Made Simple Guide* provides information about several aspects of dispute resolution management and is intended to assist Customers in gaining a basic understanding of this subject matter.

This guide includes an overview of the authorization and clearing stages of a transaction, the difference between the two transaction message systems, and a list of the four categories of chargebacks.

In addition, this guide explains the difference between a chargeback and a compliance case, the step-by-step process of how disputes are resolved through chargebacks between issuers and acquirers, and the step-by-step process of how pre-compliance and compliance cases are filed by Customers.

1.2 Not a *Chargeback Guide* Replacement

Although a helpful source of information, do not presume that this guide replaces the Mastercard *Chargeback Guide* or any other Mastercard manual. There are more details, rules, and exceptions than this guide can practically contain, so please refer to the Mastercard reference manuals found in the Technical Resource Center on Mastercard Connect™.

The chargeback process is also constantly evolving. Upcoming changes to Mastercard’s rules and processes are published as Announcements in the Technical Resource Center on Mastercard Connect and may impact the content presented in this guide.

1.3 Training Options

The Dispute Resolution Management (DRM) team offers convenient, flexible training options for issuers, acquirers, and processors.

If you have training questions or would like to schedule a training session, email us at: dispute.resolution@mastercard.com.

Need training?
We offer these options:

- On-site
- Webinars
- Workshops

[Email us here.](#)

