



Customer Attitudes Towards Chargebacks in 2022:

Comparing U.K. to U.S. Customer Survey Reports



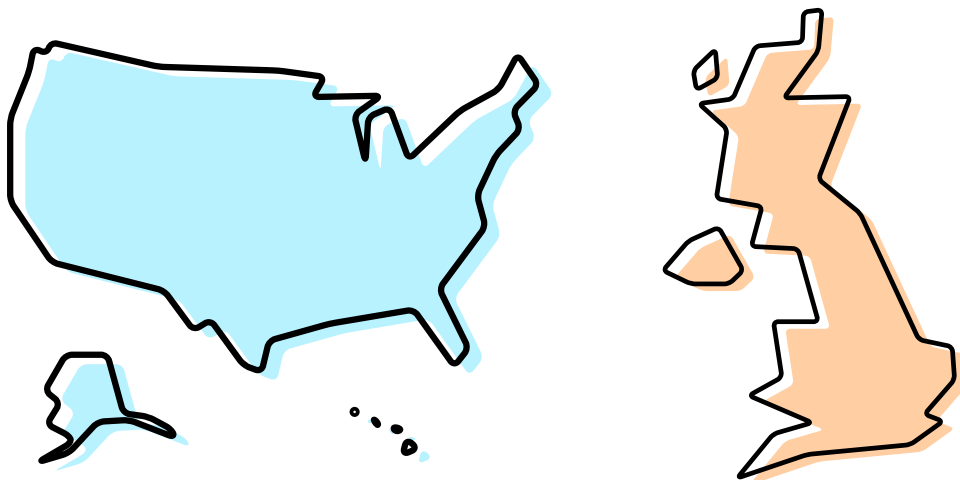
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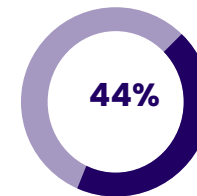
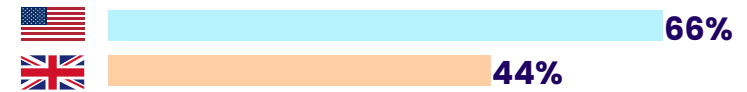
Executive Summary

This report examining the attitudes of consumers to chargebacks in the U.S. and U.K. markets found a number of important findings. They are summarized as follows:

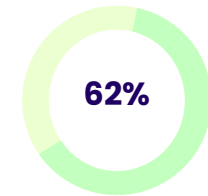
“Americans are more aggressive in pursuit of chargebacks than their British counterparts in general and across all industry verticals examined.”



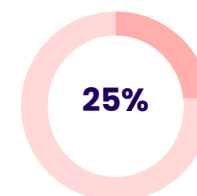
Consumers who have filed a chargeback in the past 12 months



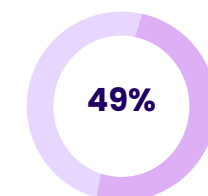
U.S. users have either filed a chargeback or considered doing so because they disagreed with a company's values.



U.S. users have either requested a refund or a chargeback on a BNPL purchase in the past 12 months.



crypto buyers in the U.S. have filed a chargeback.



U.S. consumers have filed a chargeback on online or mobile games in the past 12 months.

Read the rest of this report for a more in-depth look at these findings and other, additional results from the two country surveys.

About this Report:

Purpose

With the growth of eCommerce, chargeback volume and merchant revenue losses due to customer disputes have increased. If left unaddressed, chargebacks present a significant threat to merchant revenues and the overall health of the eCommerce ecosystem.

But chargeback mitigation is a complex task. Finding ways to limit disputes, win false claims, and deter fraud without introducing undue friction that damages the customer-to-business relationship is a difficult balancing act. Chargebacks occur across a variety of business scenarios and customer intent—solving the immense costs of customer disputes requires comprehensive solutions.

Collected data can provide extensive insight into the unique problem of chargebacks. The purpose of this report is to compile actionable information from two Justt sponsored surveys outlining customer perspectives on chargebacks. With digital sales channels and rapid, simple dispute options growing in consumer popularity, understanding customer attitudes towards chargebacks can help businesses create actionable strategies that limit repudiated charges.

Justt – A Chargeback Mitigation Solution That Works

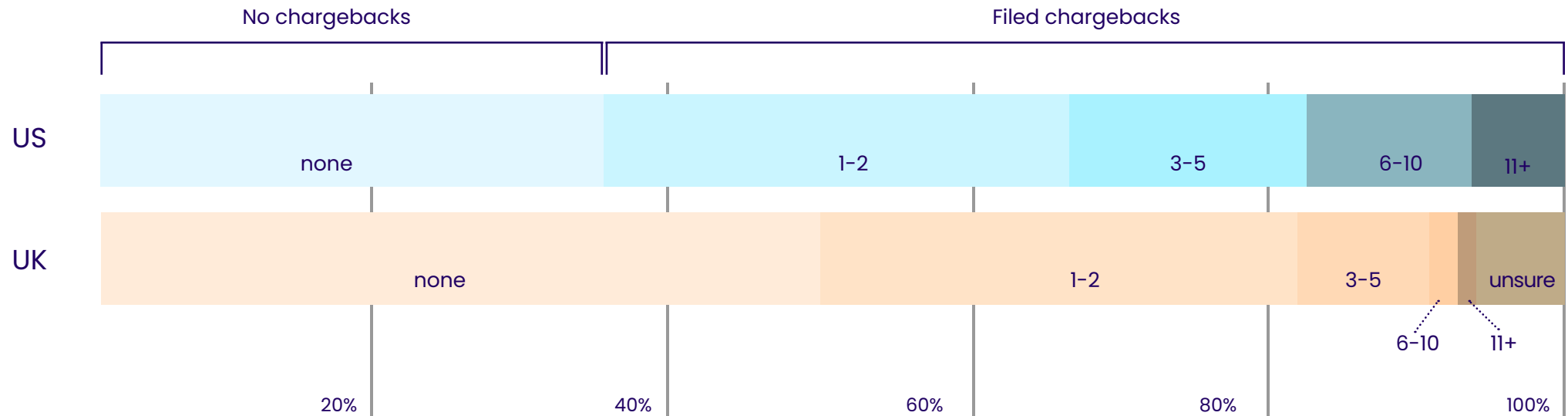
Justt is a technology company that manages every aspect of the chargeback lifecycle. By leveraging tailored solutions, machine learning, and expert knowledge, our hands-off mitigation service recovers merchant's lost revenues without the need for extensive resource investment.

