

# 6 Ways to Prevent Chargebacks on Amazon

By **Rafael Lourenco**, EVP at [ClearSale](#)



It's hard for an e-commerce merchant not to envy Amazon. With an estimated 300 million customers and more than [\\$232 billion in sales in 2018](#), they've turned e-commerce sales into a science. If online retailers can't be Amazon, then perhaps the next best thing is to sell on their platform and take advantage of their brand and customer base.

**However, just because a merchant is selling on Amazon doesn't mean they've eliminated all their risk.**

Sometimes shipping and delivery take longer than expected. Or the customer's child got their hands on their parents' credit card and did a little shopping. Merchants are still vulnerable to customers who file chargebacks to get their money back when orders don't go right, and the costs of these chargebacks often exceed the value of the transaction.

Although it may be impossible for merchants to completely eliminate their chargeback risk when selling on Amazon, there are six ways to reduce that risk significantly. Here's where to start.

## 1. Use Amazon Pay

Amazon established its [A-to-Z Guarantee](#) as a way to promote confidence and trust among buyers shopping from Amazon's many third-party merchants. For buyers and sellers using [Amazon Pay](#) (Amazon's integrated payment solution), this guarantee not only warrants the condition of the ordered item and its timely delivery, but it also gives buyers the chance to receive a full refund or cancel a payment if they're unsatisfied with a purchase. When customers can work out their disagreements directly with the merchant or through this guarantee, they won't be forced to seek a refund by filing a costly chargeback. And that's good news for consumers and sellers.

## 2. Be Descriptive

Many chargebacks are filed because the product the customer receives differs significantly from the product they ordered. To ensure the customer is getting exactly what they want, need and expect, merchants should create complete, comprehensive descriptions for each item listed, including product dimensions, colors, materials, identifying characteristics (like serial numbers), and any damages or defects. Product photos from multiple angles can also eliminate confusion, while videos of the product in use can also help customers ensure they're getting exactly what they want.

## 3. Ship Smart

With damaged items being one reason for shoppers to initiate a chargeback dispute, make sure that any fragile or delicate items are well-packed before leaving your (or Amazon's) warehouse. Let customers know that if their order arrives with visible damage to the packaging, they can refuse shipment or have the carrier return the shipment to you so you can file a claim and reship the order.

## 4. Communicate Returns & Policies

Another top reason for chargebacks is because the customer was unsure about a merchant's return, refund or exchange policies. Not only should the merchant include these policies in the seller information section to educate the customer before the sale, but merchants should also keep the lines of communication open after the sale offering to answer any questions and reminding customers of the policies they agreed to.

When merchants keep in contact with customers — including providing delivery updates and following up post-delivery — customers may be more likely to contact the seller with any order concerns rather than filing a chargeback.

## 5. Fine-Tune Document Storage

It's important for merchants to keep thorough records of all communications with buyers and to thoroughly document transactions. Not only will this meticulous record-keeping help resolve customer misunderstandings, but it will also help improve the seller's likelihood of winning a dispute if a chargeback does occur.

## 6. Respond Promptly

If customers do contact merchants with questions or concerns about an order, it's important that the seller responds promptly to avoid the issue escalating into a chargeback. It's equally important for merchants to respond quickly to notifications from Amazon regarding any filed A-to-z Guarantee claims. Merchants have five days to respond; after that time, Amazon automatically assigns the claim to the merchant and debits their account to reimburse the buyer.

Merchants will also want to make it easy to get in touch with customer service departments — and 24/7 phone lines, emails, chat, and social media are great ways to facilitate communication.

Even merchants who take every precaution may occasionally find themselves on the receiving end of an Amazon chargeback. That's why merchants selling on Amazon should consider investing in a fraud prevention solution that comes with merchant chargeback insurance. That way, if the fraud prevention platform approves a transaction that turns out to be fraudulent and results in a chargeback, they'll pay the entire amount of the chargeback — guaranteed.

### Author:

Rafael Lourenco is Executive Vice President and Partner at [ClearSale](#), a card-not-present fraud prevention operation that helps retailers increase sales and eliminate chargebacks before they happen. The company's proprietary technology and in-house staff of seasoned analysts provide an end-to-end outsourced fraud detection solution for online retailers to achieve industry-high approval rates while virtually eliminating false positives.

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