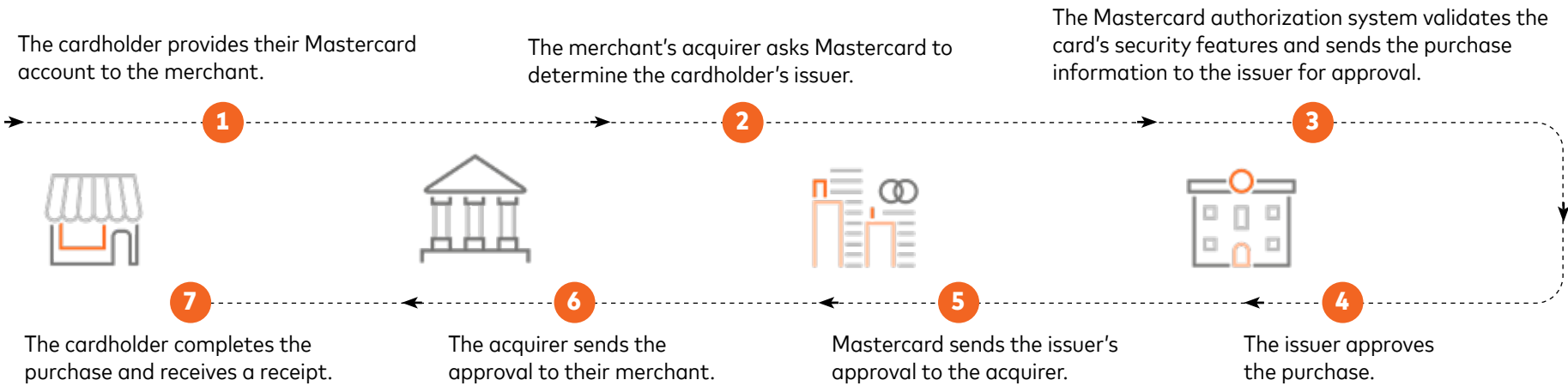




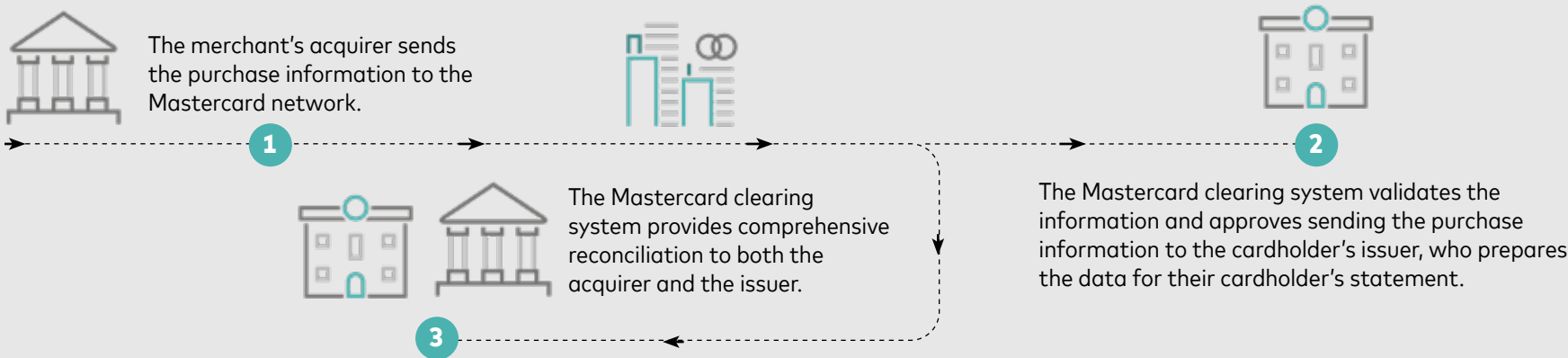
2 Lifecycle of a Transaction

2.1 Transaction Flow

Authorization: Time of purchase for dual and single message transactions.



Clearing: Usually within one day for dual message transactions; time of purchase for single message transactions.



2.2 Transaction Message Types

When a merchant accepts a card as payment for goods or services, the merchant's terminal determines how the card account information and transaction data are transmitted to the merchant's acquirer.

There are two transaction message systems:

- Dual Message
- Single Message

Dual Message

In a Dual Message System, transactions are authorized by the issuer or in Stand-In (first message), and cleared (debited) to the issuer by the acquirer through Mastercard (second message), using two message formats containing data about the following:

- The account
- The purchased good(s) or service(s)
- Authorization and clearing processes



Single Message

In a Single Message System, transactions are authorized by the issuer or in Stand-In, and cleared (debited) to the issuer by the acquirer through Mastercard, using a one-message format containing data about the following:

- The account
- The purchased good(s) or service(s)
- Authorization and clearing processes



NOTE: The Single Message System includes non-Mastercard issued and Mastercard branded transactions.



3 Disputes

Disputes occur when there is a disagreement between the issuer and the acquirer on:

- The validity of a transaction;
- The quality of the good(s) or service(s) received by the cardholder; **and/or**
- The accuracy of the data from the card account, purchase, or authorization and clearing processes.

Disputes are initiated and managed through either the chargeback or compliance process depending on whether a chargeback right exists.

3.1 Chargebacks

A chargeback is a rules-based mechanism, with time-sensitive workflows, that enables the issuer and the acquirer to determine the financial liability of a disputed transaction.

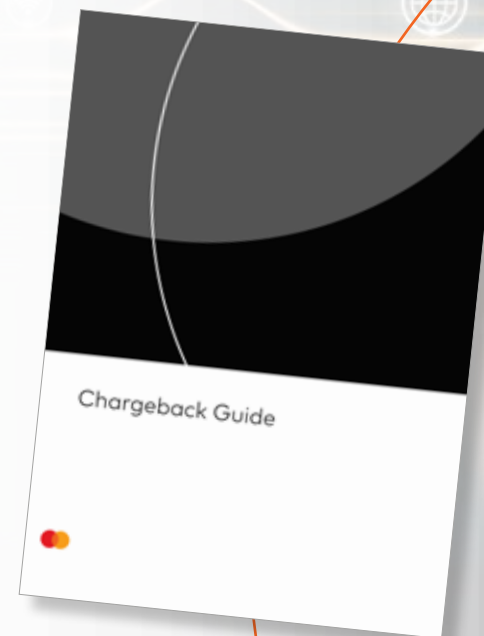
Only an issuer can initiate the chargeback process.

3.2 Compliance Cases

A compliance case is a rules-based mechanism, with time-sensitive workflows, that enables the issuer and the acquirer to accept, reject, or escalate a financial loss caused by a Mastercard rule or Standard violation.

Either an issuer or an acquirer can initiate a compliance case when:

- A chargeback does not exist to address the dispute;
- A Mastercard rule or Standard has been violated; **and/or**
- A financial loss has been documented as a direct result of the rule or Standard violation.



4 Chargeback Categories

Chargebacks are grouped into four categories, with each category having several sub-categories. Individual chargeback reasons vary by Message System (Dual and Single). The Mastercard *Chargeback Guide* (available on Mastercard Connect) has more information on each system’s reason codes.

