



# ***Advanced Chargeback Management User's Guide***

*PayPal Advanced Chargeback Management User's Guide*

Document Number: 10092.en\_US-201307

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# Preface

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## About This Guide

The *PayPal Advanced Chargeback Management User's Guide* describes the PayPal Advanced Chargeback Management system. It includes information about:

- The features and benefits of the PayPal Advanced Chargeback Management model of dispute resolution management
- Onboarding accounts to the Advanced Chargeback Management system.
- Accessing reports that are used within the system.
- Batch uploading merchant representations to PayPal using a merchant representation file.

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## Intended Audience

This guide is for PayPal merchants who plan to use the PayPal Advanced Chargeback Management platform to manage dispute resolution.

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## Organization of This Document

This Guide is organized as follows:

- [Chapter 1, “Overview”](#) contains an overview of the PayPal Advanced Chargeback Management system.
- [Chapter 2, “Account Setup”](#) describes the requirements for setting up a PayPal Advanced Chargeback Management account.
- [Chapter 3, “Dispute Resolution Procedures”](#) describes how the dispute resolution process works under the PayPal Advanced Chargeback Management system.
- [Chapter 4, “Account Migration”](#) briefly describes the steps involved in migrating an existing PayPal account to the PayPal Advanced Chargeback Management system.

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## Documentation Feedback

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# 1

## Overview

### What is PayPal Advanced Chargeback Management

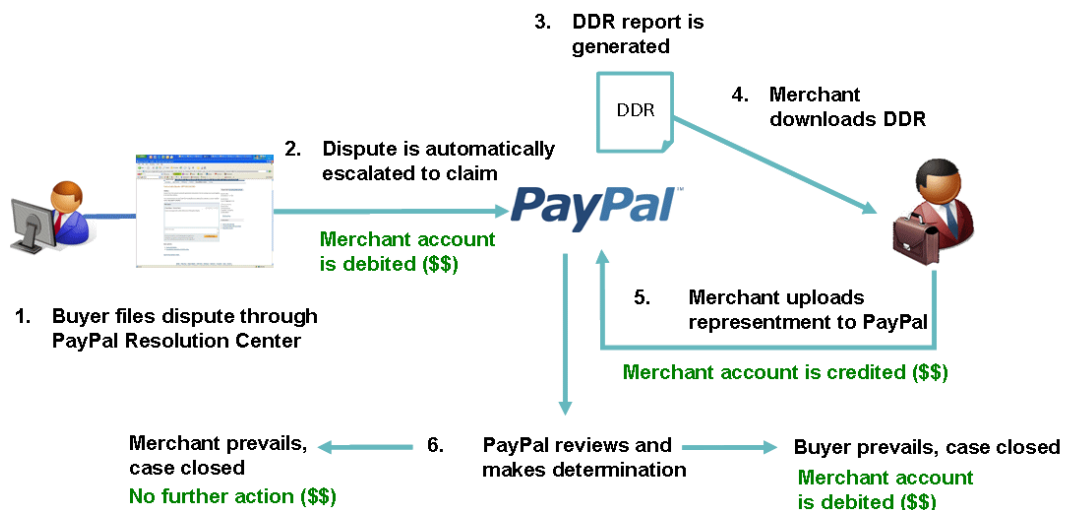
The PayPal Advanced Chargeback Management (ACM) system is an opt-in resolutions platform specifically for channel partners and large merchants who are accustomed to merchant accounts with industry standard chargeback processes. The new platform streamlines the dispute resolution process, to handle all issues uniformly as chargebacks, provide industry standard money movement and reconciliation, and allow the batch transmission of representments.

Topics in this chapter include:

- “Overview of the Advanced Chargeback Management Workflow” on page 7
- “Differences from the Current PayPal Resolution Model” on page 8
- “Features and Benefits of the Advanced Chargeback Management Model” on page 11

### Overview of the Advanced Chargeback Management Workflow

**FIGURE 1.1** Advanced Chargeback Management resolution/chargeback workflow



1. The buyer files a dispute through the PayPal Resolution Center.
2. The incident is automatically escalated to a claim, and the buyer is notified by e-mail (as happens under the current process).  
  
PayPal debits the merchant account immediately, and reverses the transaction fee.
3. The claim appears as an entry in the Case Report (formerly known as the Downloadable Dispute Report or DDR). If the merchant has opted to suppress e-mails, claim e-mail notification is suppressed.
4. The merchant downloads the DDR from their drop-box on the PayPal Secure FTP Reporting Server. This contains all new or in process incidents with their status, that took place in the last 24 hours.
5. The merchant has a limited number of days (usually up to 10) in which to provide a representation to PayPal.
6. The merchant uploads the representations in a single batch upload, to Pay Pal.

**NOTE:** Merchants can still use the Resolution Center to provided representations, as is done today.

PayPal credits the merchant's account upon receipt of the representation.

7. The case transitions to the case review phase. PayPal reviews the representation and makes a determination either for the merchant or for the buyer.
  - If the determination favors the merchant, the case is closed and no further actions are taken. PayPal notifies using S6 reason code as described in the [Case Report Specification](#).
  - If the determination favors the buyer, the merchant account is again debited and the case status is set to closed. The merchant is notified through the updated status in the next DDR, and in the Resolution Center. If the merchant has opted to suppress e-mails, claim e-mail notification to the merchant is suppressed.

## Differences from the Current PayPal Resolution Model

The current incident resolution process is geared towards one-to-one interaction between the merchant and the buyer, and works well for smaller merchants who only need to handle a limited number of incidents. However, for merchants with a very high volume of transactions, the current system can become unwieldy. Issues must be addressed manually and individually through the resolution center and e-mail. For a large merchant, the volume of e-mails generated can be overwhelming.

