

Visa Claims Resolution (VCR) Instructional Manual

Objective: This document is intended to help users – both internal and external – understand what Visa Claims Resolution (VCR) is, why VCR is happening, and what the changes are.

What is VCR?

VCR is a new global dispute process introduced by Visa to improve the efficiency of handling chargebacks. VCR is designed to help merchants resolve their chargebacks more quickly and easily, with system edits that will prevent invalid disputes from entering the system.

Whom does VCR impact?

VCR will impact merchants, processors, acquirers, issuers, and cardholders.

Why is VCR happening?

The current dispute process has increasingly complex functionality and process flows, which has created an inefficient and costly process for Visa clients. VCR will simplify dispute processing by migrating from a litigation-based approach to a liability-assignment-based approach.

VCR will:

- Proactively reduce invalid disputes and responses
- Apply automated liability assignment (when possible)
- Provide a more efficient process with simplified rules
- Provide user-guided workflows
- Reduce resolution time limits

What are the changes that will occur with VCR?

New Reason Codes

The existing 22 chargeback reason codes will be replaced by new reason codes, which will be grouped into 4 categories:

- Fraud
- Authorization
- Processing Error
- Consumer Disputes

See the VCR Reason Codes section below for more details.

New Workflows

Disputes will be routed in two different workflows: Allocation and Collaboration.

Fraud → Authorization → **Allocation**

Processing Error → Consumer Disputes → **Collaboration**

New Timeframes

Currently, a merchant has 45 days to respond to a chargeback. With VCR, the representment timeframe is reduced to 30 days.

Terminology Changes

Visa has established new defined terms relating to this enhanced resolution process:

Current Defined Term	New Defined Term
Chargeback	Dispute
Representment	Dispute Response/Pre-Arbitration
Reason Code	Condition Code
Pre-Arbitration/Pre-Compliance	<i>No change</i>
Arbitration/Compliance	<i>No change</i>
Appeal	<i>No appeal</i>
Chargeback Reversal	Dispute Reversal

How is the dispute category determined?

The issuer is required to fill out a questionnaire to determine:

- Validity of the dispute
- Dispute category and condition code

How does Allocation work?

Fraud and Authorization related chargebacks will be processed through an automated workflow. For disputes in this category, Visa will perform automated checks and reject invalid disputes. For example, disputes on refunded transactions and chargebacks submitted after the required timeframes.

If the chargeback is valid, Visa will automatically assign liability to the merchant. Defending the dispute will be allowed only if the merchant can provide documentation or compelling evidence that meets pre-established criteria.

How does Collaboration work?

Processing Errors and Consumer Disputes will be forwarded to this workflow, where the dispute defense process will remain the same as it is today. The primary difference will be the reduced timeframe of 30 days, whereas the current representation timeframe is 45 days.

VCR Dispute Categories

Current Reason Codes	VCR Dispute Categories
RC 57 Fraudulent Multiple Transactions	Fraud
RC 62 Counterfeit Transaction	
RC 81 Fraud Card-Present	
RC 83 Fraud Card-Absent	
RC 93 Merchant Fraud Performance Program	
RC 70 Card Recovery Bulletin or Exception File	Authorization
RC 71 Decline Authorization	
RC 72 No Authorization	
RC 73 Expired Card	
RC 78 Service Code Violation	Processing Error
RC 74 Late Presentment	
RC 76 Incorrect Currency or Transaction Code or Domestic Processing Violation	
RC 77 Non-Matching Account Number	
RC 80 Incorrect Transaction Amount or Account Number	
RC 82 Duplicate Processing	
RC 86 Paid for by other means	Consumer Disputes
RC 30 Services not provided/Merchandise not received	
RC 41 Cancelled recurring payments	
RC 53 Not as Described/Defective	
RC 75 Transaction Not Recognized	
RC 85 Credit not processed	
RC 90 Non-receipt of Cash or Load Transaction Value at ATM	

VCR Reason Codes

Reason codes are changing as a result of VCR and each reason code is associated with a new Reason Category. Also, the length and structure of the reason codes are changing from a current 2-digit code to 4- to 6-digit codes that will contain a decimal point as illustrated below:

	New Category	Existing Reason Codes	VCR Condition Codes
Allocation	Fraud	<ul style="list-style-type: none"> ➤ RC 57 Fraudulent Multiple Transactions ➤ RC 62 Counterfeit Transaction ➤ RC 81 Fraud Card-Present ➤ RC 83 Fraud Card-Absent ➤ RC 93 Merchant Fraud Performance Program 	<ul style="list-style-type: none"> ➤ 10.1 EMV-Liability Shift Counterfeit Fraud ➤ 10.2 EMV-Liability Shift Counterfeit Non-Fraud ➤ 10.3 Other Fraud Card-Present Environment ➤ 10.4 Other Fraud Card-Absent Environment ➤ 10.5 Visa Fraud Monitoring Program
	Authorization	<ul style="list-style-type: none"> ➤ RC 70 Card Recovery Bulletin or Exception File ➤ RC 71 Decline Authorization ➤ RC 72 No Authorization ➤ RC 73 Expired Card ➤ RC 78 Service Code Violation 	<ul style="list-style-type: none"> ➤ 11.1 Card Recovery Bulletin ➤ 11.2 Decline Authorization ➤ 11.3 No Authorization
Collaboration	Processing Error	<ul style="list-style-type: none"> ➤ RC 74 Late Presentment ➤ RC 76 Incorrect Currency or Transaction code or Domestic Processing Violation ➤ RC 77 Non-Matching Account Number ➤ RC 80 Incorrect Transaction Amount or Account Number ➤ RC 82 Duplicate Processing ➤ RC 86 Paid for by other means 	<ul style="list-style-type: none"> ➤ 12.1 Late Presentment ➤ 12.2 Incorrect Transaction Code ➤ 12.3 Incorrect Currency ➤ 12.4 Incorrect Account Number ➤ 12.5 Incorrect Amount ➤ 12.6.1 Duplicate Processing ➤ 12.6.2 Paid by Other Means ➤ 12.7 Invalid Data
	Consumer Disputes	<ul style="list-style-type: none"> ➤ RC 30 Services not provided/Merchandise not received ➤ RC 41 Cancelled recurring payments 	<ul style="list-style-type: none"> ➤ 13.1 Merchandise/Services Not Received ➤ 13.2 Cancelled Recurring ➤ 13.3 Not as Described or Defective

		<ul style="list-style-type: none"> ➤ RC 53 Not as Described/Defective ➤ RC 75 Transaction Not Recognized ➤ RC 85 Credit not processed ➤ RC 90 Non-receipt of Cash or Load Transaction Value at ATM 	<ul style="list-style-type: none"> ➤ Merchandise/Service ➤ 13.4 Counterfeit Merchandise ➤ 13.5 Misrepresentation ➤ 13.6 Credit Not Processed ➤ 13.7 Cancelled Merchandise/Services ➤ 13.8 Original Credit Transaction Not Accepted ➤ 13.9 Non-Receipt of Cash or Load Transaction Value
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What are impacts to PIN with the implementation of VCR?

VCR affects disputes initiated on PIN debit transactions that went through the Visa, Interlink, or Plus networks. However, you will see the same reason codes you’ve always seen in iQ and on reports.

New PIN Reason Codes

There will be four new reason codes:

- 703-Pre-arbitration
- 704-Arbitration
- 705-Pre-Compliance
- 706-Compliance

These codes are non-monetary until final resolution of the dispute.

Visa, Interlink, and Plus Disputes

Disputes with reason codes 703-Pre-arbitration and 704-Arbitration will remain open and will appear on reports in Update status until final resolution.

To represent or request pre-arbitration, follow the response process as you use today in iQ. There will be a couple of changes:

- If you’re responding to a fraudulent or authorization dispute, iQ will limit your Reason Code options to 703-Pre-arbitration and 704-Arbitration.
- You will be asked to go to www.accessmyiq.com/disputes to download the appropriate questionnaire for the dispute. (You will need to be logged into iQ to access this area.)
- You should fax this questionnaire with supporting doc to 513-900-3545.
- If you don’t use iQ, please download the questionnaire from the website and complete it. The questionnaire and supporting doc can then be faxed to 513-900-3545.