Fraud-related	Authorization-related	Point-of-Interaction Error	Cardholder Disputes
<ul style="list-style-type: none">• Chip liability shift• No cardholder authorization• Questionable merchant activity	<ul style="list-style-type: none">• Cardholder-activated terminal (CAT) 3 device• Expired chargeback protection period• Multiple authorization requests• Required authorization not obtained• Transit first ride risk (FRR) claims	<ul style="list-style-type: none">• Automated teller machine (ATM) disputes• Cardholder debited more than once for the same good or service• Duplicate transaction• Transaction amount differs• Charges for loss, theft, or damages• Improper merchant surcharge (select countries only)• Merchant credit correcting error resulting in cardholder currency exchange loss• Point-of-interaction (POI) currency conversion (dynamic currency conversion [DCC])• Unreasonable amount (European Economic Area [EEA], Gibraltar, United Kingdom)	<ul style="list-style-type: none">• Addendum dispute• Cardholder dispute of a recurring transaction• Counterfeit goods• Credit posted as a purchase• Credit not processed• Digital goods purchase of USD 25 or less• Failed travel merchant-intra-EEA and Domestic European Transactions Only• Goods or services were either: not as described, defective, or not provided• Issuer dispute of a recurring transaction• "No-Show" hotel charge• Time shares• Transaction did not complete• Travel & Entertainment services canceled/returned and credit not processed• Travel & Entertainment services not provided/not as described and merchant voucher issued

4.1 Chargeback Requirements

Each chargeback sub-category has specific requirements to support the use of that chargeback.

- **Chargeback Condition**
Minimum requirements to initiate a dispute
- **Time Frame**
Minimum to maximum number of days to initiate the chargeback
- **Supporting Documentation**
A written description of the dispute and additional documentation supporting the reason for the dispute



5 Chargeback Process

Once the issuer has determined that a chargeback is available, the issuer can charge back the disputed transaction. Chargebacks are a two-cycle process.

5.1 Chargeback Cycles

Step 1: First Chargeback

The issuer returns the disputed transaction to the acquirer explaining the reason for the dispute, potentially with supporting documentation. Mastercard will automatically move the funds for the chargeback by providing a credit to the issuer and a debit to the acquirer.

Step 2: Second Presentment

The acquirer may:

- **Accept** the chargeback, thereby taking financial responsibility for the transaction; **or**
- **Reject** the chargeback by returning it to the issuer with supporting documentation to explain why the acquirer did not accept the chargeback. Mastercard will automatically move the funds for the rejected second presentment by providing a credit to the acquirer and a debit to the issuer.

If the issuer receives a second presentment from the acquirer, the issuer has two options:

- **Accept** the second presentment, thereby taking financial responsibility for the transaction; **or**
- **Escalate** the dispute to arbitration.



5.2 Pre-Arbitration Case Filing Process

An issuer may escalate a disputed transaction after the completion of the chargeback cycles by using the pre-arbitration case filing process (when applicable).

Pre-Arbitration Case Filing Cycles

Step 1: Pre-Arbitration

The issuer provides a response to the second presentment explaining the reason why the issuer believes that the second presentment was invalid or why the issuer did not accept the second presentment, potentially with supporting documentation.

NOTE: When the issuer uses the pre-arbitration process when the process is not required, Mastercard does not extend the allowable time frames.

Step 2: Acquirer Pre-Arbitration Response

The acquirer may:

- **Accept** the pre-arbitration case, thereby taking financial responsibility for the disputed transaction. Mastercard will automatically move the funds for the accepted case.
- **Take no action** on the pre-arbitration case, thereby taking financial responsibility for the disputed transaction. Mastercard will automatically move the funds when the acquirer takes no action for 30 calendar days after the pre-arbitration case submission date.
- **Reject** the pre-arbitration case with a rebuttal containing relevant details or documentation that addresses the information contained in the pre-arbitration case filing.

NOTES: When the issuer uses the pre-arbitration process when the process is not required, Mastercard does not extend the allowable time frames.

Either the issuer or the acquirer may accept financial responsibility for a pre-arbitration case at any time prior to Mastercard's ruling decision.

If the acquirer rejects the pre-arbitration case, the issuer has two options:

- **Accept** the rejection, thereby taking financial responsibility for the transaction; **or**
- **Escalate** the pre-arbitration case to an arbitration case.