For large merchants, the Advanced Chargeback Management system simplifies and standardizes the steps in the incident resolution process. [Figures 1.2](#) and [1.3](#) illustrate the differences in the resolution process workflow between the current process and the Advanced Chargeback Management system.



FIGURE 1.2 The current resolution process

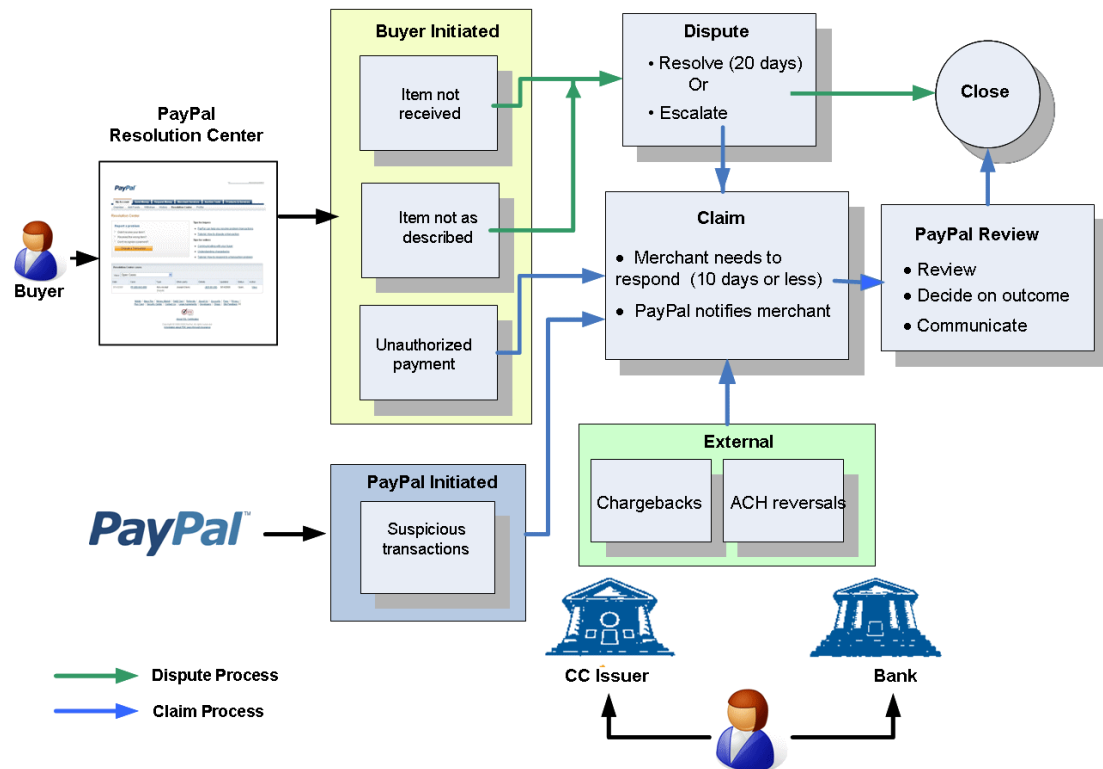


Figure 1.2 above illustrates the current issue resolution process. Under this process, buyer-initiated incidents, submitted through the Resolution Center, may or may not go through the initial dispute process before being escalated to a claim, depending on the type of issue. Suspicious transaction incidents initiated by PayPal are handled under a different workflow, and incidents initiated by banks or credit card issuers on behalf of the buyer follow yet another path.

The merchant is required to provide representations for certain types of cases, and the time allowed for the representation varies depending on the type of issue.

Merchant funds are usually put on hold while the case is reviewed. No money movement is associated with the merchant representation. Funds are moved only when the case is resolved.

At each stage, notifications and reminders generate e-mail, and interactions with the buyer are handled through the Resolution Center. When an issue is escalated to a claim, the merchant response is also handled through the Resolution Center.

