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The Importance of a Refund Policy

One of the questions asked of merchants during the Merchant application process is - Do you have a refund policy? Many merchants handle refunds on a case-by-case basis. This invites the discretion of the employee or manager on duty and the decisions made might not always align with the values of the owner. There are important reasons to have a clear, concise written refund policy.

A written and posted refund policy sets expectations for both your business and your customers. Having a policy in place can help you prevail in a chargeback over an item that is considered non-refundable if a customer files a claim with their credit card issuer that you refused to take an item back. We see this chargeback scenario frequently. Most merchants falsely believe that card issuers always side with their cardholder. That's not true. In fact, here at [Aurora Payments](#), we help our merchants fight chargebacks and our merchants prevail nearly nine out ten times. However, the outcome is determined by circumstances and having a written refund policy can protect you from potential financial losses and liability.

A clearly written refund policy lets your customers know what to expect should they need to return an item or cancel a sale. A signed or virtually acknowledged refund policy is one of the best tools you can use to win a disputed credit card purchase. You can insert your refund policy on the payment page of your website and force customers to check a box acknowledging your refund policy. That's airtight. In person, you can include it on the purchase receipt. Make sure you also have signage near the point-of-sale.

You may want to check with your competitors or those in a similar industry to make sure your refund policy is consistent with your industry. In some cases, like the limousine industry, cancellation policies range from two hours before a scheduled pickup to one week before the scheduled pickup. You need to decide what is right for your business.

Here are a few tips for writing a Refund Policy:

- Be concise and keep the policy brief so people will actually read it
- Your refund policy should never exceed a half of a page
- Be non-specific. Policies should apply to the majority of purchases
- You can always make exceptions as necessary, but try to be consistent

Here are a few topics you should include in your refund policy:

- Time Limit: State a clear time frame, like "Absolutely no refunds after 30 days".
- The Process: As an example, "Items must be returned with original packaging to the same location item was purchased".
- Specific Exemptions: A common example is a policy that underwear and bathing suits cannot be returned for any reason.
- How Refunds are Issued: Indicate whether a store credit will be issued, a refund to the credit card used or cash refunds.

Make it Visible

You must be able to prove that your policy was shared with your customer. Present your refund policy in one or all of the following places:

- Post it on your website with a clear title of "Our Refund Policy"
- Include at the bottom of every website page as a footer
- Print it on the front or back of sales receipts
- Post it on a sign at the point-of-sale
- Use signage around your store such as inside changing rooms
- Include it on order confirmations

If you don't currently have a refund policy now, the new year is a perfect time to implement one. Make sure your staff is thoroughly familiar with your refund policy. If you experience a chargeback, make sure you respond to it in a timely manner. Failure to respond is a negative mark against a merchant and if you have too many unanswered chargebacks, you can be banished from accepting credit cards in the future. Aurora Payments can help you fight a chargeback. If you need help, call us at 833-AURORA2 (833-287-6722) or send an email to: Hello@aurorapayments.com.