5.3 Arbitration Case Filing Process

An issuer may escalate a disputed transaction after the completion of the chargeback cycles (and pre-arbitration case filing process, when applicable) by using the arbitration case filing process.

Arbitration Case Filing Cycles

Step 1: Arbitration

The issuer may submit an arbitration case filing if the issuer believes that the chargeback was valid and the acquirer failed to remedy the pre-arbitration case. The issuer must provide a rebuttal and any relevant documentation in support of their rebuttal.

Step 2: Acquirer Arbitration Response

The acquirer may accept the arbitration case, thereby taking financial responsibility for the disputed transaction. Mastercard will automatically move the funds for the accepted case. The acquirer can accept financial responsibility at any time prior to Mastercard's ruling decision on the case.

NOTE: Either the issuer or the acquirer may accept financial responsibility for an arbitration case at any time prior to Mastercard's ruling decision.



What is Mastercom?

Mastercom is an application available on Mastercard Connect that allows issuers and acquirers to resolve disputes and exchange supporting documentation through a centralized user interface for Dual Message System and Single Message System transactions.



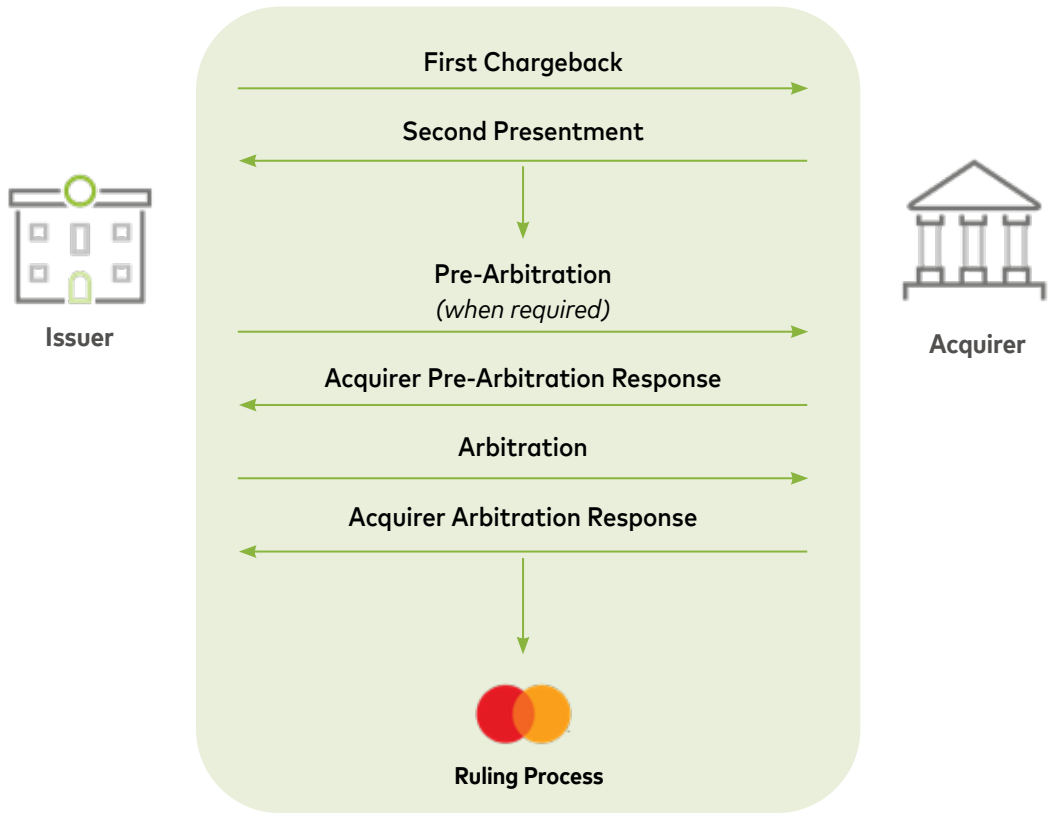
5.4 Mastercard Ruling Process

The Mastercard Dispute Resolution Management (DRM) team may rule on an arbitration case upon escalation.

Mastercard determines financial liability based on the merit of the filing and the applicable Mastercard rules to ensure that each dispute cycle was properly processed.