**FIGURE 1.3 The Advanced Chargeback Management resolution process**

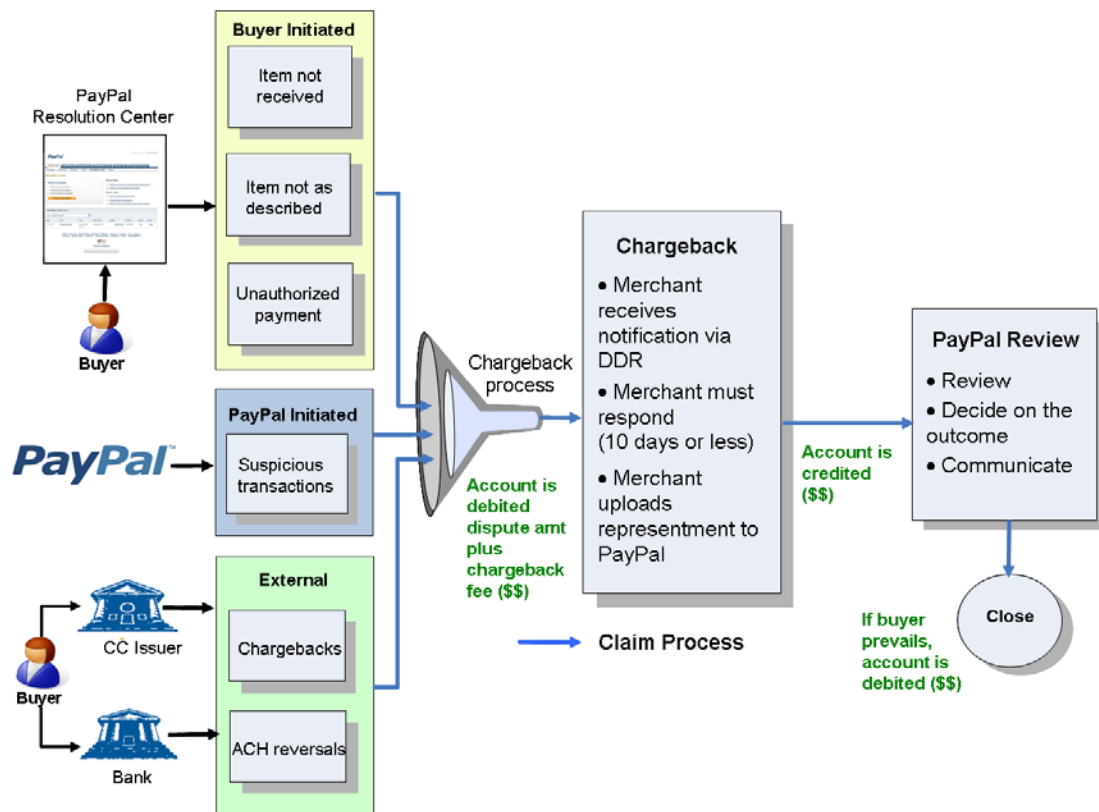


Figure 1.3 illustrates the incident resolution workflow using the Advanced Chargeback Management model. This simplified workflow handles all issues in a uniform manner, regardless of the type and how they were initiated. The initial dispute phase for buyer-initiated incidents (Item Not Received (NR) or Item Significantly Not As Described (SNAD) incidents) can be eliminated, escalating all types of incidents to claims.

The merchant is notified through daily batch reports, and can opt to suppress e-mail notification of incidents. The daily report can easily be broken down by partner merchants so that the incident information can be forwarded to the merchants for action. Representments are uploaded in batches also—the merchant no longer needs to go through the Resolution Center to respond to each individual incident.

## Money Movement and Reconciliation

The movement of money under the Advanced Chargeback Management model is also quite different from the current PayPal resolution model, and is based on industry standards.

In the current resolution model, when an incident is filed, a hold in the amount of the entire transaction is typically placed on the funds in the merchant account. With certain types of cases, such as with suspected fraud or bank-initiated reversals, a disputed transaction is automatically reversed. Credit for the transaction is typically not provided to the merchant until the issue has been resolved.

For merchants with a large volume of transactions, this creates difficulty in reconciling the incidents (cases) with the movement of funds. Many merchants need to reconcile money movement on a daily basis, and to track money movement to the specific incidents involved. Further, large merchants typically work with other processors and payment systems, and non-standard ways of handling disputes and chargebacks can cause problems.

With the Advanced Chargeback Management model, the merchant account is debited immediately when the incident is filed, but only for the amount of the disputed transaction. As soon as the merchant responds with a representment, the merchant account is credited. There are no holds and no automatic reversals. This simplifies the reconciliation between the incident reports and the money movement, and conforms to industry standards for money movement.

---

## Features and Benefits of the Advanced Chargeback Management Model

For channel partners and large merchants, who do a large volume of online transactions, the Advanced Chargeback Management system provides the following benefits.

- All issues are handled uniformly as chargebacks. This includes item-related disputes (Item Not Received (NR) or Not as Described (NAD)), credit card chargebacks and ACH reversals, unauthorized transactions, and suspicious transactions (Admin Fraud Reversals (AFR)) generated by PayPal's Risk Management process.

This simplifies the process for the merchant, who no longer needs to learn a different workflow for each type of issues. It also makes the time to resolution more uniform for all dispute types.

- The merchant is notified of all new and current cases, along with their status, through a daily downloadable report. The merchant can opt out of receiving e-mails for each new dispute. The merchant no longer needs to access the Resolution Center to handle incidents.

Likewise, merchant representments can be uploaded to PayPal in batches rather than individually.

- Money movement is based on industry standards. The merchant account is debited immediately when an incident is filed, and is credited immediately when a representment is



## Overview

### *Features and Benefits of the Advanced Chargeback Management Model*

received from the merchant. This makes daily reconciliation easier and more accurate. Transaction fees (including chargeback fees) are returned.

Merchants may also opt to defer money movement until case closure. If the merchant has currently opted to defer any money movement, this behavior can continue under the PayPal Advanced Chargeback Management system.

- The buyer's experience is unchanged.

# 2

## Account Setup

This chapter describes the steps for setting up the Advanced Chargeback Management system of dispute resolution for a merchant account.

Topics in this chapter include:

- [“Account Onboarding” on page 13](#)
- [“Secure Access to Reports and Drop-Box” on page 15](#)

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### Account Onboarding

There are several administrative settings that must be set by your Account Manager to enable the features of the Advanced Chargeback Management process, and to disable certain actions that otherwise occur under the regular Resolution Center dispute resolution process. August 2013

- There are administrative flags that indicate how the dispute phase, email, and money movement should be handled. Please see the section [“Option Settings”](#) below for details about these flags.
- If have an existing PayPal account, it must have the **Temporary Hold on Disputed Funds** option set Off prior to onboarding.
- A log in account and drop-box must be set up on the PayPal Secure FTP Server, where the merchant can retrieve reports and upload merchant representments. Please see the section [“Secure Access to Reports and Drop-Box” on page 15](#) for details.
- PayPal recommends that you set up a Customer Service message to appear when a buyer files an issue in the Resolution Center.