Fight chargebacks, maintain an industry-leading win rate, and minimize risk via success-based fees with our chargeback mitigation solution.

Customer Chargeback Overview

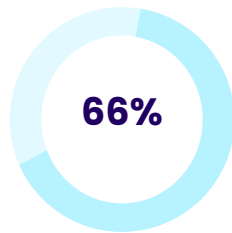
U.S. vs U.K. Chargeback Volume

▲
In the last year, how many chargebacks did you file?

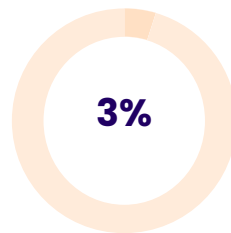
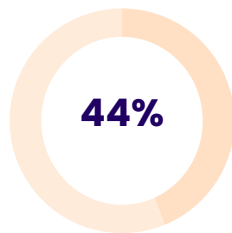
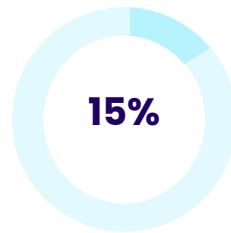


U.S. vs U.K. Chargeback Volume

Filed a chargeback
in past year



Filed five or more
chargebacks
in past year



Key Finding

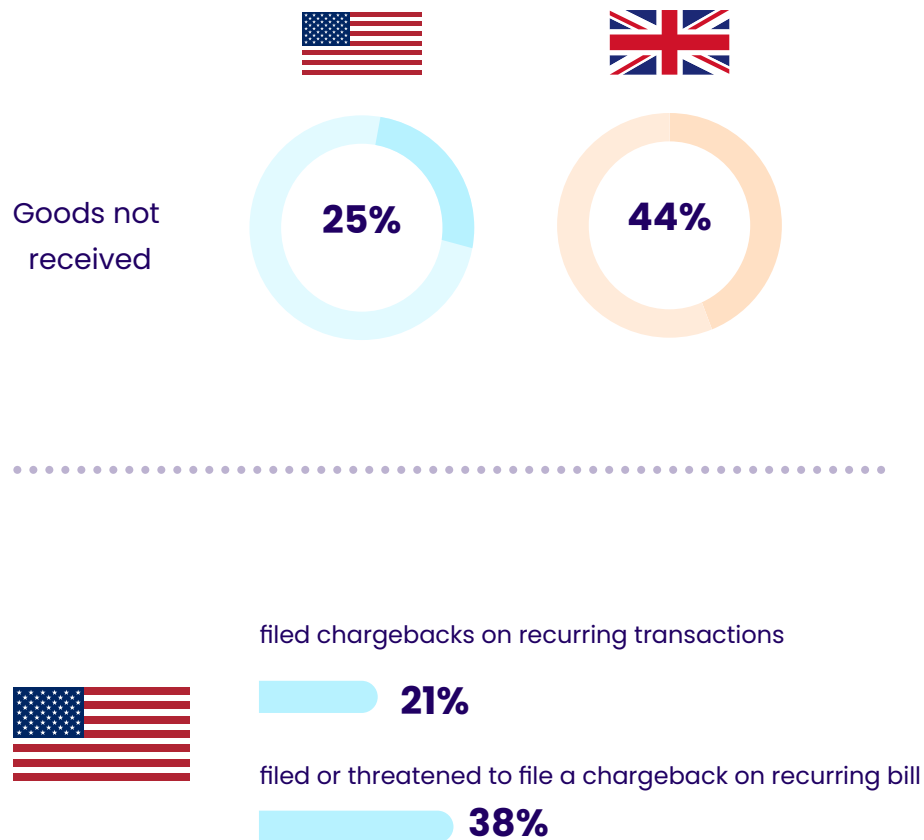
Americans are more trigger-happy when it comes to chargebacks.

Insights

Reports show a discrepancy in overall chargeback frequency between the U.S. and U.K. In the past year alone, Americans are far more likely to repudiate a credit charge.

The data shows that a small but significant minority of consumers in the United States engage in repeat chargeback claims. Discovering the exact reasons for such serial chargeback abuse and limiting such repeat offenders should be a top priority for American merchants.

Stated Reasons for a Repudiated Charge, U.K. vs U.S. Customers



Key Finding

Supply chain issues appeared to disrupt the markets in the United Kingdom, while the United States struggled with recurring payments.

