



# Financial Rights

LEGAL CENTRE

FACTSHEET



Financial Rights Legal Centre Inc.  
ABN 40 506 635 273

Factsheets are information only and should not be relied upon as legal advice. This information only applies to NSW.

©2017 Financial Rights  
All rights reserved.

## CHARGEBACKS

This factsheet is for information only. It is recommended that you get legal advice about your situation.

### CASE STUDY

Carrie had saved up for 6 months to go on a bus tour of Australia with ACE HOLIDAY TOURS. Carrie paid for the tour in full about 6 weeks before the tour was due to depart. Carrie paid for the tour using her credit card (with BIG BANK). About 2 weeks before she was due to leave ACE HOLIDAY TOURS went into liquidation. Carrie rang ACE HOLIDAY TOURS as soon as she found out but she was told it was unlikely she would get her money back.

Carrie rang BIG BANK. After Carrie explained the situation, BIG BANK said it would “chargeback” the transaction. Carrie confirmed this in writing to BIG BANK including details of:

- The amount of the transaction,
- The date it was paid
- The proposed itinerary from ACE HOLIDAY TOURS including the date of the tour
- A copy of the letter from the Administrator of ACE HOLIDAY TOURS confirming that it is now in liquidation.

Carrie kept a copy of the letter. Carrie was pleased to see a credit on her next credit card statement for the amount she had paid ACE HOLIDAY TOURS.

### WHAT IS A CHARGEBACK?

“Chargebacks” are only available for credit card transactions.

A “chargeback” is the name given for when your financial institution sends back a debit on your account to the merchant’s bank. Your financial institution, the card operating scheme (for example, Visa) and the merchant all enter into an agreement with rules governing the credit card scheme. Under those rules, the financial institution can in certain circumstances chargeback a transaction within a specific timeframe. Some examples of those circumstances are:

- When the transaction was unauthorised
- The merchant did not deliver the goods or services to you
- The goods or services were not as described.

The timeframe and the rules vary depending on the credit card scheme. It is important to remember that your financial institution has the right to chargeback, not you. Despite this, financial

[financialrights.org.au](http://financialrights.org.au)



# Financial Rights

LEGAL CENTRE

FACTSHEET

institutions are often willing to chargeback a transaction when you dispute it as long as you let them know straight away (so the chargeback can be made by the financial institution within the required timeframe under the rules).

You must dispute the transaction before the due date for payment of the credit card statement on which the disputed transaction appears. You may be able to dispute the transaction up to 90 days after it occurred but it is strongly recommended you do it as soon as possible in case a dispute arises as you may lose some of your rights after the due date for payment.

Chargeback's are useful in situations, for example, where the transaction was authorised but is now disputed because the goods or services were not delivered. For more information about a transaction that was never authorised, see [Fact Sheet: Unauthorised Transactions](#).

## HOW TO REQUEST A CHARGEBACK

As you only have a certain amount of time to request a chargeback you should request it in writing as soon as possible.

Write to your financial institution (that issued your credit card) stating that:

- You are requesting a chargeback of a transaction on your credit card
- Give details of the transaction including the amount and the date
- Give the reasons why you wish to chargeback the transaction.

Keep a copy of the letter.

## WHAT IF THE FINANCIAL INSTITUTION REFUSES TO CHARGEBACK THE TRANSACTION?

If the financial institution refuses to chargeback the transaction, you should make a complaint to an external dispute resolution scheme. The relevant schemes are:

- Financial Ombudsman Service Australia (Phone 1800 367 287)
- Credit & Investments Ombudsman (Phone 1800 138 422)

**OR**

- See [Fact Sheet: Dispute Resolution](#)

You should always lodge your complaint as soon as it is clear that you cannot resolve your dispute with your financial institution as time limits apply to your right to complain.

If you are unsure which scheme your financial institution belongs to, ask the complaints staff. The schemes above will also usually be able to point you in the right direction.

*Last Updated: November 2017*

[financialrights.org.au](http://financialrights.org.au)