### Option Settings

The following options must be set by the Account Manager for an account that will use the Advanced Chargeback Management platform:

- **PayPal Advanced Chargeback Management and Notification Eligible:** indicates that Advanced Chargeback Management should be enabled for this account. This flag must be set On to enable certain of the other option flags.
- **Opted Out of Dispute Process:** indicates that issues filed in the Resolution Center should be immediately escalated to claims, bypassing the dispute phase. This flag is set On by default for an Advanced Chargeback Management eligible account.
- **No Temporary Hold on Disputed Funds:** indicates that money movement should occur only when an incident is resolved. This option is set Off by default for an Advanced

Chargeback Management account. In the regular Resolution Center process, the alternate to this behavior is to place a temporary hold on merchant funds when an incident is filed. Under the ACM process, the alternate behavior is the Debit on Disputed Funds option.

**NOTE:** If you had this option set On prior to onboarding, you may elect to continue this behavior, so that money movement will occur only upon incident resolution. The Debit on Disputed Funds option will not be selected in this case.

- **Debit on Disputed Funds:** indicates that the merchant account should be debited when an incident is filed. This is set On by default for an Advanced Chargeback Management account.

**NOTE:** The **No Temporary Hold on Disputed Funds** and the **Debit on Disputed Funds** options are mutually exclusive. One or the other may be selected.

- **Merchant Dispute email suppression:** indicates whether emails related to an incident (case) should be suppressed. This is set to Yes by default for an Advanced Chargeback Management account.
- **Chargeback Settlement Fee:** a parameter used to calculate the settlement fee amount for Advanced Chargeback Management accounts. All incidents handled under the Advanced Chargeback Management process are subject to the chargeback settlement fee.

An Advanced Chargeback Management merchant can specify the settings for certain of these options. A merchant may choose not to opt out of the dispute phase, or not to suppress case-related emails, while still using the Advanced Chargeback Management system.

## Default Settings for Advanced Chargeback Management Options

The following table shows the default settings for a partner under the Advanced Chargeback Management process:

**TABLE 2.1 Default flag settings for Advanced Chargeback Management accounts**

Flag	Default Setting
PayPal Advanced Chargeback Management and Notification Eligible	On
Opted Out of Dispute Process	Yes
No Temporary Hold on Disputed Funds	Off
Debit on Disputed Funds	On
Merchant Dispute email suppression:	Yes

---

## Secure Access to Reports and Drop-Box

Access to reports is through an account on the PayPal Secure FTP Reporting Server. You can download reports using the secure File Transfer Protocol (sFTP). Uploading representment files is also done by secure file transfer within the same account.

Access to the PayPal Secure FTP Reporting Server is arranged by the your PayPal Account Manager. You will receive email when account access has been granted.

After access has been granted, you must log in to PayPal and create a PayPal Secure FTP Reporting Server user account.

Detailed instructions for creating a user login to the PayPal Secure FTP Reporting Server are provided in the [Secure FTP Sever Specification](#).

Passwords for accessing the PayPal Secure FTP Reporting Server cannot be reset by PayPal. To obtain a new password, you must obtain a new PayPal Secure FTP Reporting Server user account.



## Account Setup

*Secure Access to Reports and Drop-Box*



# 3

## Dispute Resolution Procedures

This chapter describes the steps for resolving disputes using the PayPal Advanced Chargeback Management (ACM) system.

Topics in this chapter include:

- [“Overview” on page 17](#)
- [“Accessing Reports” on page 18](#)
- [“Case Report” on page 18](#)
- [“Settlement Report” on page 19](#)
- [“Transaction Detail Report” on page 19](#)
- [“Merchant Representment File” on page 20](#)
- [“Incident Resolution Details” on page 29](#)

---

### Overview

The following is a high level summary of the steps taken by a merchant for resolving disputes. Details of the steps are found later in this chapter.

**1.** Download the Case Report (DDR).

The Case Report provides information about newly created cases, as well as changes in the status of those cases that have already been opened and are being processed.

The DDR reports all open claims that have changed state in the past reporting period (typically 24 hours). The information in the DDR entry can be used to track cases based on your own internal transactional identifiers. The DDR should be downloaded daily from the your drop box on the PayPal Secure FTP Reporting Server. It is available as either a comma separated value (CSV) or tab delimited format file.

- The format of the DDR report is discussed further in [“Case Report” on page 18](#) and in the [Case Report Specification](#).
- Instructions for downloading the DDR file are found in [“Accessing Reports” on page 18](#)

**2.** You have ten days, from the time an incident is logged, to provide a response (representment).

**3.** The representment information must be formatted as individual records in the merchant representment file (a CSV format file) and uploaded to your drop-box on the PayPal Secure FTP Reporting Server.

The format for the representment CSV file is found in [“Merchant Representment File” on page 20](#).

4. Review the Settlement and Transaction Detail reports to reconcile disputed transactions. Both the reports show the money movement associated with the status of the claim.

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## Accessing Reports

Reports can be downloaded from the secure drop-box at the PayPal Secure FTP Reporting Server. These include the Settlement Reports and Transaction Detail Reports.

The following instructions assume that you have been granted access to the PayPal Secure FTP Reporting Server and have created one or more user accounts for secure FTP access.

Programmatic access to the Secure FTP Server is by way of any sFTP client.

The hostname of the Secure FTP Server is:

```
reports.paypal.com
```

The reports are found in the directory:

```
ppreports/outgoing
```

Further information, including a sample UNIX shell script for retrieving reports programmatically, is provided in the *Secure FTP Sever Specification* available from your Account Manager.