Insights

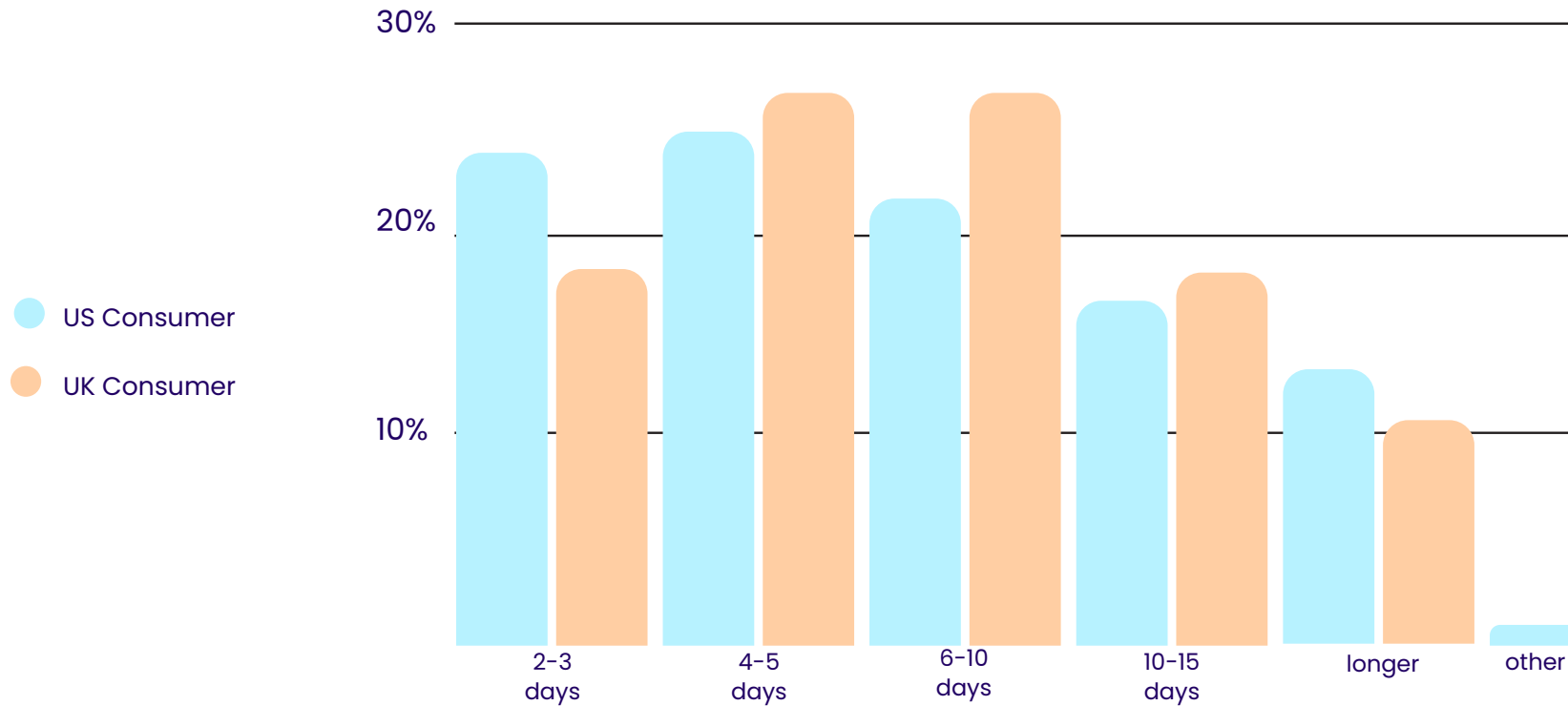
While fraud is the oft cited and expected reason for a repudiated charge, 44% of respondents in the United Kingdom and 25% in America selected "Goods Not Received" as the primary factor. Even more alarming, "Goods Not As Described" and "Canceled Recurring Payments" all scored higher than the low share earned by "Fraud" as a chargeback reason across both markets. Chargebacks offer consumers protection from fraud, but in reality, the majority of customers repudiate a charge because of shipping issues, delivery problems, and merchant errors.

Disruptions to the supply chain in the United Kingdom related to COVID-19 measures can explain in part the plurality of chargebacks associated with "Goods Not Received." Still, survey answers show that there is clearly room for improvement on the merchant side to fix logistics issues.

In the U.S., 21% of consumers filed a chargeback to cancel a recurring transaction, and 38% filed or threatened to file a chargeback because of a recurring bill they no longer wanted. This suggests that American merchants may want to improve the way they implement subscription-based payments to cut down on customer dissatisfaction and its attendant impact on their bottom lines.

Product Wait Times Before Consumers Request a Chargeback

How long do you normally wait to receive an item you ordered before requesting a refund or filing a chargeback?



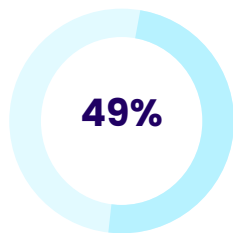
Product Wait Times Before Consumers Request a Chargeback

Key Finding

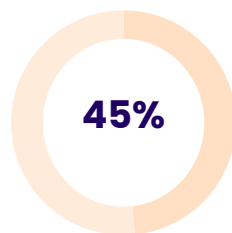
The majority of consumers initiate a chargeback after a 2 - 5 day waiting period, but Americans are slightly less patient.



Filed a
chargeback
within 5 days



49%



45%

Insights

Since the failure to receive goods or services is a significant factor in the decision to initiate a chargeback, merchants can benefit by limiting wait times. We asked U.K. and U.S. survey respondents how long they would wait for a product before filing a dispute, and nearly half of both markets' respondents selected no more than five days. Decreasing product receipt delays before they pass the five-day threshold may drastically improve chargeback volume reduction.

