CyberSource Merchant Account: Examples of Best Practice Business Policies

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CyberSource Contact Information

For support questions related to your CyberSource Merchant Account, contact merchant account customer support at 1-888-390-5853.

For general information about our company, products, and services, go to http://www.cybersource.com.

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Best Practice Business Policies for a CyberSource Merchant Account

Employing best practice business policies helps to avoid time-consuming disputes and costly chargebacks.

Visa and MasterCard require that you display your business policies for Refunds, Exchanges, and Cancellations. Clearly displaying well-written policies can help protect your business by setting customer expectations. This is critical as chargebacks will typically cost $25 per incident, in addition to the funds from the original sale that must be returned to the customer.

Before approving your merchant account, CyberSource will review the business policies posted on your website or in your catalog. This will help ensure that your policies are clearly written and are displayed where they will be seen by the cardholder during the normal sales process. To help you craft effective policies, we have provided generic examples below that you can customize for your business.

Setting Customer Expectations

If you have not posted your business policies or if they are hard to find, you may have little or no defense if the customer becomes dissatisfied. Visa and MasterCard offer strong protections to their cardholders who can prove to any degree that they have not received goods or services exactly as promised by your company. Putting best practice policies in place lets customers know what to expect with the transaction.

If a policy is unclear, Visa and MasterCard will usually rule in favor of the customer. If there is no policy posted, it is assumed that you have no policy or restrictions. Spell things out explicitly and don’t take anything for granted as being obvious.

Clearly posted policies may provide legal protections, even if the customer does not read the policies. For example, if the customer disputes that you wouldn’t refund them for a returned item, you can point out that the item was returned 50 days after receipt, and your refund policy clearly states that items must be returned within 30 days of receipt. In the absence of an explicit return policy, Visa and MasterCard will assume that the customer can return anything for a full refund for as long as they want.
Best practice policies must be posted where a customer can easily read them. Post your policies prominently on your website or in your catalog, and include them (or a Web address) in the confirmation email to your customer. Include printed refund/exchange/warranty policies with your shipments.

**Best Practice Policies**

Consider including policies for every stage of the transaction. While it’s convenient to assume that some knowledge is “common sense,” it is nevertheless to your advantage to present all pertinent information clearly to the customer. You can customize our examples below or browse other merchant sites to get ideas. Here are basic categories that you should cover:

1) **Order Cancellation** – If the customer makes an error in their order, the likelihood of a chargeback increases if they feel there is no recourse for undoing the error prior to shipment. While this may be the customer’s error, a chargeback will also negatively affect you. Consider the following order cancellation policy, which includes a cancellation timeline as well as information on how to cancel an order:

   **Order Cancellation Policy – Sample**

   To cancel an order you have placed with Sample Company, you must contact customer support by email (cancel@samplecompany.com) or by phone (1-800-555-5555). Every effort will be made to accommodate the cancellation of your order as long as it has not yet shipped.

   When contacting customer support to cancel an order, please be ready to provide your name, the order number, and your contact information.

   Please note that if the item has shipped, the order cannot be canceled. In this case, you can request to return the item for a refund (minus shipping costs).

2) **Out of Stock** – Set your customer’s expectations for how your company handles items that are currently out of stock so that your customer can make an educated decision whether to place the order.

   **Out of Stock Policy – Sample**

   Our inventory can fluctuate throughout the day, so an item indicated as “in-stock” when you place your order may, in fact, be out-of-stock. In this event, we make every effort to contact you by email immediately to notify you that your order will be placed on backorder. The email will also provide you with information on how to cancel the order if you would prefer not to wait for the item to be in stock again. Most out-of-stock items are in stock again within two (2) weeks.

   Certain items for sale on our site are not kept in inventory, but can be special ordered for you and shipped within two (2) weeks. If you select one of these items, your checkout page will indicate the actual shipping date. If the shipping date is not acceptable, you may cancel the item before confirming your order.
3) **Shipping** – Provide your customer with a reasonable understanding of your shipping procedures so they are clear as to when to expect their merchandise. Consider the following sample:

**Shipping Policy for In-stock Items – Sample**

All items indicated to be in-stock are shipped on the same day if the order is placed before 1:00 PM Eastern Time. In-stock items ordered after 1:00 PM Eastern Time will be shipped on the following business day.

A confirmation email is sent once the item leaves our warehouse. This email will not only confirm that the item has left our warehouse, but will also provide the UPS tracking number for your item along with an estimated delivery date (according to UPS, and based on the shipping method you selected).

**IMPORTANT:** As inventory fluctuates hourly, an item indicated as “in-stock” when you place your order may, in fact, be out-of-stock. In this event, we make every effort to contact you by email immediately to notify you that your order will be placed on backorder. The email will also provide you with information on how to cancel the order if you would prefer not to wait for the item to be in stock again.