---

## Case Report

The Case Report (DDR) is designed to provide you with a regular view into the changes within your dispute and claim activity that might effect your daily support operations, your financial accounting, and your transactional history.

The DDR is available daily on the PayPal Secure FTP Reporting Server at `disputes.paypal.com` in the `/ppdisputes/outgoing` directory. It is available as either a CSV format file or a tab-delimited file.

Each day's DDR is available via the Secure FTP PayPal Reporting Server for 45 days after the date of its delivery.

The details of the format of the DDR can be found in the [Case Report Specification](#).

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## Transaction Detail Report

The Transaction Detail Report provides detailed information about the money movement associated with the status of each claim in the DDR report—those transactions that add to or subtract from the balance of any PayPal account.

The Transaction Detail Report is available through the PayPal Secure FTP Reporting Server.

It is available as either a CSV format or tab-delimited format file. When the Account Manager enables a user for the Transaction Detail Report, the user may choose the report format:

The Transaction Detail Report is generated and put on the PayPal Secure FTP Reporting Server daily. The report is available on the PayPal Secure FTP Reporting Server at <https://reports.paypal.com> in the `/ppreports/outgoing` directory.

See the [Transaction Detail Report Specification](#) for detailed information about this report.

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## Settlement Report

The Settlement Report provides information about each transaction that affects the net settlement of funds to the merchant account. The report also summarizes, for each currency held by the accounts, total debits and credits and the beginning and ending balance.

The Settlement Report is available through the PayPal Secure FTP Reporting Server.

It is available as either a CSV format or tab-delimited format file. When the Account Manager enables a user for the Settlement Report, the user may choose the report format.

The Settlement Report is generated and put on the PayPal Secure FTP Reporting Server daily. The report is available on the PayPal Secure FTP Reporting Server at <https://reports.paypal.com> in the `/ppreports/outgoing` directory.

See the [Settlement Report Specification](#) for detailed information about this report.

## Merchant Representation File

Merchant representations are submitted to PayPal as entries in a comma separated value (CSV) format representation file.

If the seller has provided information to be attached to the representation, it must be provided as an image file in .gif, .jpg, or .png format.

### Representation File Convention

The representation file must use the following naming convention:

YYYYMMDD\_<merchant>\_xxxx\_representation.csv

- YYYYMMDD - date must match the current date when uploaded to PayPal, or the file will not be processed.
- <merchant> - Use any combination of lowercase and uppercase letters, but no numbers, symbols, or spaces.
- xxxx - unique sequence number for files submitted on that date. It should be exactly four digits long, zero-padded. For example "0001".

When the file is received on the server, it will be encrypted before it is placed in the drop-box. This ensures that it is not stored in the clear while in the drop-box.

### Representation File Format

The representation file has a file header, records rows, and a file footer.

#### File Header (FH)

There is one File Header per file. The File Header has the following format:

"FH" , *fileDate* , *fileSequenceNumber* , *rowCount* , *EmailAddress*

**TABLE 3.1 File Header format of the representation file**

Field	Description
FH	File Header identifier- FH.
fileDate	Date of file. It must match the date in the filename. Here's the format: yyyymmdd  where: yyyy is the four-digit year. mm is the two-digit month, with a leading zero if necessary. dd is the two-digit day, with a leading zero if necessary.

**TABLE 3.1 File Header format of the representation file** (Continued)

Field	Description
fileSequenceNumber	Sequence number of the file. DDDD has to match sequence number in the file.
rowCount	Number of rows in the file.
emailAddress	Email address of the PayPal account that is submitting the representation file.

### Record Rows

Table 3.2, “Row data format of the representation file” describes the information that must be provided as row data for each case representation.

**NOTE:** For a given row in the file, at least one of fields 3, 4, 7, or 9 must have been updated (with new or additional information provided) or a warning will be issued.

**TABLE 3.2 Row data format of the representation file**

Position	Column Name	Data Type	Data Description
1	PayPal Case ID	String	The unique case ID generated by PayPal for this chargeback. For example: PP-000-123-456. This must be a valid, currently open chargeback case. This field is required.
2	PayPal Sale Transaction ID	String	The original PayPal sales transaction ID. This field is required
3	Proof of previous refund (Transaction ID)	String	If the seller has already provided a refund to the buyer, provide the transaction ID for the refund transaction.
4	Tracking number	String	If the seller has already shipped the item and a valid online tracking number is available to verify/confirm delivery, it should be provided here. If a tracking number is provided, then the Carrier Code must also be provided.
5	Carrier Code	Number	See Table 3.3, “Carrier code. This is required if field 4 (online tracking number) is provided.
6	Carrier Name	String	If the carrier code is 9 (Other) provide the carrier name here.

**TABLE 3.2 Row data format of the representation file**

Position	Column Name	Data Type	Data Description
7	Additional Evidence	String	<p>Below are the code and the corresponding evidence type:</p> <ul style="list-style-type: none"> <li>1 - Proof of Shipment</li> <li>2 - Proof of Refund</li> <li>3 - Return Address</li> <li>4 - Other</li> <li>5 - Proof of Delivery</li> <li>6 - Proof of Delivery with Signature Confirmation</li> <li>7 - Proof of Authenticity</li> </ul> <p>The evidences the seller can submit are presented in the following format: 1 6 5 2 This field is required.</p>
8	Attachment File Name	String	<p>Name of attached file. Only files with the extensions .gif, .jpg and .png are allowed.</p> <p>Multiple file names may be provided, separated by commas. Individual files may not exceed 1 MB and the total of all attached files may not exceed 5 MB.</p>
9	Return Shipping Address	String	Return address for item provided by merchant.
10	Additional Information/Comments	String	Additional information/comments to PayPal. This must be in text, up to 2K characters maximum.

