

A CLIO RESOURCE

# Clio's Chargeback Guide



# What is a chargeback?

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

If you are not prepared, chargebacks can create headaches for your law firm. However, businesses with good prevention and response strategies will rarely experience a chargeback or lose them.

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

## TYPES OF CHARGEBACKS

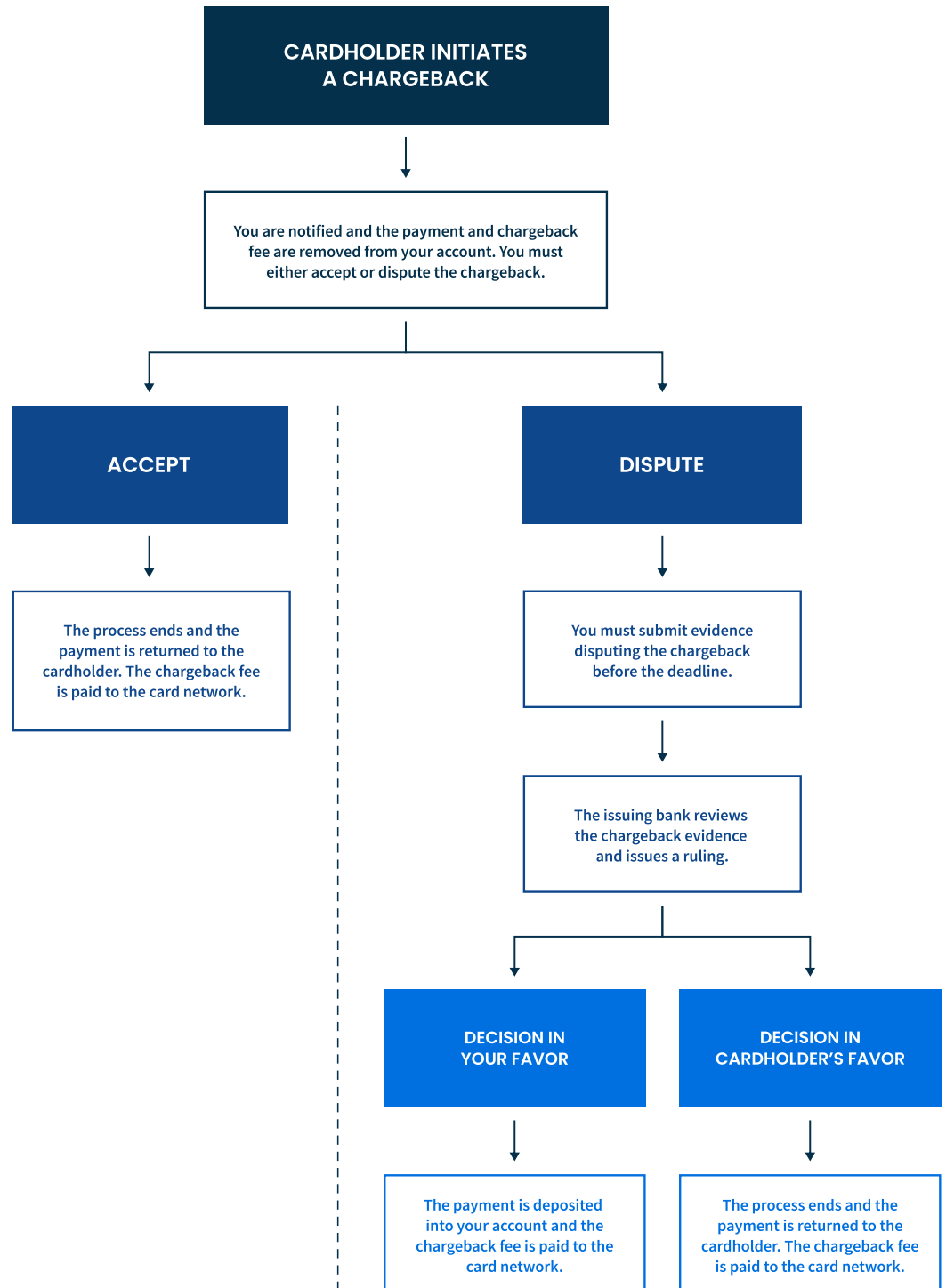
Chargebacks can occur for any card payment made using MasterCard, Visa, American Express, or Discover. There can also be a disputed ACH (eCheck) payment, known as a return. The chargeback reason will determine what actions you need to take to resolve the dispute:

- **Card payment chargebacks.** You have the opportunity to challenge the dispute according to the rules and processes defined by the card networks.
- **ACH chargebacks.** ACH chargebacks must be resolved directly with the client, as banks do not allow challenges to these cases.
- **Inquiries.** Inquiries, also known as pre-disputes or retrievals, are requests from American Express and Discover networks to provide additional information about a transaction. An inquiry can become a chargeback if you do not submit evidence to these requests.

**NOTE:** Failing to respond to an inquiry can signal to the issuer your implicit acceptance of the claim, resulting in an escalation to a formal, and likely unwinnable, chargeback.



# Chargebacks at a glance



# Understanding the chargeback process

## 1 — THE CARDHOLDER CALLS THEIR BANK TO CHARGEBACK A TRANSACTION

Once the cardholder initiates a chargeback, the bank assigns a reason code, which determines the evidence needed to challenge the chargeback. (see section: [Chargeback rules for a list of reason codes](#)).

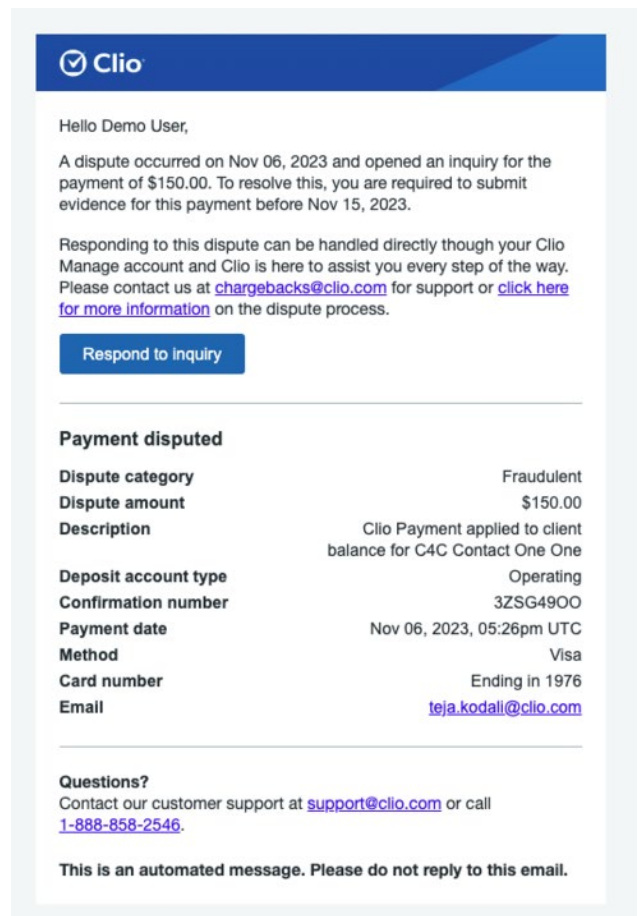
Duly note the reason for the dispute when preparing your response. Each chargeback case requires different handling because each reason code comes with specific types of required evidence and varying standards of proof.

The cardholder can decide to dispute a transaction up to 120 days from the date of expected services.

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

The email includes details of the chargeback, along with actions for you to respond to the dispute.

You may contact a Chargeback Expert at Clio anytime by emailing [chargebacks@clio.com](mailto:chargebacks@clio.com).



The screenshot shows an email from Clio with a blue header. The body text includes a greeting, a dispute notice for a \$150.00 payment on Nov 06, 2023, and instructions to respond by Nov 15, 2023. It provides contact information for support and a 'Respond to inquiry' button. Below this is a table of payment details, followed by contact information for questions and a disclaimer that it is an automated message.

