

FIRST NATIONAL BANK

Building Trust Through Excellence

Credit Card Operations Division
P.O. Box 9001, Des Moines, IA 50368

OPERATIONAL MEMORANDUM

TO: All Dispute Resolution Staff, Payment Investigation Team, Customer Service Representatives

FROM: Jennifer Walsh, Director of Credit Card Operations

DATE: April 1, 2024

SUBJECT: **New Procedures for Merchant Non-Response Cases & Expedited Resolution Protocol**

REFERENCE: Exception Report EXC-2024-Q1-047

MEMO ID: OPS-MEMO-2024-032

⚠ PRIORITY: HIGH — IMPLEMENTATION REQUIRED WITHIN 48 HOURS

PURPOSE

This memorandum establishes new operational procedures for handling dispute cases where merchants fail to respond to chargeback notifications within established timeframes. These procedures are implemented in response to Exception Report EXC-2024-Q1-047, which identified 15 high-priority cases requiring immediate attention, including Case DSP-003847 (Mitchell/CleanAir Electronics) and similar patterns of merchant non-response affecting customer satisfaction and regulatory compliance.

BACKGROUND

Recent quality assurance analysis has revealed a significant increase in merchant non-response rates during the dispute resolution process. In March 2024, our department processed 347 dispute cases, with 15 cases (6.6%) involving merchants who failed to respond within the standard 10-business-day

timeframe. This represents a 23% increase over the previous month and poses risks to both customer service quality and Fair Credit Billing Act compliance.

The current situation has resulted in:

Key Issues Identified:

- Extended resolution times averaging 18.4 days, exceeding our internal 15-day SLA
- Multiple customer complaints regarding delayed dispute resolutions
- Risk of exceeding the 45-day regulatory requirement mandated by the Fair Credit Billing Act
- Increased operational costs due to repeated follow-up attempts with unresponsive merchants
- Potential reputational damage from customer dissatisfaction

NEW PROCEDURES - EFFECTIVE IMMEDIATELY

1. ENHANCED MERCHANT NOTIFICATION TIMELINE

Day	Action Required	Responsible Party
Day 1	Initial chargeback notification sent via payment processor	Investigation Team
Day 5	Follow-up email sent directly to merchant	Investigation Team
Day 8	Phone contact attempt; document all communication	Investigation Team
Day 10	Final notification via certified mail (if no response)	Investigation Team
Day 12	Escalate to supervisor; prepare for auto-resolution	Supervisor Review
Day 15	Auto-resolve in favor of cardholder if no merchant response	Manager Approval

2. AUTOMATIC RESOLUTION CRITERIA

Cases meeting ALL of the following criteria will be automatically resolved in favor of the cardholder after 15 days of merchant non-response:

- Cardholder has provided complete and satisfactory documentation
- Merchant has not responded to three separate notification attempts
- Case has been pending for 15 or more business days

- Disputed amount is under \$5,000 (higher amounts require VP approval)
- No fraud indicators present in the original transaction

3. IMMEDIATE ACTIONS FOR CURRENT BACKLOG

Required Actions - Complete by April 3, 2024:

1. **Case DSP-003847 (Mitchell/CleanAir Electronics) - \$347.99:** Approve permanent credit immediately. Case has exceeded 16 days without merchant response; all documentation verified. Contact cardholder to notify resolution.
2. **All 15 High-Priority Cases:** Review each case against automatic resolution criteria. Process permanent credits for qualifying cases by end of business April 2, 2024.
3. **Customer Communication:** All affected cardholders must receive notification of resolution via their preferred contact method within 24 hours of credit processing.
4. **Documentation:** Update all case files with final resolution notes and merchant communication logs. Ensure proper audit trail for compliance review.
5. **Merchant Database Update:** Flag all non-responsive merchants in the system for enhanced monitoring on future transactions.

TRAINING REQUIREMENTS

All dispute resolution staff must complete the following training within 5 business days:

Training Module	Duration	Completion Deadline
New Merchant Non-Response Procedures	1 hour	April 5, 2024
Automatic Resolution Criteria & Documentation	45 minutes	April 5, 2024
Enhanced Customer Communication Scripts	30 minutes	April 8, 2024
Fair Credit Billing Act Compliance Review	1 hour	April 8, 2024

SYSTEM UPDATES

The IT department will implement the following system enhancements to support these new procedures:

Technology Enhancements (Roll-out: April 15, 2024):

- **Automated Alerts:** System will generate alerts at Days 8, 12, and 14 for cases approaching auto-resolution threshold
- **Merchant Response Tracking:** New dashboard displaying real-time merchant response rates and average response times
- **One-Click Resolution:** Streamlined approval workflow for auto-resolution cases meeting all criteria
- **Enhanced Reporting:** Weekly exception reports distributed automatically to management team
- **Customer Portal Updates:** Real-time case status updates visible to cardholders through online banking

PERFORMANCE METRICS & MONITORING

To ensure the effectiveness of these new procedures, the following metrics will be monitored and reported monthly:

Metric	Current Baseline	Target Goal
Average Resolution Time	18.4 days	12 days or less
Merchant Response Rate	93.4%	97% or higher
Cases Exceeding 45-Day Limit	0	0 (maintain)
Customer Satisfaction Score	87%	92% or higher
Auto-Resolution Rate	N/A (new metric)	Less than 5% of total cases

COMPLIANCE & AUDIT CONSIDERATIONS

These procedures have been reviewed and approved by our Compliance and Legal departments. All automatic resolutions will be:

- Documented with complete audit trails including all merchant contact attempts
- Reviewed monthly by the Compliance team for regulatory adherence
- Reported to executive leadership in quarterly operations reviews
- Subject to annual external audit as part of our credit card operations review
- Aligned with Fair Credit Billing Act, Regulation Z, and Visa/Mastercard dispute resolution guidelines

QUESTIONS & SUPPORT

If you have questions regarding these new procedures or need assistance with implementation, please contact:

Implementation Support Team:

Michael Torres - Quality Assurance Manager

Email: michael.torres@firstrnationalbank.com | Extension: 4521

Robert Chen - Senior Payment Investigator

Email: robert.chen@firstrnationalbank.com | Extension: 4582

Operations Help Desk: Extension 4000 or ops-help@firstrnationalbank.com

CONCLUSION

Implementation of these procedures is critical to maintaining our commitment to exceptional customer service while ensuring regulatory compliance. The success of this initiative depends on the diligence and professionalism of each team member. I am confident that with your cooperation and expertise, we will see immediate improvements in our dispute resolution process.

Please acknowledge receipt of this memorandum by signing and returning the attached acknowledgment form to your supervisor by end of business April 2, 2024.

Thank you for your continued dedication to operational excellence.

Jennifer Walsh
Director of Credit Card Operations
First National Bank

cc:

Executive Leadership Team
Legal Department
Compliance Department
Human Resources - Training Division
IT Department - Systems Development
Customer Service Management
Quality Assurance Team

Attachments:

1. Staff Acknowledgment Form
2. Quick Reference Guide - Merchant Non-Response Procedures
3. Exception Report EXC-2024-Q1-047
4. Updated Dispute Resolution Workflow Diagram
5. Customer Communication Templates

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INTERNAL DOCUMENT - CONFIDENTIAL

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