Additionally, U.K. consumers showcase a higher degree of patience than their American counterparts. Nearly 24% of Americans will wait just 2-3 days before requesting a refund, compared to the 18% in the U.K. Around 49% of Americans will file within five days, compared to 45% of Brits.

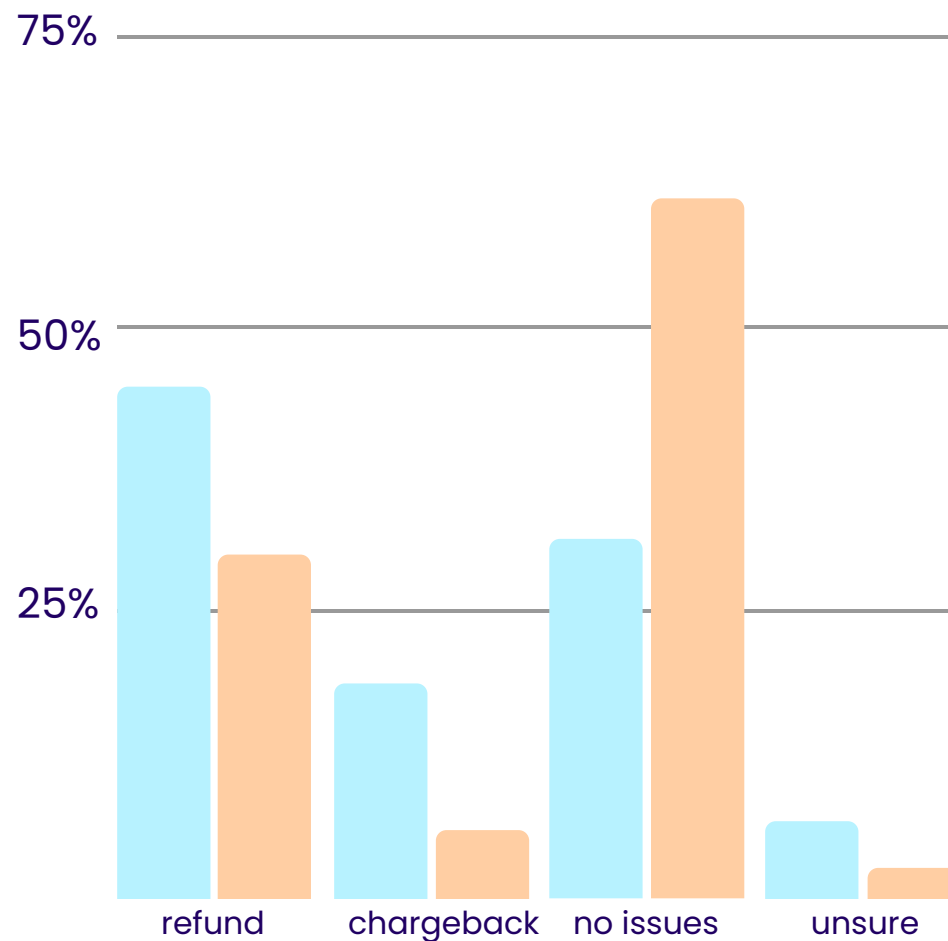
Luckily, a robust return policy can mitigate the financial burden of a chargeback repudiated due to undelivered goods, as 63% of US consumers and 70% of Brits contact a store for a refund before repudiating a charge. Strong customer service communication with clients during the five-day waiting period will likely help deter chargebacks.

Chargebacks With Alternate Payment Methods

The Correlation Between Buy Now, Pay Later Payments and Chargebacks in U.S. and U.K. Markets

Have you sought a refund or chargeback on a 'buy now, pay later' purchase in the past 12 months?

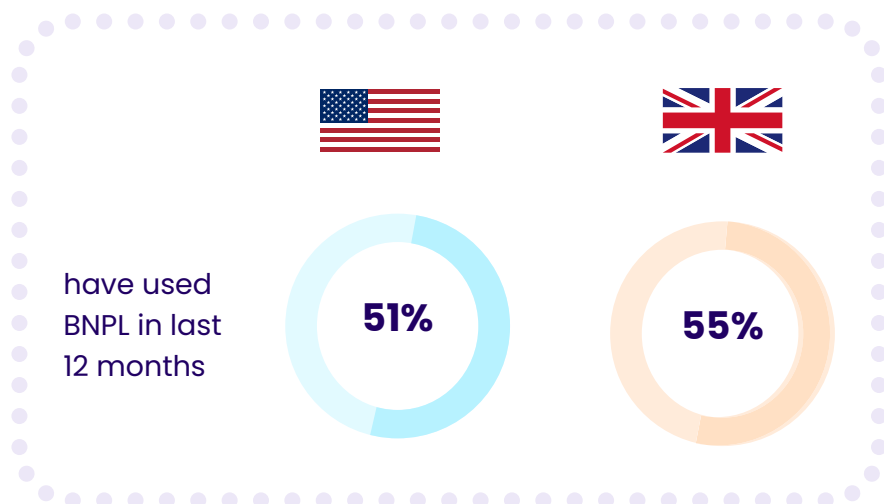
US Consumer
UK Consumer



The Correlation Between Buy Now, Pay Later Payments and Chargebacks in U.S. and U.K. Markets

Key Finding

High levels of requested refunds and chargebacks from Buy Now, Pay Later (BNPL) purchases in the U.S. suggest that the BNPL customer experience there needs fixing.



