

## Dispute Resolution Guidelines and Frequently Asked Questions Related to Sanctions and Global Incidents

**Global** | *Acquirers, Issuers, Processors*  
*Visa, Interlink, Plus Networks*

**Overview:** This article is designed to help clients handling disputes due to the current events in Russia and Ukraine.

Visa understands that the current situation in Ukraine and Russia may affect the payment landscape, from transaction processing to delivery and receiving goods and services. While most clients will remain fully operational, certain merchant locations may be severely impacted and cardholders' personal lives and businesses may be disrupted in varying degrees.

Visa appreciates that managing and responding to disputes during this unprecedented time is challenging for all involved. Visa recognizes that clients will need additional frequently asked questions to manage and help address the influx of disputes and inquiries that are expected due to the situation. It is our expectation that issuers and acquirers will be flexible in resolving disputes to minimize impact on cardholders and merchants.

Examples of disputes related to incidents, as well as a summary of applicable client rights, are listed below. Due to the wide-ranging effects of these events, it is not possible to anticipate every situation.

Clients are advised that normal dispute resolution procedures apply to all transactions occurring in **unaffected / unsanctioned areas**. The following examples are guidelines for potential disputes related to sanctions and global incidents.

### Frequently Asked Questions

#### General

**Q:** Will an issuer or acquirer be able to take action on a dispute if it involves a sanctioned entity?

**A:** Visa takes prompt action to comply with all applicable sanctions laws. If a sanctions action prohibits activity involving Visa, disputes will not proceed and VisaNet will stop the activity. If there is a disputed transaction in flight and the sanction is not lifted before the dispute time frames expire, the entity holding the transaction will be required to absorb the loss. For more specific information on sanctions, please contact your local Visa representative.

**Q:** Will Visa make any exceptions or issue any waivers for dispute time frames for clients?

**A:** No. Upon thorough review of the dispute process, we have decided not to change the time frames for dispute processing or grant exceptions / waivers. The level of integration and automation embedded in the existing global process would make such changes impractical.

**Q:** What if an issuer or acquirer has previously filed a case prior to a global incident, but has not received a ruling?

**A:** Visa at this time is suspending (not closing) all cases where Visa is prohibited by sanctions from taking action. If the prohibition is lifted, any pending case will be adjudicated accordingly.

### **Disputes Involving Cancellations By a Merchant**

**Q:** The merchant chose to cancel services (e.g., airline, cruise line, travel agent) for its own reasons and not due to any government prohibition. Is Dispute Condition 13.1—Merchandise / Services Not Received valid?

**A:** Yes. The issuer should pursue Dispute Condition 13.1— Merchandise / Services Not Received. The merchant cancelled and is unable to provide the services. Cardholders must first attempt to resolve the dispute with the merchant unless local law prohibits the issuer from requiring the cardholder to first contact the merchant.

**Q:** The merchant was unable to provide services (e.g., airline, cruise line, travel agent) due to an Office of Foreign Assets (OFAC) sanction or government prohibition. Is Dispute Condition 13.1—Merchandise / Services Not Received valid?

**A:** No. As long as the acquirer has evidence to show the merchant was unable to provide services due to a government prohibition<sup>1</sup> and is able to provide a reasonable alternative consistent with applicable law and its terms and conditions of purchase between the merchant and cardholder. Note, however, that a dispute right would exist if applicable law obligates the merchant to provide a refund.

**Q:** Does the issuer have a dispute right for Dispute Condition—13.1 Merchandise / Services Not Received if the cardholder purchased a travel package that included airfare, hotel, car rental, etc., and a portion of the package is unavailable due to OFAC sanction or government prohibition related to the global incident?

**A:** Yes. The issuer would have a dispute right for the portion that was not prohibited. For example, if the hotel was prohibited from operating due to government prohibition, and has offered a reasonable alternative credit, but the airline and rental car agency were still operating and providing service, the dispute would only be valid for the car rental and airline portion of the package.

**Q:** Are issuers required to prove government prohibition or regulation before initiating the dispute?

**A:** No. Issuers do not have to provide any additional information other than what is required by the dispute rules. However, the acquirer would need to provide evidence of the government prohibition or regulation with the dispute response. In addition, evidence that the merchant offered the cardholder a reasonable alternative credit in line with their terms and conditions. **Note:** An example of government prohibition evidence would be obtaining the restriction or sanctions list from the government's website.

**Q:** If the cardholder ordered merchandise but it is held in customs agency due to a government prohibition. Can the issuer process a dispute under Dispute Condition 13.1?

**A:** It will depend on whose customs the merchandise is in. If the customs agency is in the cardholder's country then there are no dispute rights. If the customs agency is in the merchant's country then Dispute Condition 13.1 can be pursued.

**Q:** As an acquirer, in response to a dispute for Dispute Condition 13.1—Merchandise / Services Not Received what do we need to provide to prove the merchant was prevented from providing services as a result of government prohibition or regulation<sup>1</sup> and prove that the merchant offered a reasonable alternative?

**A:** To prove a government prohibition, the acquirer must provide the regulation that explicitly (1) negates the cardholder's right to a refund by express reference to card network dispute rules, form of payment, or the like, and/or (2) prohibits the merchant from lawfully offering the service. Regulation that is specific to the consumer's right to a refund will always take precedence over general regulation / orders to cancel services. For example, the acquirer for an airline cannot rely on a government-ordered border closing or flight grounding to avoid a dispute if there is other regulation that explicitly requires airlines to provide refunds for canceled flights regardless of cause.

In addition, the merchant must also provide a credit voucher, credit note, or other reasonable alternative consistent with the terms and conditions of purchase between the merchant and cardholder. Failure to provide a reasonable alternative gives the issuer dispute rights under Dispute Condition 13.1—Services / Merchandise Not Received, as the services were not provided, unless the government prohibition explicitly negated the right to a refund or other alternative.

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

**Q:** The cardholder purchased goods / services (e.g., airline, hotel) and was not restricted to travel. However, the cardholder is now unable or unwilling to travel but the merchant is still able to provide goods / services. Is Dispute Condition 13.1—Merchandise / Services Not Received valid?

**A:** No. The issuer does not have a dispute right. In this scenario, the merchant is willing and able to provide the goods / services and is entitled to be paid and there is no governmental restriction that would prevent the cardholder from consuming the goods / services.

<sup>1</sup> **Note:** Visa will review any government regulation and/or law if properly presented within the dispute response and the final decision as to the application of the government regulation and/or law will be made at the arbitration case filing stage. Clients are reminded to ensure that they adhere to all government regulations and/or laws within their respective jurisdictions. The client's obligations under the Visa Rules are avoided only to the extent of a direct and explicit conflict with a government law and/or regulation.

### **For More Information**

If merchants have specific questions on dispute rules or processing, please contact your acquirer.

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