

April 2021

Chargeback Survey Results

In March 2021, AFTA conducted a survey of its members in relation to their experience and exposure in relation to chargebacks over the COVID-19 period. AFTA administers the ATAS Accreditations of 1350 members, representing in total 2700 locations. Of the 1350 ATAS Accredited entities, 827 responded or 60% of the membership base.

This report is a summary of the data from those who responded.

Background

From about October 2020, AFTA members began to report an increase in chargebacks. This was occurring where consumers held credits, were awaiting refunds or where there was no contractual right to a refund. It has been widely reported that there has been inconsistency in the outcomes of chargeback claims.

AFTA circulated a document titled 'Chargebacks in Travel' in December 2020 raising the issue of chargebacks and providing examples of the current situation. At the request of Treasury, this survey was conducted to gather further data.

Highlights

\$295,052,511

• In potential future chargebacks reported from a total of 463 members.

\$36,596,014

• 206 members responded that 11,419 claims were lodged to the total value of \$36,596,014.

\$15,287,488

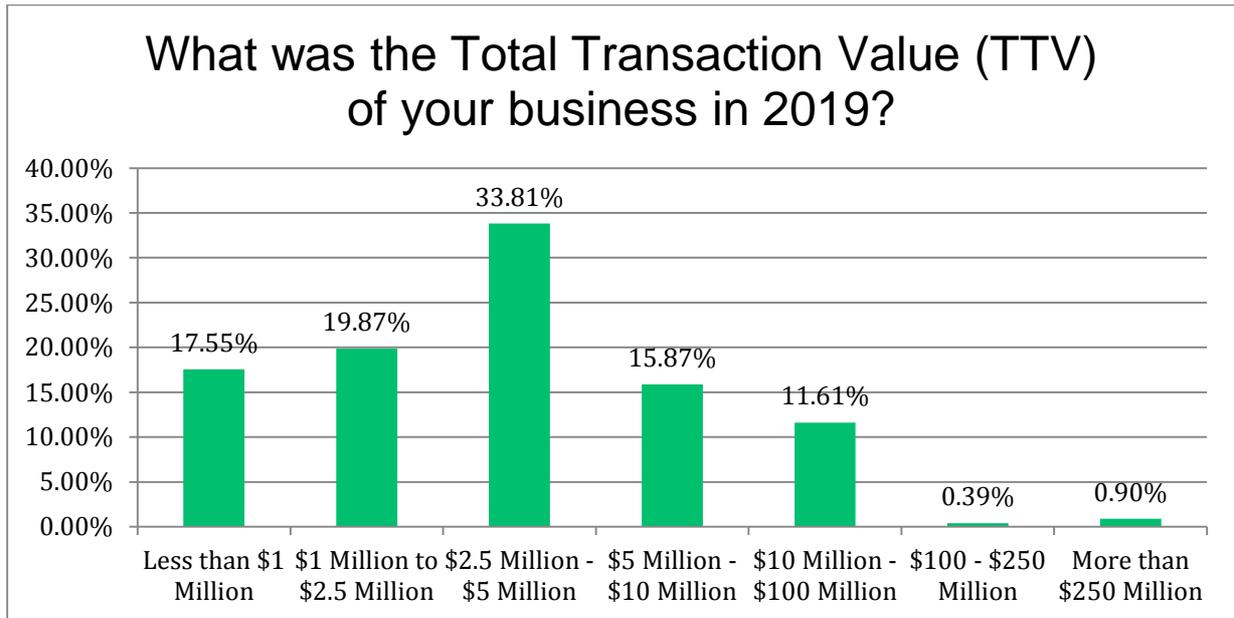
• 206 members responded that they were unsuccessful in defending 5,890 chargeback claims with \$15,287,488, being refunded to consumers.

33%

• 33% of members who responded reported that they were aware a customer had 'Double-dipped'.