The following table shows the carrier names and codes that may be used in columns 5 and 6

**TABLE 3.3 Carrier code**

Shipping Carrier (column 6)	Carrier Code (column 5)
UPS	0
USPS	1
FEDEX	2
AIRBORNE_EXPRESS	3
DHL	4
AIRSURE	5
ROYAL_MAIL	6
PARCELFORCE	7
SWIFTAIR	8

**TABLE 3.3 Carrier code**

Shipping Carrier (column 6)	Carrier Code (column 5)
OTHER	9

**File Footer (FF)**

There is one File Footer for every file, to balance the File Header. The File Footer has the following format:

"FF",rowCount  
:

**TABLE 3.4 File Footer format of the representation file**

Field	Description
FF	File Footer identifier - FF
rowCount	Number of rows in file. It must match the number of record rows specified in the header.

**Uploading the Merchant Representation File**

The merchant representation file is uploaded to the PayPal Secure FTP Reporting Server via a secure FTP client. The host address is [disputes.paypal.com](https://disputes.paypal.com).

Merchant representation batch files must be uploaded by an account management user for the merchant.

The file should be uploaded to the `/ppdisputes/incoming` directory.

It must use the following naming convention:

YYYYMMDD\_<merchant>\_xxxx\_representation.csv

- YYYYMMDD - date must match the current date when uploaded to PayPal, or the file will not be processed.
- <merchant> - Use any combination of lowercase and uppercase letters, but no numbers, symbols, or spaces.

- xxxx - unique sequence number for files submitted on that date. It should be exactly four digits long, zero-padded. For example "0001".

These results will be appended to the end of the original representation file. The results file contains the processing status of each record (success/failure, error code). The results file is uploaded to the same server for the merchant to download and process.

Table 3.5, “Row data format of the representation results file” describes the information that must be provided as row data for each case representation.

When the file is retrieved from the drop-box, it is validated. If errors are found during the validation process, an email is sent to the contact established for batch error notification. Validation errors may occur for the following reasons:

- The PayPal Case ID or PayPal Transaction ID fields are blank.
- A field contains an invalid value (such as an invalid case ID).
- An attachment file name is present in field 8, but no attachment is found.

## Representation Results File

The representation file must use the following naming convention:

YYYYMMDD\_xxxx\_representation\_results.csv

- YYYYMMDD - date must match the current date when uploaded to PayPal, or the file will not be processed.
- xxxx - unique sequence number for files submitted on that date. It should be exactly four digits long, zero-padded. For example "0001".

These results are appended to the end of the original representation file. The results file contains the processing status of each record (success/failure, error code). The results file is uploaded to the same server for the merchant to download and process.

Table 3.5, “Row data format of the representation results file” describes the information that must be provided as row data for each case representation.

**TABLE 3.5 Row data format of the representation results file**

Position	Column Name	Data Type	Data Description
1	PayPal Case ID	String	The unique case ID generated by PayPal for this chargeback. For example: PP-000-123-456. This must be a valid, currently open chargeback case. This field is required.
2	PayPal Sale Transaction ID	String	The original PayPal sales transaction ID. This field is required
3	Status	Number	Processing status of a transaction - <ul style="list-style-type: none"> <li>• 0 - Success</li> <li>• 1 - Failure</li> </ul>



**TABLE 3.5 Row data format of the representation results file**

Position	Column Name	Data Type	Data Description
4	Errors	Number	<p>If the status of the record is 1 (failure), then this column displays the applicable error code. It shall be necessary to represent the case again as the initial representation failed. Below are the failure types and their corresponding values:</p> <ul style="list-style-type: none"> <li>● 1 - Internal error</li> <li>● 2 - Invalid case ID</li> <li>● 3 - Invalid sale transaction ID</li> <li>● 4 - Invalid refund transaction ID</li> <li>● 5 - Invalid carrier code</li> <li>● 6 - Invalid proof of evidence</li> <li>● 7 - Attachment file not found</li> <li>● 8 - Attachment file exceed limit</li> <li>● 9 - Memo exceed limit</li> <li>● 10 - Missing case ID or sales transaction ID</li> </ul>

## Representation Retry Process

If any record level processing on a representation file failed with an internal error, it will be retried in the next batch run. In order to do this, batch looks for unprocessed records and records with internal errors within maximum retry count when it processes backlog items. The resulting Representation file naming convention will be modified as follows:

YYYYMMDD\_<merchant>\_XXXX\_representation\_results\_XX.csv

- YYYYMMDD - date must match the current date when uploaded to PayPal, or the file will not be processed.  
 <merchant> - Use any combination of lowercase and uppercase letters, but no numbers, symbols, or spaces.
- xxxx - unique sequence number for files submitted on that date. It should be exactly four digits long, zero-padded. For example "0001".

The final "xx" represents a sequence number starting with "01". It will be incremented each time a new results file is created for the same sequence number.

## Duplicate File Names

Representation file names must be unique in order to be processed in batch. If the file with the same file name is received, and there is no file level error with the previous file, then an empty result file is created and made available in the drop-box.