In addition, ensure that your shipping rates are clearly displayed. If you must first obtain a shipping estimate for the order, respond in a timely manner and disclose the shipping charges to the customer before charging their card.

By disclosing the shipping rate information beforehand – clearly and thoroughly – your customer won’t get “sticker shock” and feel forced to file a chargeback in order to resolve the situation.

4) **Return/Exchange** – Even if you have a “sold as-is” policy without returns, refunds, or exchanges, you need to very clearly state this. Consider the following sample return policies:

**No Refunds – Sample**

There will be no refunds for any reason. All merchandise sold by Sample Company is sold as-is without any guarantee. By making a purchase with Sample Company, you are confirming that you have read and understand our no refunds policy.

**Return Policy – Sample**

Every product you buy from Sample Company comes with a 30 day limited warranty. The warranty applies to products that have been confirmed as defective by Sample Company, which may be repaired or replaced (at our sole discretion).

For assistance or to exchange a defective product, please call Sample Company customer support at 1-800-555-5555.
Online Return & Exchange Policy – Sample

Sample Company will issue a full refund for most items returned in new condition within 60 days of the shipment date. IMPORTANT: All returns to Sample Company must include either the original receipt or a gift receipt.

We are unable to exchange items. In order to exchange an item, we suggest returning the unwanted item for a refund and placing a new order for the item you want.

To return an item, please take the following steps:
1. Visit our Online Returns Center (URL: http://www.samplecompany.com/returns.html) to print out a return mailing label.
2. Pack the items with the original receipt or the gift receipt.
3. Affix the return mailing label you printed from our Online Returns Center to the package.
4. Leave the package with your mail carrier.

We will confirm receipt of the returned item by email. You will also receive a confirmation email once a credit has been issued to your credit card.

Online Return & Exchange Policy – Sample

Sample Company offers a 30 day Money Back Guarantee on every product we offer. Please contact customer service at 1-800-555-5555 to obtain an RMA (Return Merchandise Authorization) number within 30 days of purchase date if you need to return an item.

Return merchandise with RMA number to:
Sample Company
(RMA number)
P. O. Box 123
City, State 12345-6789

We will confirm receipt of the returned item by email. You will also receive a confirmation email once a credit has been issued to your credit card.

IMPORTANT: Refunds sent with no RMA number will be returned to sender.

5) Warranty – If your business model includes dealing with warranty claims, consider the following sample warranty policies:

Warranty Policy - Sample

Warranty Procedure – Please contact our Customer Support for help in determining whether the item appears defective. If it is, Support will provide instructions for returning the item. Shipping costs to us are paid by the customer; all costs to ship back to the customer are paid by us.

30-Day Warranty
All products (unless specifically stated otherwise), carry an implied, industry-standard 90-Day warranty against defects due to manufacturing or failure. The warranty does not include any use of the product that does not fall into the designed use of the product as intended by the manufacturer.
One-Year Warranty
All parts (except refurbished items) come with a warranty against manufacturer defect or failure for a period of one year from the date of purchase. This warranty covers replacement or repair of the product, which is determined by availability, or vendor, and the time of purchase. A replacement may be made within 30 days after purchase with the same product or like product when direct replacement is unavailable. Repair is often necessary for items purchased more than 30 days prior to the warranty claim.

Manufacturer Warranty
Manufacturers sometimes offer additional warranty for the following products: (…name products here). Customers should contact the manufacturer after warranty expires.

Lifetime Warranty
Lifetime warranty is given to all (name products here). This warranty is for replacement of like items only. Lifetime warranty does not cover items out of production if YourSite.com no longer stocks them. This warranty is valid only for the original buyer but not transferable. (Lifetime is defined as the lifetime of the product on the market. Outdated technology is not covered by the lifetime warranty if the item is no longer available on the common market as a new product.)

6) Term/Termination of Web Hosting Agreement – If your business provides web hosting, consider the following sample termination agreement:

Term/Termination of Web Hosting Agreement - Sample

a. The initial term of this Agreement shall be as set forth in the Order Form (the "Initial Term"). The Initial Term shall begin upon commencement of the Services to Customer. After the Initial Term, this Agreement shall automatically renew. ADDITIONALLY AFTER THE INITIAL TERM, YOU ACKNOWLEDGE, AGREE AND AUTHORIZE YOUR-SITE.COM TO AUTOMATICALLY BILL AND/OR CHARGE ON YOUR CREDIT CARD FOR SUCCESSIVE TERMS OF EQUAL LENGTH AS THE INITIAL TERM, UNLESS TERMINATED OR CANCELLED BY EITHER PARTY AS PROVIDED IN THIS SECTION. The Initial Term and all successive renewal periods shall be referred to, collectively, as the "Term."