Insights

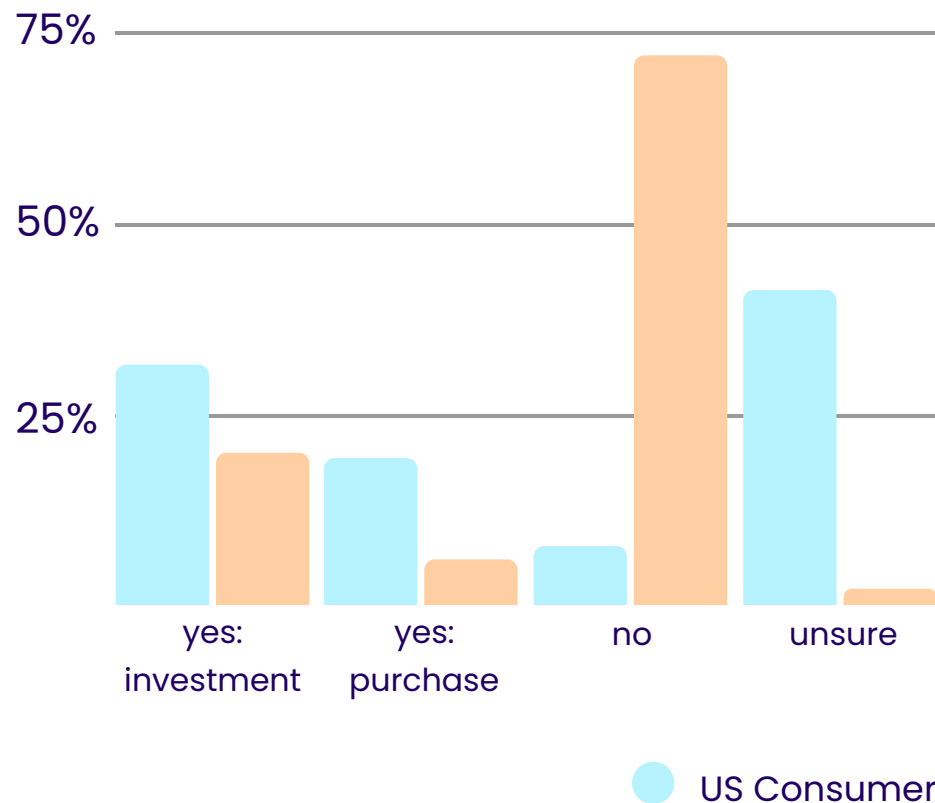
Buy Now, Pay Later appeals now to a majority of U.S. and U.K. consumers. Survey data backs up the growing popularity of the payment method, with 51% of U.S. respondents and 55% of U.K. consumers stating they have used Buy Now, Pay Later within the past twelve months. Usage differences between the two countries are not drastic, but it is telling that a majority of users in both locations now consider it a viable method of purchasing goods.

Unfortunately, consumer experience toward Buy Now, Pay Later remains frustrated, especially in the United States. While 61% of Brits stated they had no issue with their BNPL purchase, only 32% of Americans could say the same. As a result, 43% of U.S. customers have requested a refund on a BNPL transaction with an additional 19% filing a chargeback. Customers in the United Kingdom fared better with their BNPL purchases, but close to 30% still requested a refund and 6% filed a chargeback.

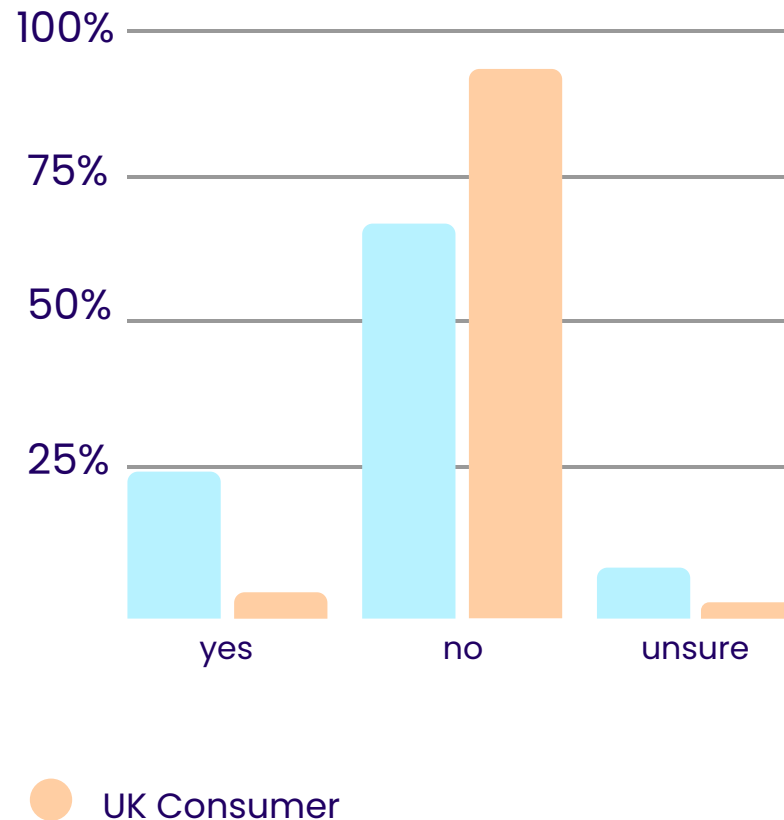
Due to the popularity and sales benefits of Buy Now, Pay Later, merchants will need to address the apparent systemic issues associated with the payment method to lower the rate of sales lost to returns and chargebacks. The United Kingdom appears to have achieved more stability with BNPL, maybe due to the maturity of its implementation (popularization occurred later in the United States). The current growth phase associated with the payment method continues to impact chargeback volume, as customer confusion over payments and charges leads to more charge reversals.