Upon ruling on the arbitration case, Mastercard will generate financial adjustments through the Mastercard Consolidated Billing System (MCBS). Adjustments may include the disputed transaction amount, case filing fees, and any technical violation fees assigned by Mastercard.

5.5 Disputed Transaction Flow



5.6 Appeal Process

The Customer deemed financially responsible in Mastercard's ruling decision may submit an appeal. The appeal is a written request to Mastercard to reconsider the ruling decision. Mastercard must receive the appeal within 45 calendar days after the ruling decision.

For more information on the appeal process, see the Pre-Arbitration and Arbitration Case Filing/Appeals chapter of the Mastercard *Chargeback Guide* available on Mastercard Connect.



6 Compliance Case Process

When a Customer determines that a compliance case is available, the Customer can file the case using the pre-compliance case process (when applicable) and/or the compliance case filing process.

6.1 Precautions for Filing a Compliance Case

Compliance cases **must not** be filed when:

- The chargeback and arbitration case processes are available.
- The chargeback and arbitration case processes are prohibited.
- The case filing would circumvent the Mastercard Fraud Notification Service (FNS).
- A cardholder was credited twice:
 - o **First credit** – The issuer provided a credit for a disputed transaction from the chargeback process.
 - o **Second credit** – The merchant processed a refund for the same disputed transaction that was already charged back.
- A claim between Customers was addressed through the Card Acceptor Business Code (MCC) Performance Program.

For a list of current compliance case options, refer to the Compliance Case Filing chapter of the *Mastercard Chargeback Guide* available on Mastercard Connect.



6.2 Pre-Compliance Filing Process

This section describes the step-by-step process that Customers use to file cases through the pre-compliance cycles.

Pre-Compliance Case Filing Cycles

Step 1: Pre-Compliance

The filing Customer submits an accurate and complete pre-compliance case.

Step 2: Filed-Against Customer Pre-Compliance Response

The filed-against Customer may:

- **Accept** the pre-compliance case, thereby taking financial responsibility for the dispute or Mastercard rule violation (as applicable). Mastercard will automatically move the funds for the accepted case.
- **Reject** the pre-compliance case with a rebuttal sent back to the filing Customer containing relevant documentation that specifically addresses the information within the pre-compliance case filing.
- **Take no action** on the pre-compliance case, 30 calendar days after which the Mastercard system will automatically reject the pre-compliance case.

NOTES: When the filing Customer uses the pre-compliance process when the process is not required, Mastercard does not extend the allowable time frames.

At any time prior to the filed-against Customer rejecting or accepting the pre-compliance case, the filing Customer may withdraw the case for any reason.

If the filed-against Customer rejects the pre-compliance case, the filing Customer has two options:

- **Accept** the rejection, thereby taking financial responsibility for the dispute or Mastercard rule violation; **or**
- **Escalate** the pre-compliance case to a compliance case.



6.3 Compliance Case Filing Process

This section describes the step-by-step process that Customers use to file cases through the compliance cycles.

Compliance Case Filing Cycles

Step 1: Compliance

The filing Customer may escalate the pre-compliance case to a compliance case upon rejection of the pre-compliance case by the filed-against Customer, if the filing Customer continues to believe that the dispute or Mastercard rule violation is valid and the filed-against Customer failed to remedy the pre-compliance case.

Step 2: Filed-Against Customer Compliance Response

The filed-against Customer may:

- **Accept** the compliance case prior to Mastercard's ruling decision, thereby taking financial responsibility for the dispute or Mastercard rule violation (as applicable). Mastercard will automatically move the funds for the accepted case.
- **Reject** the compliance case within 10 calendar days after the escalation date with a rebuttal containing relevant documentation that specifically addresses the information within the compliance case filing.
- **Take no action** on the compliance case, 10 calendar days after which the Mastercard system will automatically reject the case, thereby making the case available for Mastercard to review to make a ruling decision.

NOTE: At any time prior to Mastercard's ruling decision on the compliance case, the filing Customer may withdraw the case for any reason.



