

# Visa Disputes Best Practices & FAQs during COVID-19

Visa expects to act in good faith and make every effort to be flexible when resolving disputed transactions involving cardholders and merchants. Visa's expectation is that cardholders work directly with the merchant to resolve their issue, ahead of initiating a dispute with Horizon. Visa has established this requirement prior to the initiation of a dispute.

In response to the COVID-19 situation, many merchants are offering refunds and have adopted flexible policies (e.g., fee waivers and vouchers/credits). The expectation is that acquirers ([the bank of the merchants that processes the transactions](#)) will continue to recommend such practices to their merchants to help reduce disputes wherever possible.

## Cardholder Disputes

Horizon encourages cardholders to resolve issues with merchants directly before initiating the dispute process.

Due to the expected high volume of cancellations and refund requests related to the COVID-19 situation, Horizon is required to give merchants adequate time to process a refund before initiating the dispute process.

Given concerns about increases in dispute volumes due to COVID-19, it is critical that Horizon only submits valid disputes for processing.

## FAQs

### Disputes Involving Cancellations by a Merchant

**Question 1: The cardholder purchased goods/services and the merchant decides to cancel the good or service. For example, an airline cancels a flight due to low demand. Does Horizon (on behalf of the cardholder) have dispute rights?**

**Answer:** Yes, there is a dispute right when goods/services are not provided for any reason, including bankruptcy or other circumstances. The EXCEPTION is cancellations due to government prohibition as government regulation and/or law supersedes Visa rules on dispute rights. The expectation is that Horizon will require a cardholder to attempt to resolve disputes with merchants before initiating a dispute.

**Question 2: The cardholder purchased goods/services and the merchant cancels the good or service due to a government prohibition. For example, an airline cancels a flight because the government closed the border or a gym closes operations because of a government mandate to cease operations. Does Horizon (on behalf of the cardholder) have disputes rights?**

**Answer:** No, if the merchant has not provided the service due to a government-imposed prohibition, the cardholder does not have a dispute right. Government regulation and/or law supersedes Visa rules on dispute rights. The cardholder should work directly with the merchant to resolve.

**Question 3: A cardholder has tickets for an event such as a sports match, a concert or a theatre performance that was cancelled and rescheduled; however, the cardholder does not want to attend the event on the alternate date chosen by the merchant. Does Horizon (on behalf of the cardholder) have dispute rights?**

**Answer:** Yes. The merchant is responsible for providing the purchased service on the agreed upon date and the cardholder is not required to accept an alternate date. However, if the reason for the cancellation of the event was due to a government-imposed prohibition on proceeding with the event as originally scheduled, then the cardholder would not have a right to dispute the transaction. Government regulation and/or law supersedes Visa rules on dispute rights. The cardholder should work directly with the merchant to resolve.

### **Disputes Involving Cancellations by a Cardholder**

**Question 4: The cardholder purchased services, however chose not to use them due to the cardholder's concerns related to COVID-19. For example, the cardholder chooses not to travel on their scheduled flight and cancels their ticket. Does an issuer have dispute rights?**

**Answer:** No, the issuer does not have dispute rights if a cardholder chose not to use services made available by a merchant, as the merchant has fulfilled its obligations to provide the service and has properly disclosed its terms and conditions. This also applies to non-airline merchants, such as hotels and other venues that kept their obligations to deliver services. The cardholder should work directly with the merchant to resolve.

**Question 5: A cardholder is unable to take a scheduled flight due to travel restrictions on the cardholder. For example, a cardholder may not be permitted to board a scheduled flight due to their nationality (as a result of government travel restrictions) or medical symptoms, or the cardholder cannot reach a hotel stay due to border closures. Does an issuer have dispute rights?**

**Answer:** No. The issuer does not have disputes rights if a cardholder cannot use or access services made available by a merchant as long as the merchant and has properly disclosed its terms and conditions. This also applies to non-airline merchants, such as hotels and other venues that kept their obligations to deliver services. The cardholder should work directly with the merchant to resolved.

**Question 6: A cardholder missed their flight (for any reason) and as a result, missed a subsequent separate non-refundable service, such as a cruise or prepaid hotel reservation. Does Horizon (on behalf of the cardholder) have a dispute right for the subsequent missed service?**

**Answer:** No. Horizon (on behalf of the cardholder) would not have dispute rights for the subsequent missed service. The cardholder should work directly with the merchant to resolve.