Chargeback Volume via Cryptocurrency Payments

Do you own, or have made a purchase with, cryptocurrency in the past 12 months?



Have you ever filed a chargeback on a cryptocurrency purchase?



Chargeback Volume via Cryptocurrency Payments

Key Finding

Over 25% of U.S. consumers have filed a chargeback on a purchase made with crypto.

Insights

Cryptocurrency continues to increase in popularity, but American consumers appear more inclined to the alternative payment method. Half (50%) of American respondents stated they have bought a cryptocurrency, 31% for investment purposes and 19% to complete transactions. In comparison, only 26% of U.K. consumers have purchased crypto and just 6% use it to buy goods or services.

British consumers' conservative approach to cryptocurrency seems to be correlated to a considerably lower overall chargeback volume, as only 4% of consumers sought to get their money back on a crypto purchase. In the U.S., the popularity of decentralized currencies has not limited extensive customer dissatisfaction, leading to repudiations of a quarter of all crypto purchases. Such data strongly suggests that American cryptocurrency exchanges need to leverage a chargeback mitigation solution to limit excessive customer disputes. At the very least, systemic reform or regulation may be useful.



Chargeback Trends In 2022

The Impact of COVID-19 on Chargeback Volume in U.S. and U.K. Markets

Key Finding

Across several business verticals, limitations caused by COVID-19 likely contributed to an increase in chargeback volume.

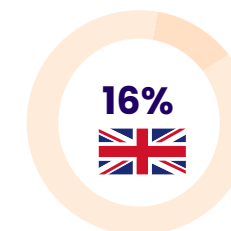
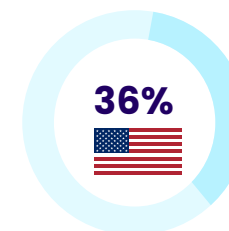
Insights

COVID-19 required many businesses to adjust sales strategies. Digitization leaped forward as many merchants adopted online sales channels and eCommerce platforms to maintain access to customers and reduce losses due to physical operation shutdowns. It is unclear what was the root cause of the high level of chargebacks for online games among U.S. consumers.



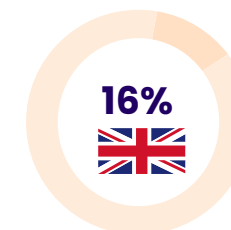
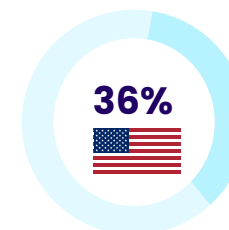
Travel Industry

filed a travel chargeback



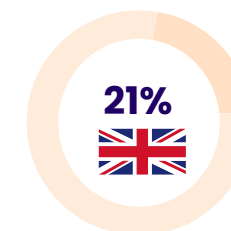
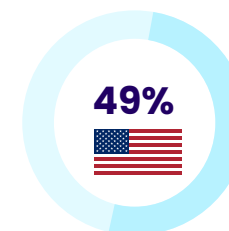
Entertainment Industry

