



# Chargebacks & Fraud

The word chargeback can bring feelings of fear, anger, and overall frustration to your hotel or business. Chargebacks are especially prevalent in the hospitality industry and can occur when scammers get their hands on a stolen credit card.

## Scammers target hotels in five ways:

### Card Testing Fraud:

Occurs when a scammer tries to get a preauthorization on a stolen credit card via online hotel reservation. The scammer never cancels the reservation, resulting in the card holder being charged a cancellation or full fee.

### Same Day Booking Fraud:

Occurs when a scammer either uses the stay or verifies that the stolen credit card is valid. If the scammer books through your reservation system, they typically only provide information that is required and in most cases, limit any face-to-face interaction with hotel staff.

### Credit Card Authorization Form Fraud:

Occurs when a scammer books for a same-day arrival, accepts remote check-in options, and presents a prefilled and signed authorization form at check-in.

### Loyalty Account Takeover Fraud:

Occurs when a scammer accesses a loyalty account with stolen credentials and then uses loyalty points from the account to purchase gift cards or make a last-minute booking at a hotel.

### Third Party Booking Fraud:

Occurs when a scammer books using a third party vendor, so the address and phone number aren't captured when booking through a third party. The scammer typically books for same-day arrival and checks in remotely.

*As summarized by HTNG*

Sertifi's Agreement Platform enables CVV and AVS checks.

Every card is verified via a CVV check. AVS checks, which match the numerical information of an address between the bank and the payer, are available with the following gateways.

- Merchant Link
- 3C Payment
- CyberSource
- Shift4 Payments
- Authorize.Net

To prevent fraud and improve your chances of winning in a chargeback case, always run the guest's card upon check-in - or in the case of a 3rd party reservation, a backup card. By doing this, you're protecting yourself significantly more than if you were to simply charge whatever was submitted online. In a chargeback review, if there's proof of a physical card being charged on site, much of the liability shifts to the cardholder.