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Friendly Fraud Prevention *for Hotels*

Friendly Fraud and Chargeback Fraud are two types of payment fraud that are often used interchangeably, but they aren't the same. While both can impact a hotel's bottom line and reputation, the two factors that separate them are the **guest's intention and behavior patterns**. There are ways hotel teams can better protect their property from these types of payment fraud - it comes down to creating a positive guest experience.

The cost for each dollar of fraud loss is
\$2.94.*

Friendly Fraud is when a person **unknowingly** commits fraud by asking for a chargeback from their credit card company or bank after a transaction has taken place. It's generally associated with people who don't realize they purchased something or that they didn't understand what they were agreeing to pay for.

Chargeback Fraud is when a person **knowingly** purchases a product or service and intentionally files a chargeback through the credit card company with the goal of keeping the product or service and receiving a refund.

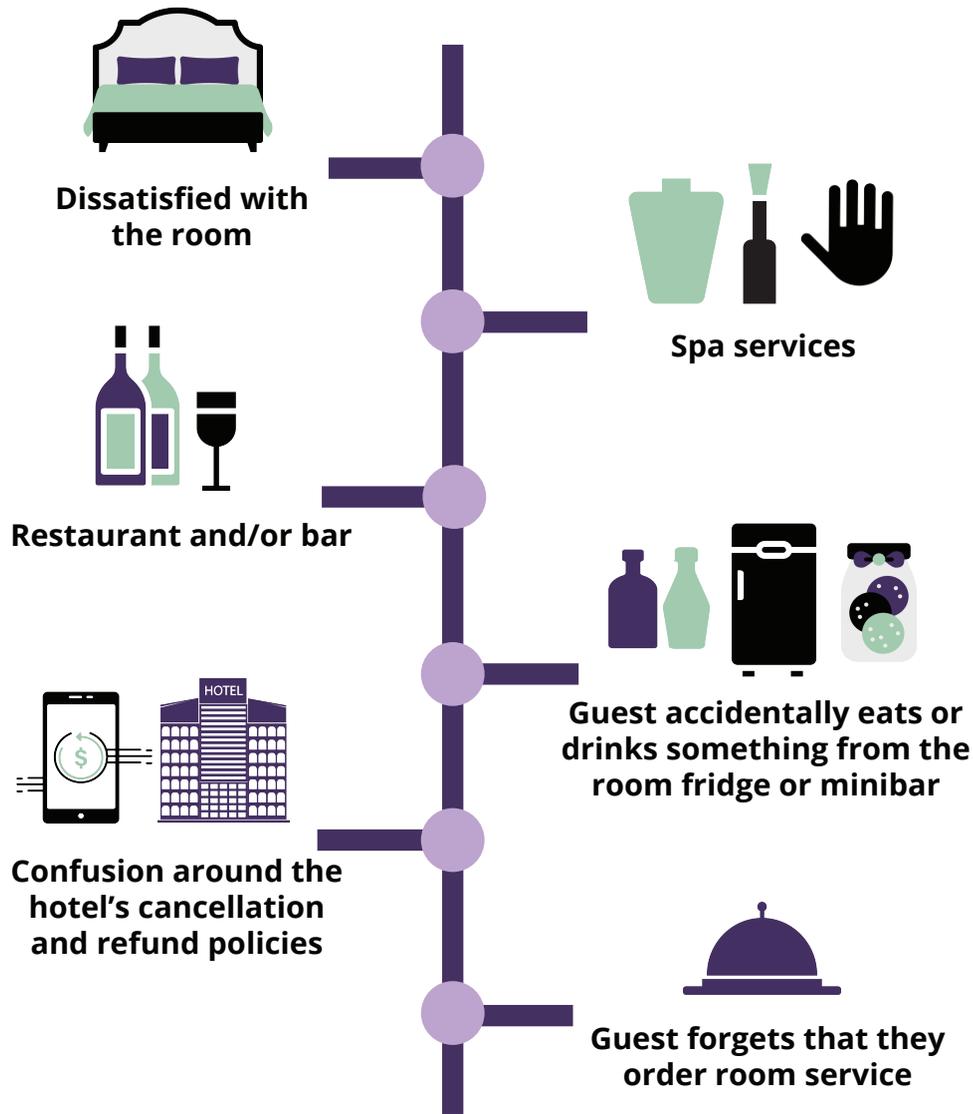
The Consequences of Friendly Fraud

Revenue Loss - When a guest requests a chargeback, the hotel is hit with a chargeback fee. These can accumulate over time if the hotel can't win the chargeback case.

Damaged Reputation - Hotels can experience a tarnished reputation if they continually get hit with chargebacks. This could result in fines from their payment processors or credit card merchants.

Loss in Productivity - Building a case to dispute a chargeback is time consuming. When more time is spent drafting a chargeback response, that means less time doing what matters more to the team.

Areas Where Friendly Fraud Occurs in Hotels



5 Ways to Prevent Friendly Fraud

- ✓ Have a clear refund and cancellation policy in place.
- ✓ Empower the Guest Services team to handle guest complaints.
- ✓ Use clear and recognizable billing descriptors on your credit card authorization forms and invoices.
- ✓ Regularly touch base with the guest.
- ✓ Maintain your internal notes in the guest reservation.

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