filed an entertainment event chargeback



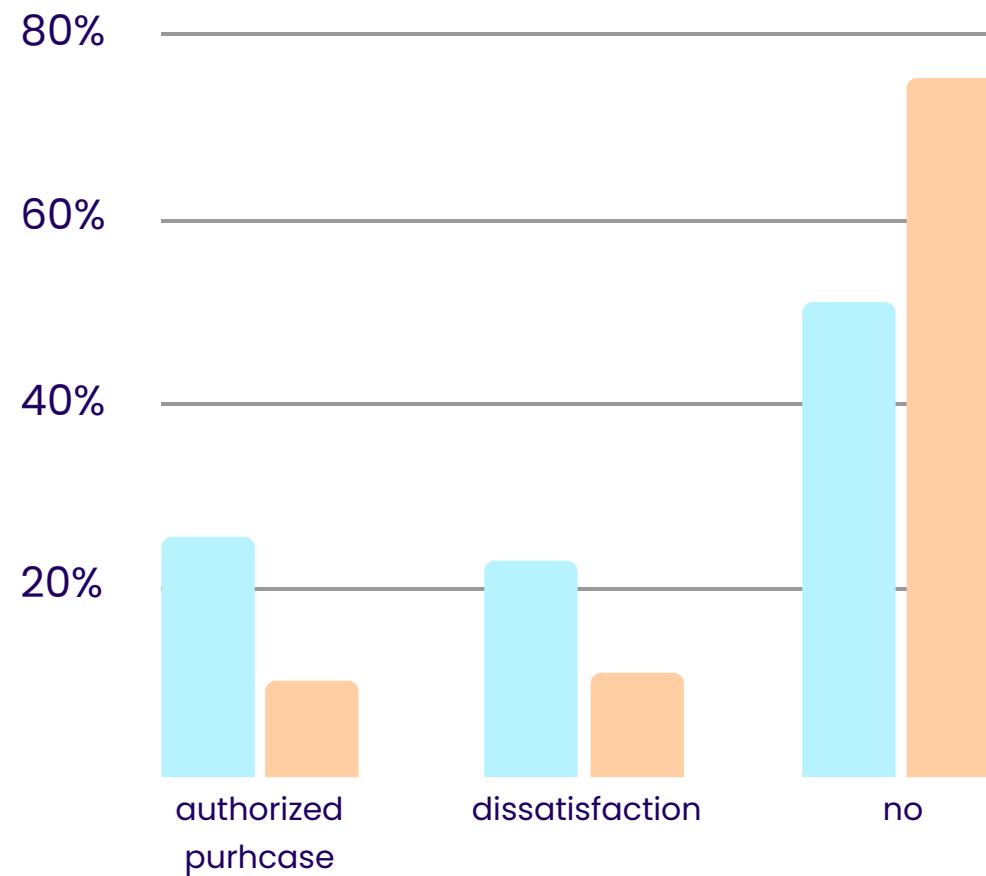
Gaming Industry

initiated gaming chargeback



The Impact of COVID-19 on Chargeback Volume in U.S. and U.K. Markets

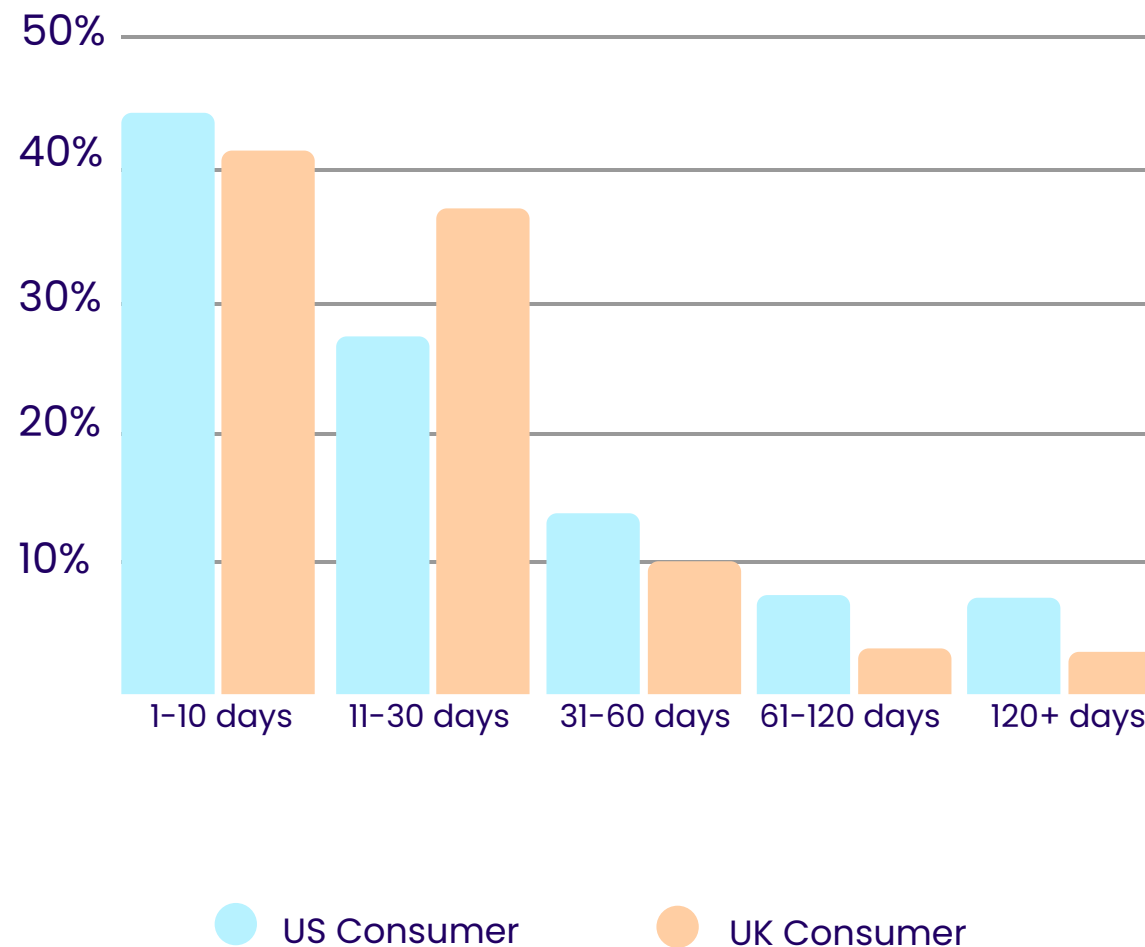
▲
Have you or a family member filed a chargeback on an online or mobile game purchase in the past 12 months?



Customer Attitudes Towards Chargebacks

U.S. vs U.K. Consumer Perspectives Towards Consumer Protections

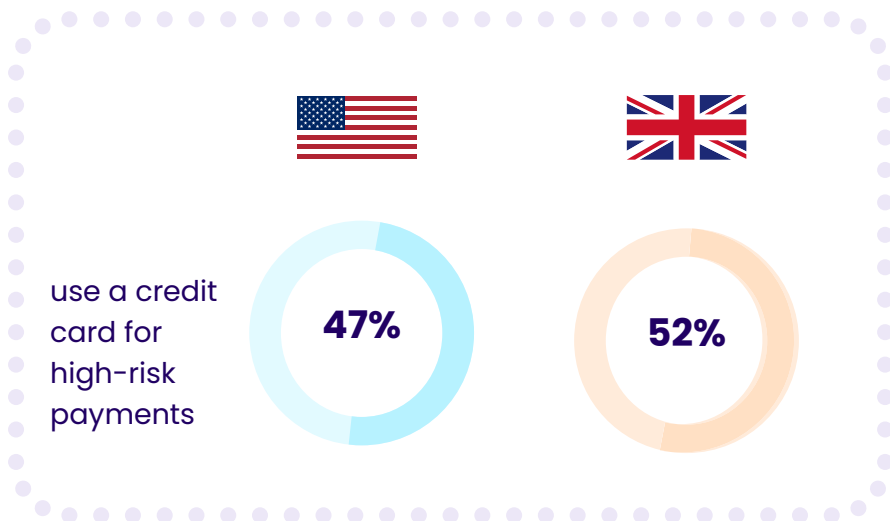
How long did it take from the moment you filed a chargeback with an issuer to receive the money back?