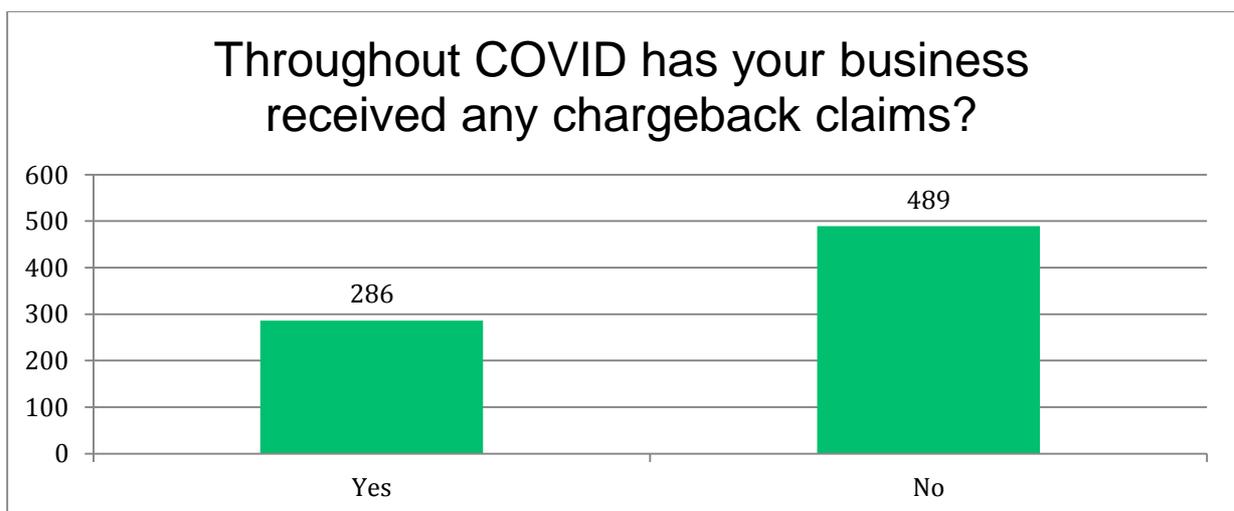
What was the Total Transaction Value (TTV) of your business in 2019?

827 members responded during the period 24th March 2021 and 31st March 2021. Not all respondents answered every question. The majority of responders were small businesses with a Total Transaction Value (TTV) under \$5 million.



How many chargeback claims has your business received during COVID?

Of the responders, **37%** (286) indicated that they had received a chargeback.



How many chargeback claims has your business received during COVID?

Of the 286 members who had responded they had received a chargeback, 206 advised that **11,419** claims had been received in total.

What is the total value of these chargeback claims?

Of the 286 members who had responded they had received a chargeback, 206 advised that the total value of these claims was **\$36,596,014**.

Of the number of chargeback claims received, how many were you unsuccessful in defending?

Of the 206 members who responded, it was advised **approximately 5,890** chargeback claims were unsuccessfully defended.

What is the total value of the chargebacks to your business that you were unsuccessful in defending?

Of the 206 members who responded, the value of unsuccessfully defended chargebacks was a total value of **\$15,287,488**, with this amount taken from members accounts and refunded to customers.

What is the total value of bookings that are either waiting on a refund or in credit that were paid for by customer credit card?

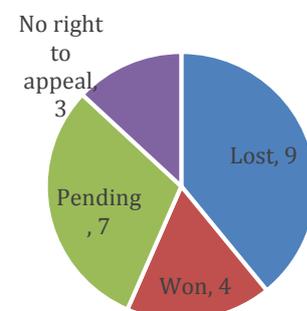
463 members responded to this question and identified a total value of potential future chargeback claims as **\$295,052,511**.

Have you appealed a chargeback to The Australian Financial Complaints Authority (AFCA)?

201 members responded to this question and only 11% (23) of responses indicated that they had appealed to Australian Financial Complaints Authority (AFCA).

The chart to the right shows the outcome of those appeals.

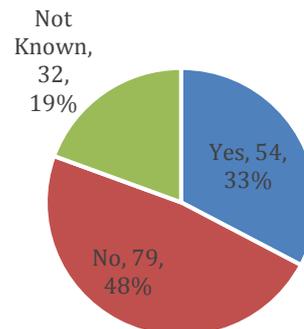
"Can't help, everything is based on the T&C of Visa and Mastercard."



Where your business has lost a chargeback, has a customer 'double-dipped' by receiving both the credit and the chargeback refund?

One of the concerns raised by AFTA has been the ability for cardholders to be unjustly enriched. This is occurring where a consumer holds a credit or has received an insurance payout and are also receiving a refund via a chargeback.

165 members responded to this question when asked if a customer had 'double-dipped' with 33% responding that they were aware a customer had.



Additional comments include:

"Customer got a refund of \$11,000 from us (a loss of \$1000 to them) and then tried to claim the \$12k they spend on their card from the bank."

"About half of the charge back cases a customer has received a refund as well as a credit. Majority of the other cases airlines have been paid for flights, customer charges our agency back and airlines will not refund us."

"Yes in-spite of providing documents to Westpac and NAB they have refunded monies back to the client where they are holding vouchers or airline tickets."

"No reasonable appeal process with Visa/MasterCard. You can reply with your case but they don't hear it in a mediation fashion and tend to side with cardholder."

"Yes. Malindo Airline offered the client 2 years credit and still has this credit in their name, but the client has also received the chargeback refund from their credit card."

"yes, stayed at hotel and got money back"

"yes. i had already refunded the client by bank transfer and they still claimed a charge back. The bank were not interested and charged me anyway."