

Improve the Customer Return Process

New Purchase Return Authorization Message



Overview

Starting in October 2018, merchants in US and Canada that meet specific volume thresholds for purchase returns on Visa accounts will be required to process a purchase return authorization for each return. All other merchants are required to process purchase return authorizations beginning in April 2019.

The thresholds and applicable region information is provided below:

Effective October 2018

U.S. Merchants with annual purchase return volume of at least \$10M USD

Canadian Merchants with annual purchase return volume of at least \$5M USD

Visa is making this change as cardholders have become aware of how quickly their online banking account is updated with new purchase information. This is possible as an authorization message passes from the merchant to the cardholder's financial institution in real-time. Today, purchase return information can take two to five days to make its way back to the cardholder's online banking transaction history. With this new authorization message, cardholders will be able to quickly view similar updates about pending purchase returns, as they do today for purchases.

Merchant Benefits

- ✓ Improves customer experience and satisfaction
- ✓ Reduces customer service inquiries related to lack of real-time information about a refund status
- ✓ Provides real-time issuer account validation
- ✓ Minimizes related chargebacks

FAQs

Q. Is it necessary to match the merchandise return transaction to the original purchase request?

A. No. Merchandise return transactions are SEPARATE transaction from the original purchase request. No reference to the original authorization or clearing record is required in the purchase return authorization request.

Q. What are valid responses to a purchase return authorization request?

A. Valid responses to a purchase return authorization request are "Approval", "No reason to decline" and "Decline" with various decline reasons. "No reason to decline" (RC85) must be actioned as an approval response from the card issuer by the merchant.

Q. Is the merchant required to have the cardholder re-present the card/device used for the original transaction?

A. No. The merchant may initiate the return by scanning the original purchase receipt to obtain the information of the Visa card used.

Q. How should the merchant process the authorization message when receipt barcode is used to initiate the return (and the card is not swiped, dipped or tapped)?

A. When the return is initiated from a receipt/barcode and the card is not presented, merchants should include the PAN and expiry date in the merchandise return authorization message (and send POS entry mode 01). Merchants should NOT send additional data from the original transaction (such as partial track data or cryptogram) that are not applicable to the POS entry mode of the return transaction. If there are questions about how to process the transaction properly, please work with your acquirer and/or payment processing provider.

Q. Why would issuers decline a credit voucher authorization? What can a merchant do when the purchase return authorization request is declined?

A. There are a couple of reasons issuers may decline a credit voucher authorization. The most common scenario is that the account used for the original purchase is no longer available or valid (for example, the original card has been replaced due to expiration or being reported lost or stolen, or was a Visa Prepaid card that has since been discarded). When the authorization request for the refund transaction was declined by the issuer, a merchant may process the refund onto a different(alternate) Visa account. Below are recommended actions when an issuer declines the purchase return authorization request.

Response Code(s)	Description	Suggested Merchant Action
14	Invalid Account Number or Account Type	Indicate that the account for this card is not recognised and request alternative Visa Card to perform the refund or, if this is not available, perform refund using another method
39, 52, 53	Invalid Account Type	Verify that the cardholder has selected the correct account type (credit or debit) on the POS device
54	Card Expired	Indicate that this card is expired and ask the cardholder if a replacement card is available to re-perform the refund. Otherwise ask for an alternative Visa Card or, if this is not available, perform the refund using another method
55	Invalid PIN	Perform normal Online PIN re-try processing
All other decline codes	Declined	Ask for an alternative Visa Card or, if this is not available, perform the refund using another method

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- Q. What can a merchant do if the cardholder does not have a receipt or other proof of purchase from the original sale, or the refund is requested on a gift the cardholder received from another person (rather than the cardholder who purchased the gift)?**
- A.** Refunds to a Visa account are permitted only when a Visa account was used to make the original purchase. If the purchase method cannot be validated, the merchant should not credit a Visa account, unless it is submitted as an 'original credit' transaction. After confirming that the original purchase transaction took place using a Visa account, a merchant may process the refund onto a different (alternate) Visa account. When a refund cannot be processed to the original Visa account or to an alternate Visa account, a merchant is permitted to offer an alternate form of credit (cash, check, in-store credit, prepaid card, etc.).
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- Q. What can the merchant do if they are seeing an inordinate number of declines on merchandise return authorizations?**
- A.** Contact your acquirer and/or Visa representative. Visa will work with your acquirer toward a technical or compliance resolution.
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Please note that none of these requirements affect a merchant's ability to establish its own refund/return policy, which includes the ability to refuse or restrict refunds, returns, cancellations or exchanges, provided the policy complies with applicable law and is disclosed to the customer at the point and time of purchase.

Resources and More Information

Available on Visa.com

Visa Core Rules and Visa Product and Service Rules: "Merchant Credit Authorization on Purchase Returns," and October 2017 VisaNet Business Enhancements.

- [Visa Merchant Resource Library](#)
- [Processing Refunds to Cardholders in a Merchant Store Location](#)
- [Card Acceptance Guidelines for Visa Merchants](#)

Global Mandate Schedule

Effective October 2018

U.S. Merchants with annual purchase return volume of at least \$10M USD
Canadian Merchants with annual purchase return volume of at least \$5M USD

Effective April 2019

All Merchants in US and Canada
LAC Merchants with annual purchase return volume of at least \$1M USD

Effective October 2019

All Merchants in LAC
AP and CEMEA Merchants with annual purchase return volume of at least \$1M USD

Effective April 2020

All Merchants in AP, CEMEA and EU

For more information, contact your acquiring bank, processor, or Visa representative today.