

## Toucan Payments – Customer Dispute Resolution Mechanism

### 1. Objective

To establish a transparent, efficient, and accountable mechanism for addressing **customer disputes and grievances**, ensuring that all stakeholders in the payment ecosystem—**merchant, bank, customer, payment aggregator, and networks**—adhere to defined responsibilities and timelines throughout the **transaction life cycle**.

### 2. Scope

This policy is applicable to:

- Customers using Toucan's platform (via merchants)
- Onboarded merchants
- Partner banks and networks (Rupay, Visa, Mastercard, UPI)
- Internal teams (Customer Support, Operations, Risk, Tech, Compliance)

Covers all dispute types arising from **card payments, UPI, net banking, wallets, and refunds**.

### 3. Chargeback Types

Commonly chargebacks can be associated with unsatisfactory customer service/product or unsatisfactory service delivery corresponding to a merchant. A list of common types of chargebacks and remedies have been described below -

Sr No	Dispute Type	Description	Resolution	Category
1	Product is not received	The customer claims that the product has not been given by the merchant as per the expected date of delivery	There is a query raised to the merchant. There is a legitimate signed copy of the invoice that is received or a proof of delivery acknowledged by the customer. The same is then submitted to the issuer bank.  In case the merchant is unable to provide with legitimate copy of the invoice, then the merchant has to initiate a refund and the same is informed to the issuer bank and customer	Consumer dispute
2	Duplicate transaction	There are 2 transactions done for	Details of the invoice copies for both these	Processing error

		the same product and there is a chargeback raised for refund related to any of these 2 transactions	orders have to be sufficed at the representment stage. If duplicate transactions are identified, then merchant has to process refund corresponding to one of the duplicate transactions. When the refund is processed, merchant dashboard and system is reconciled automatically with webhook calls on their server with details on ARN number for that 1 transaction and also the customer is informed automatically that the refund has been successfully processed.	
3	Credit has not been processed to the cardholder	The card holder has confirmed that cardholder cancelled the transaction for which refund is due to the cardholder	In this case the terms and conditions with cancellation policy is clearly showcased to the issuer bank. The same is also displayed on the payment page where customer has to compulsorily agree. This is done during the representment stage. The refund details are then processed to the original source account.	Consumer dispute
4	Good and services not satisfactory	The card holder claims that the goods and services have not been provided as per what was shown over the website	In the case of ecommerce transaction, merchant has to ensure that the details of the merchandise have to be match with details that has been delivered to the customer. Merchant is communicated about the unsatisfactory response from the customer. Merchant has to provide a rebuttal letter to remedy the risk investigation in case the cardholder is a suspected fraud. Refund is processed to the original card holder (Issuing bank) in case it has been agreed that customer is unhappy with the merchandise received	Consumer dispute

			and merchant has to be provided with the funds.	
5	Fraud or no authorization	Cardholder states that he has not authorized the transaction	i. Description of goods and services ordered. ii. Cardholder authorization letter Signed Invoice and Charge slip copy	Fraud

#### 4. Declined reason Code

Code No	Reason	Explanation
0	Transaction Approved Successfully	The transaction is approved and completed successfully.
1	Refer To Card Issuer	The transaction is refused by the issuer, so the cardholder should contact the issuing bank to clarify the situation. Cardholder is advised to use a separate card or try again after resolving the issue with their bank.
3	Invalid Merchant Number	This error indicates that the entered details are incorrect, or your merchant facility is non-functional.
4	Pick Up Card	The transaction is declined by the issuing bank that requested for retaining the card as it could be reported as lost or stolen. Ask the customer for using a separate card or contact their bank to resolve the issue
5	Do Not Honour	The issuing bank is unwilling to accept the transaction. Ask the customer for a separate card to complete the transaction or ask them to contact the bank for more details.
6	Error	When the code occurred for a one-time transaction, don't run the card again and don't provide any more goods or services to the cardholder. For the recurring or scheduled transaction, make sure that the card wasn't incorrectly flagged as fraudulent. Ask a customer to contact their bank or update their payment details with a new card.
12	Invalid Transaction	An error occurred while processing the card. Make sure that payments are correctly configured.
13	Invalid Amount	Double check what is entered and make sure it wasn't negative or included incorrect symbols.
14	Invalid Card Number	The card issuing bank has declined the transaction because of an incorrectly entered a credit card number or a number that doesn't exist. Double check the card details and try processing again.
15	No Issuer	The customer's card issuer doesn't exist. Double check the card number and try processing the transaction again. The card number should start with 3 (AMEX), 4 (Visa), 5 (MasterCard), or 6 (Discover).
22	Suspected Malfunction	The issuing bank is not responding during the transaction. The cardholder should check the card information and try processing again.
30	Format Error	Double check the setup on your merchant account, as it may be incorrect.

