

When and How to File a Dispute

Spotting an unexpected charge on your bank statement can throw you off, especially in today's world of digital payments and subscriptions. Whether it's a double charge, an unauthorized purchase, or a subscription you thought you canceled, these moments can be frustrating, but you're not powerless. The good news? You've got rights and a clear process to dispute mistakes. This guide breaks it all down, so you know exactly when and how to file a dispute with your bank and handle it with ease.

The Dispute Process

Let's face it – issues with transactions happen. Whether you're swiping, tapping, or clicking "buy now," the more we shop, the more likely we are to run into payment problems. These issues typically pop up in two ways: either someone made a purchase you didn't authorize, or you paid for something that you never received.

If you spot an incorrect or invalid charge, your first move should be reaching out the merchant. Banks require you to try sorting things out with the seller first. Plus, your reason for disputing needs to fit into specific categories - think "item not received" or "unauthorized charge," not just "I changed my mind."

When those direct conversations aren't getting you anywhere, that's when you bring in your bank. Filing a dispute tells your bank "Hey, this merchant didn't keep their promise," and they'll help sort things out. Include your exchange with the merchant and details how or why the charge is incorrect. The more info, the better!

Your bank will reach out to the merchant's bank and, while they investigate, they'll usually issue you a temporary refund. The investigation can take 45 to 90 days, depending on how the purchase was made.

The merchant can fight back with evidence to challenge your claim. If they make a strong case, your bank may take back that temporary credit, leaving you on the hook for the original charge. But if your claim holds up and the merchant doesn't dispute it, your bank will move forward with the process as usual.





Reasons You Can Dispute

The Electronic Funds Transfer Act and Fair Credit Billing Act established rules and guidelines for banks to follow when handling a dispute. Under these regulations, you can submit a dispute in the following scenarios:

Reason 1: Unauthorized Activity

If someone makes purchases with your money without your knowledge, it's time to act. This could be a thief swiping your lost card at a coffee shop, a scammer using your identity for a shopping spree, or even someone hacking into your online banking. When a fraudster opens new credit accounts in your name, they can potentially tank your credit score and create a massive mess. Reporting unauthorized activity ASAP gives you the best legal protection.

Reason 2: Billing Errors

Mistakes happen, but they can still mess up your day. Maybe your electric bill gets charged twice, or that gym membership you signed up for at \$39.99 comes through at \$89.99. Common billing errors include duplicate charges, incorrect purchase amounts, payments going to the wrong account, or transactions processed at the wrong time (hello, overdraft fees). Errors of any magnitude can throw off your budget, so it's worth addressing them quickly.

Reason 3: Issue with a Recurring Charge

We've all tried cancelling a subscription only to find the charges keep coming. Maybe that free trial quietly turned into a premium plan, or a cancelled streaming service keeps charging you. Some companies make cancelling a nightmare with hidden processes or inconvenient call times. The worst offenders? Businesses that keep charging even after you've canceled or stopped providing the service altogether.

Reason 4: Quality Concerns

When an online order shows up damaged, defective, or fake, it's not only a major letdown, but also a solid reason for a dispute. Think of clothes that rip after one wear, electronics that don't work, or knockoffs pretending to be the real deal. For services, it could be an unwatchable online course or a home repair service that makes things worse. Document the problem with photos and detailed descriptions - it's your best defense.

Reason 5: Fulfillment Issues

Sometimes what you ordered just doesn't show up or it's not what you expected. Maybe your "delivered" package never arrived, or you ordered car parts and got a toy car instead. Other times, it's hidden fees or a lower-quality service than what you paid for. These issues are especially common with drop shipping and marketplace sellers, where accountability can be dodged easily.

Make sure to collect all the proof available before filing your dispute. Save emails, screenshots, photos, and any records of trying to sort things out with the merchant. The more evidence you have, the stronger your case!

Reasons You Shouldn't Dispute

Buyer's remorse can hit hard. Maybe those impulse-bought platform Crocs don't spark joy anymore, or that high-tech air fryer is collecting dust because you're still loyal to your microwave. But don't forget - just because you can file a dispute doesn't mean you should.

Think of disputes as a financial emergency brake, and not an "undo" button for shopping decisions you're having second thoughts about. Using your bank as a shortcut to get your money back when you're just not feeling your purchase anymore? That's actually called first-party fraud, and it can come back to bite you. Banks keep track of account holder activity, and too many invalid disputes could result in them flagging your account or even closing it.

The dispute process is there to protect you from real problems - not to be your personal time machine for shopping choices you regret. If you're dissatisfied with your purchase by no fault of the merchant, try returning it the old-fashioned way.

Know Your Role

Before you hit that dispute button thinking "I'm not paying for that," let's chat about doing things the right way. While disputes are there to protect you, using them as your go-to solution when you're just not feeling a purchase isn't the honest move.

Merchants and banks caught on to people treating disputes like an "undo" button, and they've updated their playbook. What used to be the merchant's problem is now everybody's problem - including yours. Going the dispute route usually takes way longer than just getting a regular refund, anyways. So why make life harder?

Think of disputes like your friend's Netflix password - abuse it, and you'll find yourself locked out. Knowingly submitting invalid disputes with the aim to simply get a refund is known as "friendly fraud" or "first-party fraud" and costs both banks and merchants serious amounts of money.

The consequences of friendly fraud can include:

- Banks might see your legitimate fraud claims as abuse if you've cried wolf too many times
- Your banking privileges could get restricted, including spend limit and online access
- Your credit score could take a hit if your account gets closed as a result of first-party fraud

Wrap Up

The dispute process is your financial safety net for genuine errors and fraud. Before submitting a dispute, keep it legitimate by connecting with the merchant first. Save disputes through your bank for when you really need them. Invalid fraud and dispute claims can backfire and have larger consequences. You may miss out on the refund altogether, or get blacklisted by the merchant, and if your card issuer thinks you're making this a habit they might just show your account the door.

Quavo's QFD® helps issuing financial institutions resolve disputes quickly and fairly, no matter the claim reason. From end-to-end support and work automation, Quavo is a leading technology partner and strategic advisor for fraud and disputes. [Reach out today to learn more!](#)

Here are examples on what's NOT dispute-worthy:

- The hoodie that looked better on the model than it does on you
- The transaction description you can't remember so you fight the charge just in case
- That subscription box you forgot to cancel, but could have
- The takeout order that was "meh" but you ate it all, anyways
- The refund the merchant promised is taking a little too long
- You let your roommate use your card to purchase groceries this week, but they went over budget
- Anything you could have returned to the store but didn't feel like it