The duplicate result file naming convention is as follows:

YYYYMMDD\_<merchant>\_XXXX\_representation\_results\_dup.csv

- YYYYMMDD - date must match the current date when uploaded to PayPal, or the file will not be processed.
- <merchant> - Use any combination of lowercase and uppercase letters, but no numbers, symbols, or spaces.
- xxxx - unique sequence number for files submitted on that date. It should be exactly four digits long, zero-padded. For example "0001".

If a file level error is found for the previous file and a new file is passed via the dropbox, the newest file will be processed and a result file will be sent.

## Sample Representation File

Below is a sample of the representation file

```
FH,20111018,0019,5,ebayservices@ebay.com
"PP-000-000-676-
971", "9D6274124D949382V", "", "ASDFR343", 2, "", "5", "20111018_PP-000-000-676-
971_Proof_1.GIF|20111018_PP-000-000-676-971_Proof_2.GIF|20111018_PP-000-
000-676-971_Proof_3.GIF|20111018_PP-000-000-676-
971_Proof_4.GIF|20111018_PP-000-000-676-971_Proof_5.GIF", "", "Seller
Comments:null"
"PP-000-000-676-807", "29R81562AX2394328", "", "", "", "4", "", "", "No
representation | Seller Comments:L'erchenweg 2 57632" ,schÄ¼rdt
Deuts"chland" schÄ¼rdt" es ist eine FÄ¼lschung Elements"
"PP-000-000-676-
856", "7WW219251C3194701", "", "12345ASDF34", 0, "", "1", "20111018_PP-000-000-
676-856_Proof_1.GIF|20111018_PP-000-000-676-856_Proof_2.GIF", "Bernd Appelt
DE Seller, Kaiserstr. 166, 58300 Wetter, Deutschland", "Auf der nÄ¼chsten
Seite 'mÄ¼ssen' Sie Belege hochladen, aus denen Ihr Name, ""test""
"PP-000-000-676-906", "3VC67354894606520", "", "", "", "2", "20111018_PP-000-
000-676-906_Proof_1.GIF|20111018_PP-000-000-676-906_Proof_2.GIF", "", "Seller
Comments:null"
"PP-000-000-677-235", "08856557U2085321Y", "", "", "", "3", "", "Address", "Seller
Comments:null"
FF,5
```

---

## Money Movement

The default money movement behavior for an Advanced Chargeback Management account is to debit the merchant account immediately when a dispute is filed, and credit it when the merchant representation is received. For most merchants that migrate to the ACM system, this new behavior will replace the temporary holds put on funds when a dispute was filed.

However, if the merchant account was not subject to temporary holds on funds under the previous Resolution process, the merchant can choose to continue this behavior under the PayPal Advanced Chargeback Management process. This means that the Debit on Disputed Funds flag will be set Off, and no money movement will occur until the dispute is resolved.

The following sections describe the money movement in more detail.

### Money Movement with Debit on Disputed Funds Option

The following steps describe the money movement related to a dispute for a merchant that has an Advanced Chargeback Management eligible account with the normal (default) money movement options (the Debit on Disputed Funds flag is On and the No Temporary Hold on Disputed Funds flag Off):

1. Upon incident creation, PayPal does the following:
  - Debits the merchant account for the disputed amount. This may be less than the total transaction amount, if the dispute concerns only a part of the transaction.  
The disputed amount is held in a PayPal internal account.
  - Debits the merchant account for the chargeback settlement fee.
  - PayPal reverses the transaction processing fee, crediting it to the merchant account. The fee reversal is pro-rated if the disputed amount is less than the total transaction.
2. Upon merchant representation, PayPal does the following:
  - Credits the merchant account with the disputed amount.
  - Debits the merchant account for the transaction processing fee (pro-rated as appropriate).
3. If the merchant representation is accepted (buyer complaint is rejected) no further money movement occurs. The merchant is notified through the Dispute Report.
4. If the merchant representation is rejected by PayPal:
  - PayPal again debits the merchant account for the disputed amount.
  - PayPal again reverses the (pro-rated) transaction processing fee.PayPal credits the buyer for the disputed amount (including the pro-rated transaction processing fee).

### Money Movement with No Temporary Hold Option

The following steps describe the money movement when the Debit on Disputed Funds flag is set Off and the No Temporary Hold on Disputed Funds flag is set On:

1. At incident creation, no money movement occurs. The merchant account is not debited.
2. When the merchant representment is received, no money movement occurs.
3. If the merchant representment is accepted (buyer complaint is rejected) no money movement occurs. The merchant is notified through the Dispute Report.
4. If the merchant representment is rejected (buyer prevails) then the following occurs:
  - PayPal debits the merchant account for the disputed amount.
  - PayPal debits the settlement fee.
  - PayPal credits the transaction fee (pro-rated if appropriate).

### Chargeback Settlement Fees

Chargeback settlement fees are applied to *all* cases handled through the Advanced Chargeback Management system, including buyer-initiated claims such as non-receipt of merchandise or item not-as described. The merchant account is debited for the chargeback settlement fee either when the incident is logged, or when the case is resolved, depending on the state of the relevant flags.

The chargeback settlement fee is not refunded to the merchant regardless of the outcome of the incident.

## Transaction Processing Fees

Under the Advanced Chargeback Management system, transaction processing fees are reversed (credited to the merchant account) when the incident is created (case is opened) and are debited again from the merchant account when the representment is received. The transaction processing fees are pro-rated based on the actual disputed amount—if the disputed amount is for only a portion of the full transaction, then the processing fees are pro-rated accordingly.

For example, if the total transaction was for \$100, but the disputed amount is only \$50, then only one-half the transaction processing fee is reversed when the disputed amount is debited.