31	Bank Not Supported By Switch	<p>The customer's bank has declined the transaction because it doesn't allow using the card for mail/telephone, fax, email or internet orders.</p> <p>The error usually comes with the Discover card, so the customer should use a separate card. If a Discover card wasn't used, ask the cardholder to contact their bank.</p>
34	Suspected Fraud, Retain Card	<p>The transaction is declined by the issuing bank as there is suspected fraud on this credit card number.</p> <p>Monitor subsequent transactions to check for fraudulent transactions on alternate cards. If there are multiple fraudulent transactions, please contact us.</p>
37	Contact Acquirer Security Department	<p>The customer's card issuer has declined the transaction and requested to retain your customer's card. The customer should use an alternate card or contact their bank.</p> <p>After receiving this particular error, monitor subsequent transactions for fraudulent transactions on alternate cards.</p>
41	Lost Card	<p>The issuing bank has declined the transaction as the owner of the card reported it as lost or stolen. In this case, don't retry the transaction and don't provide any goods or services to the cardholder. Validate the customer authenticity and refer the cardholder to the issuer.</p>
42	No Universal Account	<p>The transaction is declined by the issuing bank as the account type is not valid for this card number. Ask the customer to use a separate card or to contact their bank.</p>
43	Stolen Card	<p>The issuing bank has declined the transaction as the credit card owner has reported this card as stolen. Don't try the transaction again and stop providing any goods or services to the customer and report the transaction attempt to the relevant issuing bank.</p>
49	The Card Was Declined	<p>The customer's card issuer has declined the transaction as the credit card is not enabled for online transactions.</p> <p>The customer should use an alternate card or contact their bank.</p>
51	Insufficient Funds	<p>The transaction is denied by the issuing bank as there aren't enough funds in the associated bank account to complete this payment, or the transaction will put the customer's credit card over the limit. Request a different card from a customer or ask them to contact their issuing bank</p>
54	Expired Card	<p>The card is expired and no longer valid to use. Ask a customer to correct or switch the card.</p>
56	No Card Record	<p>The transaction is declined by the issuer, as the credit card number doesn't exist. The customer should use a separate credit card.</p>
57	Function Not Permitted to Cardholder	<p>The issuing bank has declined the transaction as this card cannot be used for this type of transaction.</p> <p>Ask the customer for using another card or contacting their bank. When the bank confirms it will process correctly, attempt the transaction again.</p>
58	Function Not Permitted To Terminal	<p>The code appears when the card cannot be used for this type of transaction or when the merchant processing account is not properly configured. The response usually appears when test cards are used on the live gateway.</p>
59	Suspected Fraud	<p>The transaction is declined by the issuer because it appears fraudulent. Monitor all the transactions processed after the error occurred.</p>
61	Withdrawal Limit Exceeded	<p>The issuer has declined the transaction because it will exceed the customer's card limit. Ask the customer to use another card.</p>

62	Restricted Card	The card is invalid in a certain region or country or the customer tried to pay online with a card that doesn't support your online payments.
67	Capture Card	The transaction is declined by the issuing bank because the card is suspected to be counterfeit. The customer's card issuer has requested that your customer's credit card is retained by you. Ask the customer to use a different card or to contact their bank.
91	Card Issuer Unavailable	There was a problem contacting the issuing bank to authorize the transaction. The customer should attempt to process this transaction again. If the problem persists, the cardholder should contact their bank.
92	Unable To Route Transaction	The customer's card can't be found for routing and the code is mostly used for a test credit card number. The cardholder should try to complete a transaction again.

