### **Policy 3: Fraud Protection and Chargeback Policies**

#### **Introduction**

This policy provides detailed procedures for protecting cardholders from fraudulent activity, unauthorized transactions, and outlines the steps for initiating chargebacks. It includes timelines, customer responsibilities, and the issuer’s investigation procedures.

#### **Section 1: Zero-Liability Fraud Protection**

* **Coverage**: Cardholders are protected by a zero-liability policy for any unauthorized or fraudulent transactions made using their card. The zero-liability protection applies if the cardholder reports the fraud within **60 days** of the transaction appearing on their statement.
* **Notification Process**: Cardholders must immediately notify the issuer via the online portal, mobile app, or customer service hotline upon discovering any unauthorized transactions. The card will be temporarily suspended while an investigation is conducted.
* **Liability After 60 Days**: If the cardholder fails to report the fraudulent transaction within the **60-day window**, they may be held liable for up to **$50** of the unauthorized transaction, as permitted by federal law.

#### **Section 2: Fraud Detection and Monitoring**

* **Real-Time Monitoring**: The issuer’s fraud detection system monitors all transactions in real-time and flags suspicious activities based on a combination of transaction history, location, and amount.
* **Verification Process**: If a suspicious transaction is flagged, the cardholder will receive a notification via email or SMS for verification. If the cardholder does not respond within **24 hours**, the card will be temporarily suspended.
* **Fraud Alerts**: Cardholders can sign up for additional fraud alerts via text message or email, notifying them of high-risk transactions (e.g., international purchases, large withdrawals).

#### **Section 3: Chargeback Eligibility**

* **Disputed Charges**: Cardholders may dispute a charge if they believe it is fraudulent, incorrect, or unauthorized. Eligible disputes include duplicate transactions, unrecognized merchants, and charges for goods/services not received.
* **Chargeback Filing Timeline**: Cardholders must file a chargeback within **60 days** of the transaction date. If filed after 60 days, the issuer reserves the right to deny the chargeback request.
* **Documentation Requirements**: Cardholders must provide evidence supporting their chargeback claim, including receipts, invoices, and any correspondence with the merchant. Failure to provide sufficient documentation may delay or void the chargeback request.

#### **Section 4: Investigation Process for Fraud and Chargebacks**

* **Provisional Credit**: Upon receiving a valid fraud or chargeback claim, the issuer will provisionally credit the disputed amount to the cardholder’s account within **10 business days** while the investigation continues.
* **Investigation Duration**: The issuer has up to **90 days** to investigate the fraud or chargeback claim. During this period, the cardholder may be asked to provide additional documentation or information.
* **Merchant Response**: If the chargeback is related to a dispute with a merchant, the issuer will contact the merchant for a response. The merchant has **30 days** to respond to the chargeback request.

#### **Section 5: Resolution and Final Decision**

* **Chargeback Resolution**: If the issuer determines that the chargeback is valid, the provisional credit will be confirmed as permanent. If the chargeback is denied, the provisional credit will be reversed, and the cardholder will be responsible for the disputed amount.
* **Fraud Investigation Outcome**: If the issuer confirms that fraud has occurred, the cardholder will not be held liable for the unauthorized charges. The card will be replaced, and new account details will be issued.
* **Appeal Process**: If the cardholder disagrees with the final decision, they may appeal within **30 days** of receiving the outcome. Appeals must be accompanied by additional evidence or documentation to support the cardholder’s claim.

#### **Section 6: Merchant Rights in Chargeback Cases**

* **Merchant Disputes**: Merchants have the right to dispute a chargeback claim by providing evidence that the transaction was legitimate. If the merchant’s evidence is found to be valid, the chargeback will be reversed, and the cardholder will be responsible for the charge.
* **Settlement Period**: Once the merchant provides documentation, the issuer will review the evidence within **15 business days** and inform both the merchant and cardholder of the final decision.

#### **Section 7: Liability and Reimbursement**

* **Cardholder Liability**: In cases where fraud is not reported within the 60-day period, or the chargeback is denied, the cardholder may be held liable for the full amount of the transaction.
* **Reimbursement for Lost/Stolen Cards**: Cardholders are required to report lost or stolen cards immediately. If the report is delayed beyond **48 hours**, the cardholder may be responsible for up to **$50** of unauthorized transactions.

#### **Section 8: Unauthorized Transactions and Dispute Resolution**

* **Unauthorized Transactions**: Any transaction completed without the cardholder’s knowledge or consent is considered unauthorized. This includes fraudulent use of the card, online card-not-present transactions, and stolen card usage.
* **Dispute Resolution Process**: Cardholders can initiate a dispute for unauthorized transactions by contacting the issuer’s dispute resolution department. A dedicated dispute team will guide the cardholder through the process and manage all communication with merchants.

#### **Section 9: Card Replacement and Freeze Options**

* **Card Freeze**: Cardholders can temporarily freeze their card using the issuer’s mobile app if they suspect fraudulent activity or lose possession of the card. This prevents any further transactions until the cardholder unlocks the card.
* **Card Replacement**: If fraud is confirmed or the card is lost, a replacement card will be issued within **5 business days**. Expedited shipping is available for a fee of **$25**.

#### **Section 10: Legal Protections and Consumer Rights**

* **Fair Credit Billing Act (FCBA)**: Cardholders are protected under the FCBA, which limits their liability for unauthorized charges. Under this law, the maximum liability is **$50**, provided that the fraud is reported within the 60-day period.
* **Rights Under State Law**: Cardholders may have additional rights under state consumer protection laws, which may further limit their liability in cases of fraud or unauthorized charges.