Payment disputed	
Dispute category	Fraudulent
Dispute amount	\$150.00
Description	Clio Payment applied to client balance for C4C Contact One One
Deposit account type	Operating
Confirmation number	3ZSG4900
Payment date	Nov 06, 2023, 05:26pm UTC
Method	Visa
Card number	Ending in 1976
Email	<a href="mailto:teja.kodali@clio.com">teja.kodali@clio.com</a>



### 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 the cardholder's bank and card networks**. The fee is part of the standard chargeback procedures and is non-refundable.

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

### 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 dispute.** This chargeback case will be marked as “Lost” automatically and both the money and chargeback fee will not be returned to you.
- **Challenge dispute below.** 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 cardholder. The chargeback team may submit evidence on your behalf if you do not respond to your case.



### Dispute Details

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<b>Dispute category</b>	Fraudulent
<b>Client name</b>	<a href="#">O'Armstrong-Rosenbaum</a>
<b>Transaction date</b>	11/06/2023
<b>Method</b>	Visa ending in 0259
<b>Confirmation #</b>	41628010
<b>Amount</b>	\$25.00

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To challenge this dispute, please follow the steps below to submit evidence. Or, if you agree to refund your client, you can accept this dispute. **You have until to submit evidence.**

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 or longer. Therefore, it is important to mark the deadline date in your calendar so it does not get missed.

After submitting the evidence, Clio will automatically forward the documents to the issuing bank for review. 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 THE CARDHOLDER'S BANK

If the cardholder's bank resolves the case in their favor, the dispute will be marked as "Lost." The chargeback amount will return to the cardholder and the chargeback fee will be paid to the card network.

If the cardholder's bank resolves the case in your favor, the chargeback amount will be returned to you and the chargeback fee will be paid to the card network.



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](mailto: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 be prepared to fight them when they do arise by incorporating the below strategies in your practice.

## REVIEW YOUR STATEMENT DESCRIPTOR

Choose a [statement descriptor](#) that will be easily recognizable for your client or cardholder. A statement descriptor is what appears on a payors bill or bank statement. If your statement descriptor is different from what they expect, 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 DISTINCTLY

Setting up clear policies and procedures will help ensure that your clients/ cardholder's 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 will support your case when challenging a dispute.

To help win chargebacks when they arise, 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 the cardholder 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/ cardholders are a cause of chargebacks. Clear business practices can go a long way in preventing these misunderstandings.



- Use credit card authorization forms to document the cardholder's approval to charge their credit card. Clio provides templated credit card authorization forms that can be found [here](#).

**NOTE:** In some cases, the client is not the individual making the payment. It is crucial that the cardholder signs the credit card authorization form.

- 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/cardholders then resort to filing chargebacks.



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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](mailto:chargebacks@clio.com). Our experts are on standby to help you.

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# Tips for managing chargebacks

If you receive a chargeback, knowing what evidence to submit 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. These are hard deadlines set by the bank and if missed, you will have to seek recourse outside of Clio.

## **TRY TO RESOLVE THE CHARGEBACK WITH YOUR CLIENT**

Contact your client as a first step. If the client is different from the cardholder, contact your client first and then the cardholder. The most important thing is to understand what went wrong or what they are unhappy about.