6.4 Mastercard Ruling Process

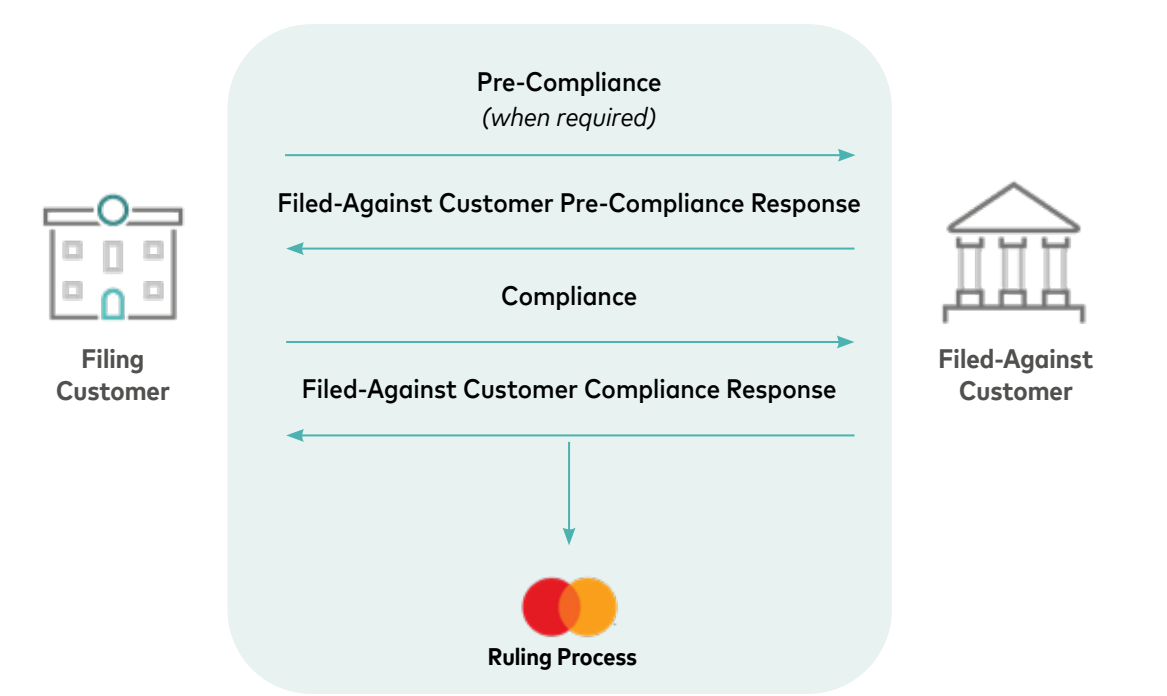
The Mastercard Dispute Resolution Management (DRM) team will rule on a compliance case when one of the following occurs:

- 10 calendar days after the compliance case filing submission date has passed; **or**
- The filed-against Customer rejects the compliance case filing.

Mastercard determines financial liability based on the merit of the filing and the applicable Mastercard rules to ensure that each cycle was properly processed.

Upon ruling on the compliance case, Mastercard will generate financial adjustments through the Mastercard Consolidated Billing System (MCBS). Adjustments may include the disputed transaction amount, case filing fees, and any technical violation fees assigned by Mastercard.

6.5 Disputed Transaction/Mastercard Rule Violation Flow



6.6 Appeal Process

The Customer deemed financially responsible in Mastercard’s ruling decision may submit an appeal. The appeal is a written request to Mastercard to reconsider the ruling decision. Mastercard must receive the appeal within 45 calendar days after the ruling decision.

For more information on the appeal process, see the Compliance Case Filing/ Appeals chapter of the Mastercard *Chargeback Guide* available on Mastercard Connect.



7 Additional Resources

7.1 Other Resources Available on Mastercard Connect

- *Account Management System User Manual*
- *Authorization Manual*
- *Chargeback Guide*
- *Global Clearing Management System Reference Manual*
- *Mastercard Rules*
- *Mastercom API Specifications v2*
- *Mastercom User Guide*
- *Quick Reference Booklet*
- *Security Rules and Procedures*
- *Settlement Manual*
- *Single Message System Settlement and Reports*
- *Single Message Transaction Manager User Guide*
- *Transaction Processing Rules (TPR)*

7.2 Contact Information for Questions

Chargeback questions: dispute.resolution@mastercard.com

All other questions: customer.support@mastercard.com

**Have
Chargeback
questions?**

[Email us here.](#)