## 5. Transaction Life Cycle & Dispute Stages

Transaction Initiated → Authorization → Capture → Clearing → Settlement → Reconciliation → Dispute Raised (T0 to T+X) → Investigation → Resolution → Closure

## 6. Dispute Resolution Process

### Step 1: Dispute Intimation

- Raised by **customer** or **merchant** via email to **contactus@toucanus.com**
- Reference: Transaction ID, Transaction date, Transaction amount, Merchant name, issue type.

### Step 2: Logging & Acknowledgment

- Logged into Dispute Management tool with **unique ticket ID**.
- Acknowledgement shared within **24 hours**.

### Step 3: Preliminary Check

- Toucan verifies basic transaction details:
  - Transaction success status
  - Time of processing
  - Merchant response logs

### Step 4: Routing to Relevant Party

- Based on dispute type, routed to:
  - **Merchant** for product/service issues
  - **Bank/NPCI** for authorization/clearing errors
  - **Internal Risk Team** for fraud analysis

### Step 5: Investigation & Supporting Documents

- Supporting documents are requested from all relevant parties:

- **Merchant:** Invoice, dispatch proof, order logs
- **Customer:** Bank statement, screenshots
- **Bank/Network:** Chargeback or RRN trail
- All evidence logged and to be time stamped.

#### Step 6: Resolution

- Toucan evaluates evidence and proposes a resolution (refund, denial, chargeback, etc.).
- If applicable, initiates **chargeback/ARB** (for card) or **Ombudsman escalation** (for UPI).

#### 7. Turn-Around-Time (TAT)

Stage	TAT
Acknowledgment	Within 1 business day
Preliminary Investigation	T+2 days
Documentation from Stakeholders	Within 4 business days
Resolution	Within 7-10 business days
Chargeback Filing (card)	As per network timelines
NPCI/Bank Dispute Escalation	As per UPI guidelines
Final Customer Communication	Within 10 working days

#### 8. Responsibilities

Party	Responsibility
<b>Customer</b>	Report disputes within T+3 days, provide evidence
<b>Merchant</b>	Respond within 48 hours to queries, share documentation
<b>Toucan Payments</b>	Log, investigate, coordinate, resolve, and close disputes
<b>Partner Bank</b>	Respond to authorization/refund issues
<b>Network (NPCI/Card)</b>	Adjudicate and process chargebacks/refunds

#### 9. Documentation & Record Keeping

- All tickets, communications, and evidence are stored in a secure drive for a minimum of **2 years**.
- Accessible for regulatory audits and reviews.

#### 10. Escalation Matrix

Level	Designation / Channel	Responsibility	TAT
Level 1	Operations/Customer Support Representative (Email)	First contact resolution of common issues	24–48 hours
Level 2	Mr. Vallarapu Naveen Kumar, Grievance Officer	Handles unresolved or complex complaints,	3–5 working days

	Email – <a href="mailto:naveen.vallarapu@toucanus.com">naveen.vallarapu@toucanus.com</a> Phone No – 9949495913	oversees compliance etc.	
Level 3	Mr. Chakrapani Doppalapudi Principal Nodal Officer (as per RBI norms) Email – <a href="mailto:Chakra@toucanus.com">Chakra@toucanus.com</a> Phone No – 9000844097	Addresses escalated / regulatory complaints and sensitive grievances	7–10 working days

## 11. Compliance & Governance

- Aligned with:
  - **RBI Master Directions for Payment Aggregators**
  - **NPCI Operating Guidelines**
  - **Card Network Chargeback Regulations**
- Reviewed annually by the **Risk & Compliance Committee**
- Periodic training for merchant/customer service teams