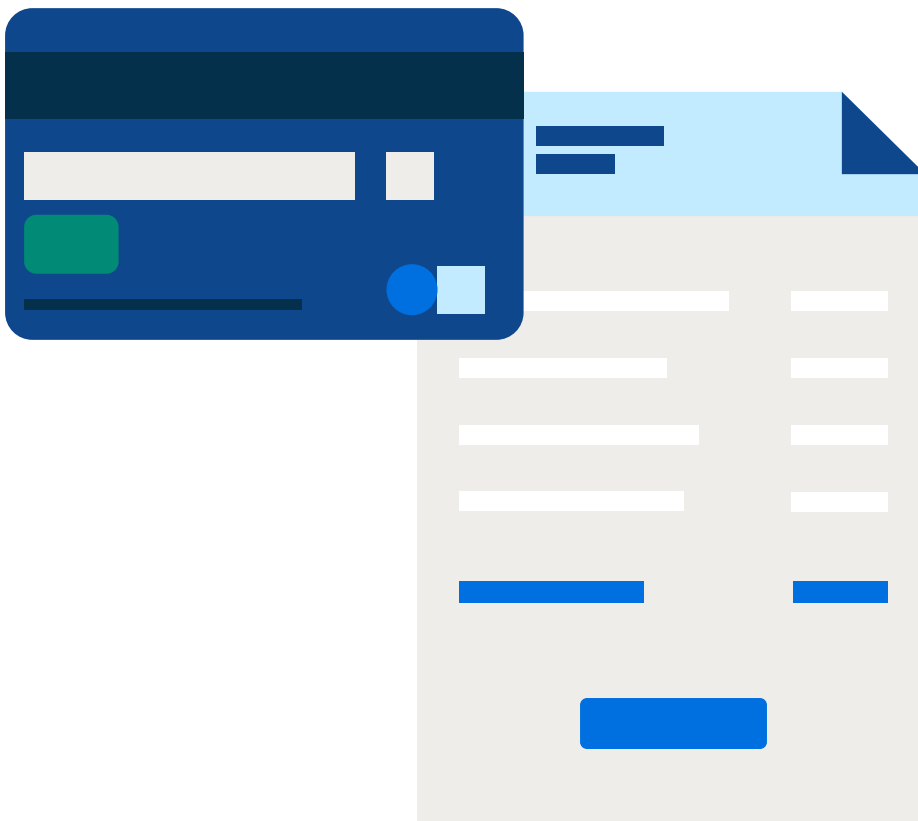
If your client mentions that they have withdrawn the dispute with their bank, ask them to provide written proof that the chargeback was withdrawn and sign the chargeback acceptance form, attached [here](#). Most banks provide cardholders with confirmation that their request to cancel the dispute has been received. This would be the ideal document to submit in response to a dispute. Written proof can also be provided in the form of either a **rebilling statement** or a **withdrawal letter**.

Once you receive written proof that the dispute was canceled or withdrawn, you should take the following actions:

- Submit the written proof from the cardholder to prove that the chargeback is invalid.
- It is recommended to still submit your evidence that proves the chargeback reason is false. If the cardholder forgets to withdraw the chargeback with their bank, submitting evidence ensures your best chance at winning the dispute.



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"> <li>• Cardholder name</li> <li>• Last four digits of card number</li> <li>• Original charge amount &amp; date</li> <li>• Conditional credit amount &amp; date</li> <li>• Reversal of conditional credit amount &amp; date</li> </ul>	<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"> <li>• Cardholder name</li> <li>• Last four digits of card number</li> <li>• Amount disputed</li> </ul>



# Best practices when submitting evidence for a dispute

Adhering to these best practices will ensure that your response 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, acknowledgement of receipt.
- Signed credit card authorization forms, which could include third party credit card authorization forms.
- Communication proving that the transaction was valid and authorized by the cardholder.
- Documentation proving that the legal service has been completed.

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.
  - PDF, JPEG, PNG accepted; PDF portfolios and password-protected files are not

**NOTE:** The total file size can't be more than 4.5MB.

- If it is an American Express case, each file must be 1MB or smaller.
- 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.