b. This Agreement may be terminated

i. by either party by giving the other party thirty (30) days prior written notice (subject to an early cancellation fee payable by Customer as provided below),
ii. by YOUR-SITE.COM in the event of nonpayment by Customer,
iii. by YOUR-SITE.COM, at any time, without notice, if, in YOUR-SITE.COM's sole and absolute discretion and/or judgment, Customer is in violation of any term or condition of the this Agreement and related agreements, AUP, or Customer's use of the Services disrupts or, in YOUR-SITE.COM's sole and absolute discretion and/or judgment, could disrupt, YOUR-SITE.COM's business operations and/or

c. If you cancel this Agreement prior to the end of the Initial Term or any Term thereafter,

i. you shall be obligated to pay all fees and charges accrued prior to the effectiveness of such cancellation,
ii. YOUR-SITE.COM shall refund to you all pre-paid fees for basic hosting services (shared, dedicated and/or managed) for the full months remaining after effectiveness of cancellation (i.e., no partial month fees shall be refunded), less any setup fees and any discount applied for prepayment,
iii. you shall be obligated to pay 100% of all charges for all Services for each month
remaining in the Term (other than basic hosting fees as provided in (ii) above) and (iii) you shall pay an early cancellation fee of $XYZ. Any cancellation request shall be effective thirty (30) days after receipt by YOUR-SITE.COM, unless a later date is specified in such request.

d. YOUR-SITE.COM may terminate this Agreement

i. if the Services are prohibited by applicable law, or become impractical or unfeasible for any technical, legal or regulatory reason, by giving Customer as much prior notice as reasonably practicable or

ii. immediately by giving written notice to Customer, if YOUR-SITE.COM determines in good faith that Customer's use of the Customer Web site or the Customer Content violates any term or condition. If YOUR-SITE.COM cancels this Agreement prior to the end of the Term for your breach of this Agreement and related agreements, the Customer's use of the Services disrupts, YOUR-SITE.COM shall not refund to you any fees paid in advance of such cancellation and you shall be obligated to pay all fees and charges accrued prior to the effectiveness of such cancellation; further, you shall be obligated to pay 100% of all charges for all Services for each month remaining in the Term and YOUR-SITE.COM shall have the right to charge you an administrative fee of $50.00.

e. Upon termination of this Agreement for any cause or reason whatsoever, neither party shall have any further rights or obligations under this Agreement, except as expressly set forth herein. Termination of this Agreement and retention of pre-paid fees and charges shall be in addition to, and not be in lieu of, any other legal or equitable rights or remedies to which YOUR-SITE.COM may be entitled.

7) Cancellation Policies for Recurring/Subscription Services – If your business bills your customer on a recurring basis (monthly, yearly, etc.), a customer may initiate a dispute or chargeback if they’re unhappy with the service or merchandise provided, or if they find it difficult to stop the recurring charges (i.e. cancel the subscription).

To avoid problems related to recurring transactions, be sure that your customers know how to contact customer support (who may be able to save the account) and ensure that your cancellation policy is easy to find and contains instructions on how to cancel. It’s important to make your cancellation policy clear and easily accessible to help avoid chargebacks.

Here are sample cancellation policies for your consideration:

`(Cancelling your Subscription – Sample)`

We’re sorry to see you go and would appreciate hearing about any problems with our service that are prompting your cancellation. Contact Customer Support at 1-800-555-5555 or cancel@sampleservice.com.

To cancel your subscription, please go to Your Account and click on the Cancel link. On the following page, you will be asked to confirm the cancellation. **IMPORTANT:** You must continue processing your cancellation until you receive the final cancellation confirmation page. If you stop this process prior to receiving that page, your cancellation **will not** be processed.
Send an email to cancel@sampleservice.com with the following subject line: Cancel Account # [insert your account number here]. We'll respond as soon as possible to confirm the account cancellation via email. Please note that cancellations via email may take up to three days from receipt of your request to process.

Once your cancellation has been processed, you will not be billed again. A refund of your subscription fee will be pro-rated based on the date your cancellation was submitted. Please allow up to two weeks for refunds to appear on the credit card used to pay your subscription.

If you have any problems cancelling your subscription, please contact Customer Support at 1-800-555-5555 or cancel@sampleservice.com.

Cancelling your Subscription – Sample

In order to cancel your subscription:

Contact Customer Support and request to cancel. Have your account number ready. Once your account has been cancelled, we will send you a confirmation email.

IMPORTANT: You are responsible for the full subscription fee in the month in which you cancel, i.e., if you cancel your subscription in August, you are responsible for August fees. Your subscription for that month remains active and fully functional until the end of that month. After the end of the month, your account will cease to work and you will not be charged again. It is not necessary to wait until the last day of the month to cancel your subscription.

If you have any problems cancelling your subscription, please contact Customer Support at at 1-800-555-5555 or cancel@sampleservice.com.

Depending on your business, you may want to include additional policies as they affect your transactions with your customers. An Internet search of comparable businesses will provide additional ideas on wording for your own policies, however be careful not to plagiarize information you find on another site as it is likely copyrighted.