---

## Incident Resolution Details

The following sections describe how the Advanced Chargeback Management platform handles various aspects of the incident resolution process, assuming the merchant account is Advanced Chargeback Management eligible and the Debit on Disputed Funds flag is set.

### Seller Does Not Respond within the Response Window

When the merchant (seller) does not provide a representment within the required time frame, the case is automatically closed.

The merchant account has already been debited (when the claim was initiated) so no further money movement occurs.

In addition, if a subsequent chargeback case already exists for the same transaction, that case will be automatically closed also.

PayPal credits the buyer with the disputed amount.

### Buyer Cancels the Chargeback

When the buyer cancels a chargeback (claim), the case status is changed to S4 (Buyer Cancellation).

- If the seller representment has not yet been received, the merchant account is credited with the disputed amount and the associated transaction fee amount is debited.
- If the seller representment has already occurred (the partner account has already been credited), and the dispute is still in the review phase, no further money movement occurs.

### Merchant Representment is Rejected

If, after review, PayPal rejects the merchant representment, the disputed amount plus related transaction processing fees are debited from the merchant account and refunded by PayPal to the buyer. Please see [“Money Movement” on page 27](#).

### **Merchant Representation is Accepted**

If PayPal accepts the merchant representation, no further money movement occurs, as the merchant was credited when the representation was submitted. PayPal notifies the buyer of the decision.

### **An Adjustment is Required**

An adjustment may be required, if there are unforeseen system processing errors, or on a one-time exception basis. An adjustment is a manual operation, and the money movement is determined on a case by case basis, by the agent, depending upon the situation.

The status for the case (as shown in the DDR) is S5 for an adjustment transaction.

### **A Subsequent Chargeback is Filed for the Same Transaction**

This section describes the workflow when a subsequent chargeback is filed by, or on behalf of, a buyer concerning a transaction for which a previous case has already been filed.

Subsequent case handling is based on existing PayPal policies:

- A lower priority case exists and a higher priority case is created against the same transaction - In these scenario, the lower priority case is auto-closed and the higher priority case is actively worked on. The merchant is notified of the lower priority case being closed and the higher priority case being opened.
- A higher priority case exists and a lower priority case is filed - This scenario will not occur as the buyer is prevented from filing cases in this manner in the PayPal Resolution Center.

# 4

## Account Migration

The chapter describes the steps that must be taken to migrate a current PayPal merchant to the new PayPal Advanced Chargeback Management system.

---

### Migration Overview

If a merchant has an existing PayPal account, all case data must be migrated to the Advanced Chargeback Management platform before the Advanced Chargeback Management account onboarding can be considered completed.

**NOTE:** The Temporary Hold on Disputed Funds flag must be set Off before an account to be migrated to the PayPal Advanced Chargeback Management system.

Account migration is a one-time process, accomplished by running a script after the Case Report (and any other necessary reports) have been run for the day. The pre-requisite for beginning the migration process is that all cases in the “Review” state must first be closed. The account migration should be completed within one business day, meaning there should be no downtime due to the migration.

The migration will handle the following cases:

- Cases that are waiting for representment will be migrated to the new ACM model, and representments are then handled under the new procedures. Representments will not be accepted while the migration is in progress (i.e. no cases will be able to transition into the Review state during this time).
- Cases currently in Review (and any subsequent cases already in the system) must be closed by the PayPal agent before the account migration scripts can be run.
- All case data for the last 180 days, including data on cases that have already been closed, will be migrated to enable future reference to those cases if needed.

Cases filed within the Resolution Center will continue to be visible in the Resolution Center after the migration.

---

## Steps in the Migration Process

The migration is handled by running a migration script. Before the script can be run, several steps must occur.

- Any cases that are currently in a Review state (i.e. representment has been made but the case is awaiting a determination) must be closed by a PayPal agent.

**NOTE:** No merchant representments will be accepted during the time that cases are being reviewed and closed. Any cases that are awaiting merchant representment when the migration process begins, must then wait until the migration is complete.

- Any cases already in the system that are subsequent cases to those in the Review state must also be closed along with the main (original) case prior to the migration.
- Once all cases are closed, all reports (DDR and other reports) must be run.
- When all report have been run, the migration script can be executed.

When the migration script has completed, any cases that were awaiting merchant representment will have been migrated to the new representment procedures. These representment can now be submitted using the batch representment file upload process as described in [Chapter 3, “Dispute Resolution Procedures](#).

**NOTE:** Any new cases logged into the system while the migration is in process will be escalated to a claim and placed in the “waiting for representment” state. Once the migration process is complete, respresentments for these cases will be handled through the batch representment file upload process described in [Chapter 3, “Dispute Resolution Procedures](#).

---

## Handing Cases After the Migration

Once the merchant’s account has been migrated, all new cases will be processed under the PayPal Advanced Chargeback Management system.

However, for cases that were already in the “waiting for representment” state, the representments can be submitted either through the batch merchant representment file upload process, or by fax (as done previously). If submitted by fax the agent will need to attach the fax to the case and transition it to “Review.”

**NOTE:** Cases that were not closed when migrated (i.e. those awaiting representment) will be charged the chargeback settlement fee under the Advanced Chargeback Management system.

Subsequent cases (filed after the migration) related to cases that were in Review and then Closed at the time of the migration, will be handled following the new Advanced Chargeback Management procedures (see [“A Subsequent Chargeback is Filed for the Same Transaction” on page 30](#)).



Cases from the last 180 days that were already closed prior to the migration will also be transitioned to the new system, so that details of those cases will be available to agents under the new system.



## Account Migration

*Handing Cases After the Migration*



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