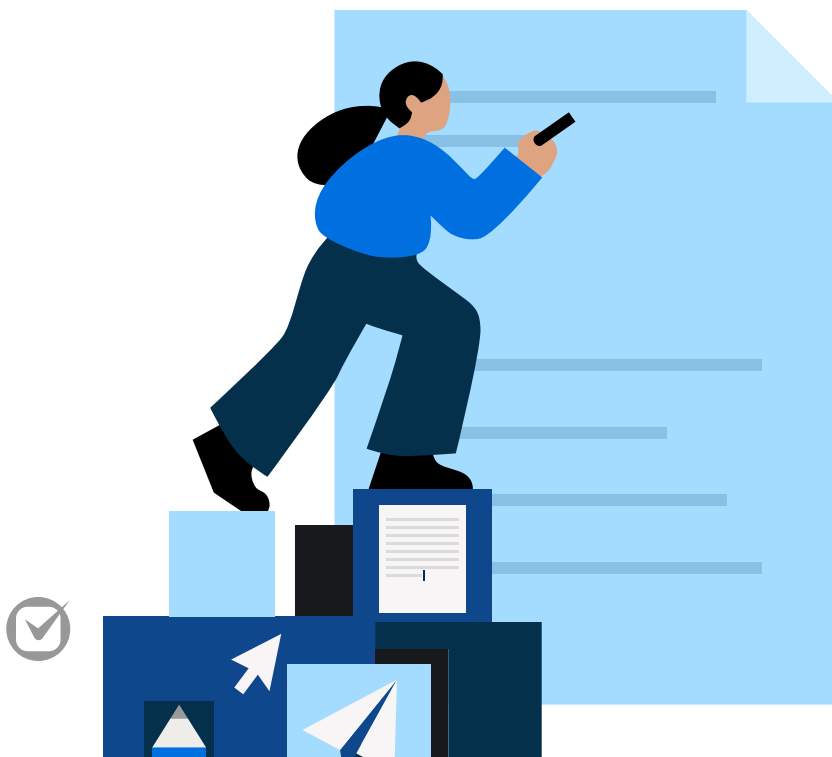


**When compiling your evidence, include a brief narrative that explains (bullet points are recommended):**

- 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 reviewers of chargebacks from banks 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 the customer or the cardholder did not try to contact you to resolve the dispute, state this in your narrative. Banks require their customer to first try and contact the merchant to resolve the issue before disputing a chargeback.



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



Clio can review your compiled evidence to 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](mailto:chargebacks@clio.com).



## Questions & Answers

Here are some answers to the most common chargeback questions.

Please note, these rules and procedures are not created by Clio. Rather, they are defined by the card networks and Clio is obligated to defer to them.

### — **HOW LONG DOES A CARDHOLDER HAVE TO DISPUTE A TRANSACTION?**

Depending on the bank, cardholders can have up to 120 days from the date of expected services to issue a dispute on a transaction.

### — **WHO MAKES THE FINAL DECISION ON DISPUTES?**

The ruling of the dispute is decided by the issuing bank.

### — **CAN MY LAW FIRM SUBMIT CLIENT-RELATED DOCUMENTS AS EVIDENCE FOR A CHARGEBACK DISPUTE WITHOUT VIOLATING ABA RULE 1.6 ON CONFIDENTIALITY?**

Yes. ABA Model Rule 1.6 allows lawyers to disclose client information when necessary to establish a claim or defense on behalf of the lawyer in a dispute with the client, including chargebacks. This means that if a client disputes a payment, you can provide relevant evidence—such as signed retainer agreements, invoices, and communications—to defend against the chargeback while still complying with ethical obligations. If you have any concerns, please reach out to your state's bar association.

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

Once a dispute is initiated, the chargeback amount plus chargeback fee is removed from your operating account immediately. The funds associated with the chargeback are put in an escrow account until a ruling on the dispute has been issued. The chargeback fee is paid to the card network and is not refundable, regardless of the outcome of the dispute. Unfortunately, this is the standard procedure of all chargebacks and outside of Clio's control.

- 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 dispute. This fee is paid to the card network and is not refundable.

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

If you win the dispute, the chargeback amount is returned to you and the \$15.00 chargeback fee is paid to the card network.

— **HOW LONG DO I HAVE TO RESPOND TO A DISPUTE?**

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 cardholder initiates a chargeback. As a reminder, this is a hard deadline so don't miss the date!

— **WHAT ARE THE MOST COMMON REASON CODES FOR DISPUTES IN THE LEGAL INDUSTRY**

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



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

Ask the cardholder to provide evidence that they withdrew the dispute with the bank. Send this evidence to Clio as soon as possible, along with other documents that prove the dispute reason as false, if applicable.

— **WHAT CAN I DO AFTER I LOSE A DISPUTE?**

Unfortunately, if you lose a dispute, there is nothing more you can do through Clio. If you lose, consider legal options or working with the client directly to recover funds.





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

Learn more at [clio.com](https://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.