

## Debit Card Transactions Dispute and Chargeback Mechanism

### What is Chargeback Mechanism?

Cardholders used debit card for transactions, if debit card have been used for unauthorized transaction / merchant failed to provide services, cardholder is eligible to apply for a transaction dispute with merchant (“Chargeback”). Chargeback is a mechanism established by Card Associations (e.g. EPS/ UnionPay) which allows transaction to be reversed and makes refund of the disputed amount to the cardholder under certain circumstances. For example, the merchant failed to deliver goods or services that have been paid by debit card, cardholder can contact the card-issuing bank and request a Chargeback. Our bank will assist the cardholder to apply for the transaction dispute with merchant. However, the chargeback request is subject to certain rules and conditions set by the respective Card Associations, for example, the request may fail if it is not raised within relevant timeframe.

### What is the role of the card-issuing bank?

After obtaining the details of the disputed transaction from cardholder, the card-issuing bank will evaluate the case and will raise a chargeback request to Card Associations against the merchant acquiring bank when it satisfies the rules and conditions of respective Card Associations. Subject to the reason of the dispute, the chargeback process will normally take 6-12 weeks to complete. The processing time may be longer depending on the complexity of the case. If the chargeback request is accepted by the merchant acquiring bank, the dispute amount will be reimbursed to Cardholder’s debit card account via the card-issuing bank.

### The procedure of transaction dispute with merchant and refund mechanism

If the cardholders have any disputable transactions, please contact our ATM Card 24-hour Customer Service Hotline at 2616 6266 or visit any of our branches for enquiries and filling in the ATM Transaction Enquiry Form to raise a chargeback request. After identity authentication, our staff will assist you to fill in the ATM Transaction Enquiry Form and raise the chargeback request.

### What type of transactions can the Cardholder dispute?

A cardholder may request a chargeback for several reasons, including:

- Considered that Transaction amount is incorrect;
- Considered that Transactions are unauthorized (Under this condition, the cardholder is advised to report the loss of debit card first);
- Duplicated transactions;
- Goods or services that the Cardholder did not received or within the agreed timeframe (in such cases you should contact the merchant first).

### How to initiate a chargeback request?

Cardholders can initiate through below channels. Chargeback supporting documents (e.g. payment receipt) are required for the refund procedure and our staff will assist to fill in ATM Transaction Enquiry Form. Our staff will inform the cardholders of, and provide reasons upon request for, any information and documents that we collect from the cardholders. We may also collect supporting documents from the Cardholders as requested by the Police.

- Visit any of our branches;
- Contact our ATM Card 24-hour Customer Service Hotline at 2616 6266;
- Download the form from our website and return the completed form to our branches.

Cardholder should raise the dispute within 60 days upon the statement issuance date. If Cardholder suspect that the transactions are unauthorized, please contact us immediately. When we receive the related documents, we will access and confirm whether the issue is fulfilled the dispute requirements and regulations. If Cardholder fail to

report any unauthorized transactions within the specified period, we would reserve the right to regard the statement as conclusive.

If you have not provided your account information to the merchant and suspect that your information was stolen, please contact our ATM Card 24-hour Customer Service Hotline at 2616 6266 immediately. If you do not notify us promptly, we may not be able to investigate your claim, in which case you will be liable for the transaction. If you confirm that there is a loss, please make reports on the unauthorised transactions to the Police and inform us as soon as possible.

Each card organization has a time Frame for submission of dispute transaction for different reasons of dispute. The provisions of UnionPay are as follows.

<b>Cause of dispute</b>	<b>Time Frame for Submission(UnionPay)</b>
Discrepancy in transaction currency and / or amount	Within 120 days from the transaction date
Duplicate bookkeeping	Within 120 days from the transaction date
Unauthorized transactions	Within 180 days from the transaction date
The merchant said that the debit card transaction failed, but the cardholder was still bookkept	Within 120 days from the transaction date
The cardholder has canceled the regular bank payment and the cancellation date is earlier than the bookkeeping date	Within 120 days from the transaction date
The cardholder has not received the paid goods / services	Within 120 days from the transaction date
No refund received	Within 120 days from the transaction date
Merchant termination	Within 360 days from the transaction date

\*\*The table is strictly for reference only and guidelines from card associations may change from time to time and without prior notice.\*\*

Please note: Under normal circumstances, the cardholder must still raise the dispute within 60 days upon the statement issuance date, so that we can process your application.

In general, after we have received the application from the Cardholder, we will provide the confirm letter (in paper or electronic forms) within seven business days from the date of the reports. We will contact the Cardholder if we need to verify relevant information, and/or assist to collect supplementary documents. The turnaround time of a dispute will normally take 6-12 weeks upon receiving all documents by us. The Bank will keep the Cardholder informed of the investigation progress by e-mail or telephone. The progress may be longer depending on the complexity of the dispute. If the Chargeback request is accepted by the merchant acquiring bank, the dispute amount will be reimbursed to the debit card account. Notification will be sent to the Cardholder regarding the result of the chargeback.

As a part of the investigation, we may request more information and evidence from you to facilitate our bank to progress the dispute resolution. Additionally, if you believe you are a victim of fraud, identity theft or other illegal activity, we may ask you to report to the police first.

#### How will the Bank assess and what the key factors are when in handing transaction disputes and Chargeback requests?

In investigating and evaluating a disputed transaction, the Bank will take into account the information from various parties (including the Hong Kong Police Force, etc., if any) and fully consider and evaluate the responsibilities of all parties involved. If the cardholder has not committed any fraudulent or grossly negligent act<sup>1</sup>, and notify the Bank, as soon as reasonably possible, of the loss or unauthorized use of the card, and his/her liability in respect of the loss of such card shall be limited to the amount specified by the Bank (currently HKD\$500.00). If the loss is caused by fraud or gross negligence of the cardholder, the customer will be liable for all losses. For details, please refer to the "Important Notice of ATM Card".

#### How to appeal if the Cardholder is not satisfied with the result of the investigation?

If the Cardholder is not satisfied with the result of the investigation (e.g.: appeal against the amount of he/she is liable for), he/she can visit any of our branches with the supplement supporting documents (e.g. transaction receipt) and apply for a reconsideration. The Bank will reevaluate/review the original investigation result based on the additional documents provided by the cardholder, and the final result of the re-evaluation/review shall be subjected to the final reply of the Bank. Cardholders can apply for a maximum of 2 re-evaluation(s).

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<sup>1</sup>grossly negligent act is defined as follows (including but not limited to):

- a. Failure to destroy the document bearing the PIN;
- b. Allow other person(s) to use one's card or authentication factors;
- c. Writing down the PIN on the card or other object(s) that is always placed with or nearby the card;
- d. Writing down the PIN without hiding it;
- e. Failure to notify the Bank in a timely manner of any unusual or suspicious transactions of his/her card;
- f. Failure to update the contact details registered with the Bank for receiving important notifications from the Bank (e.g. SMS and email notifications for online payment), resulting in the relevant notifications not being sent to the cardholder in a timely manner;
- g. Failure of the Cardholder to notify the Bank as soon as practicable when the card or authentication factors is found to be lost or misused, or when the authentication factors or the information of the card has been compromised.