## Use of Credit / Vouchers in Lieu of a Refund

**Question 7: A cardholder purchased a good or service and decided to not to use it, however the merchant was willing and able to provide the purchased goods / service. As a courtesy, the merchant offered a credit / voucher for future use. The merchant went bankrupt before the cardholder uses the credit / voucher. For example, a cardholder calls the airline and does not want to travel because of COVID concerns so the airline issues a credit voucher for future use. Does the cardholder have a dispute right?**

**Answer:** No. The merchant was able to provide the service and the cardholder cancelled outside of the merchant's properly disclosed policy. Since **Horizon (on behalf of the cardholder)** did not have the dispute right for a refund on the original transaction, the extension of the voucher by the merchant to the cardholder does not later change the dispute rights.

**Question 8: A merchant notifies the cardholder they are cancelling the service and offers a voucher for future use. Even though the cardholder has a right to dispute the transaction and receive a refund, the cardholder agrees to accept the voucher. If the merchant then files for bankruptcy before the cardholder uses the voucher, does Horizon (on behalf of the cardholder) have a right to file a dispute?**

**Answer:** Yes. Since **Horizon (on behalf of the cardholder)** had the dispute right to get a full refund, the acceptance of the voucher does not change those dispute rights. The cardholder would have to file the dispute in the appropriate time frame which is either 120 calendar days from the transaction date or 120 calendar days from the last date that the Cardholder expected to receive the merchandise or services, not to exceed 540 days from the transaction date.

## Disputes Involving the Purchase of Gift Cards

**Question 9: The cardholder purchased a proprietary gift card from a merchant. The merchant goes out of business and the cardholder calls the issuer to initiate a dispute as they cannot receive goods/services or a refund from the merchant. Does Horizon (on behalf of the cardholder) have dispute rights?**

**Answer:** Yes. The gift card represents purchased services and the merchant is unable to provide the service.

The timeframe to dispute the transaction is either 120 calendar days from the transaction date or 120 calendar days from the last date that the cardholder expected to receive the goods/services, not to exceed 540 days from the transaction date.

**Question 10: The cardholder purchased a merchant-specific proprietary gift card from a third-party (e.g., a grocery store) using their Visa card. The merchant named on the gift card ceased operations. For example, cardholder buys a restaurant gift card from a gift card display at the local grocery store. The restaurant goes out of business before the cardholder redeems their gift card. Does Horizon (on behalf of the cardholder) have a dispute right?**

**Answer:** Yes. There is a dispute right when goods/services are not provided for any reason, including bankruptcy or other circumstances. Cardholders must first attempt to resolve the dispute with the merchant of record (in this example the local grocery store). The dispute would be against

the acquirer ([the bank of the merchant that processes the transactions](#)) of the local grocery store who is the merchant of record on the gift card sale and is ultimately responsible for that transaction. The timeframe to dispute the transaction is either 120 calendar days from the transaction date or 120 calendar days from the last date that the cardholder expected to receive the merchandise or services, not to exceed 540 days from the transaction date.

### **Additional General Questions:**

**Question 11: Due to a merchant cancellation of a service, the cardholder incurs additional out-of-pocket expenses. For example, a cardholder's flight is cancelled, and they are rebooked for a flight the following day. The cardholder takes a taxi to a nearby hotel to stay the night and wants to be reimbursed for the additional cost of the taxi and hotel. Can these be included in the dispute?**

**Answer:** No, the dispute value is limited to the value of the services not received.

**Question 12: If a cardholder orders merchandise from a merchant and the merchandise is not received by the expected date, can a dispute be pursued?**

**Answer:** Yes. If the merchant fails to provide the merchandise by the expected date, the cardholder would have a valid dispute. The cardholder must first attempt to resolve the dispute with the merchant.

**Question 13: A cardholder attempts to return merchandise within the merchants disclosed policy; however, the merchant's location has been closed for business due to the COVID-19 restrictions, or is no longer in business. Would there be dispute rights?**

**Answer:** Yes, Horizon (on behalf of the cardholder) can process a dispute. However, if the acquirer ([the bank of the merchant that processes the transactions](#)) can demonstrate that the merchant was open and able to accept return of the merchandise, the liability will sit with the issuer. The issuer is encouraged to remind the cardholder to contact the merchant directly as some merchants have extended their return windows during this time.