U.S. vs U.K. Consumer Perspectives Towards Consumer Protections

Key Finding

Ironically, data collected showed that Brits slightly appreciate more the consumer protections afforded by credit cards than more chargeback-happy Americans.



Insights

52% of Brits stated they use a credit card specifically for high-risk payments, compared to 47% of Americans. Such response data is intriguing considering the American consumer's greater likelihood of filing a chargeback. U.S. consumers are forward in their attempt to recoup any losses, yet compared to British consumers, do not purposefully use a credit card as much for its safety measures.

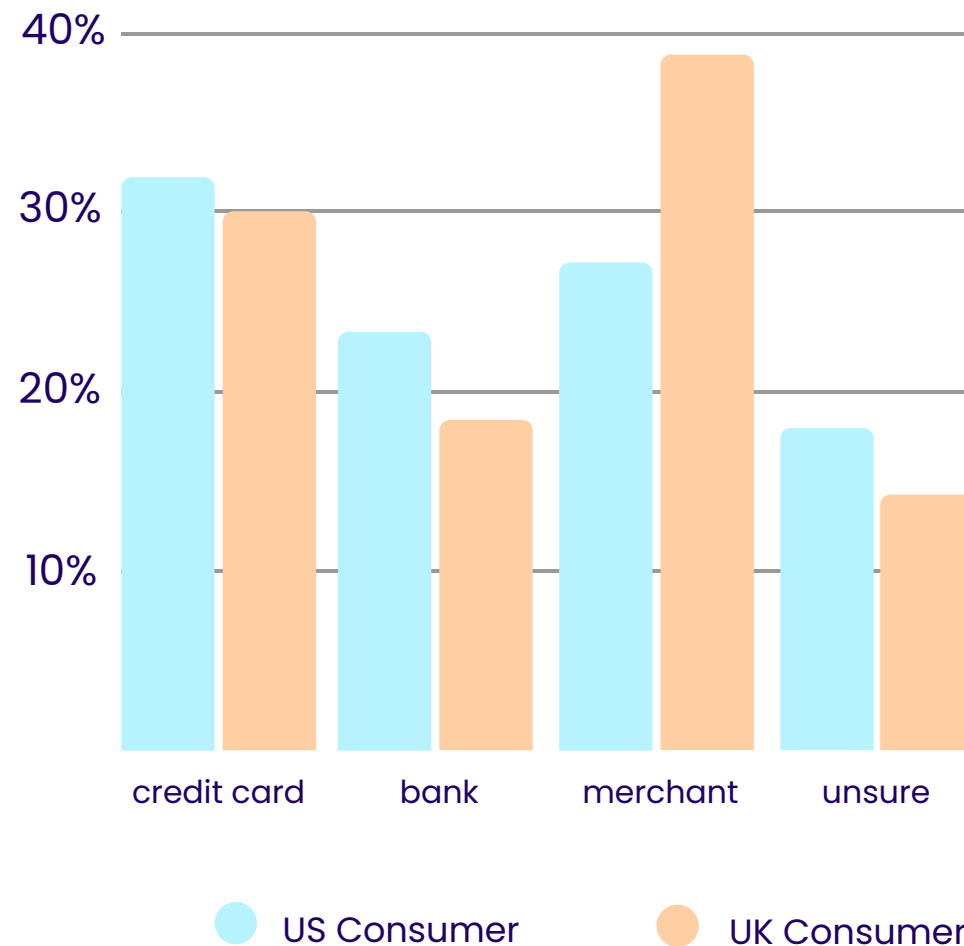
American issuers might be the primary influence behind such attitudes towards chargebacks, as 29% of Americans accidentally received cash back on a credit card purchase. This far outweighs the reported 8% in the U.K. Could the eagerness of American issuers to provide fund reversals create an environment that contributes to an increase in overall chargeback volume?

We did collect wait-time info that shows that the U.S. and the U.K. do not greatly differ in the length of time it takes customers to receive their disputed funds. When asked how long it took to receive their money back from a disputed charge, 44% of Americans stated it took between 1 – 10 days, with another 27% before the 30 days threshold. Similarly, 41% of U.K. consumers said it took between 1 – 10 days, with an additional 36% having the money reversed within 11 – 30 days.

Even when operating in different geographic markets, issuers in both the U.K. and the U.S. maintain near-identical funding times for chargebacks. In short, Americans have no advantage in reversed fund wait times. With the increase in chargeback volume in travel, gaming, and entertainment industries, it is clear that Americans simply engage in chargebacks with greater vehemence.

Who Pays for a Chargeback?

When you call up the number on your credit card to get your money back on a purchase, who do you think ends up footing the bill?



Who Pays for a Chargeback?

Key Finding

Most customers in both the U.S. and U.K. do not know who pays for a chargeback



Insights

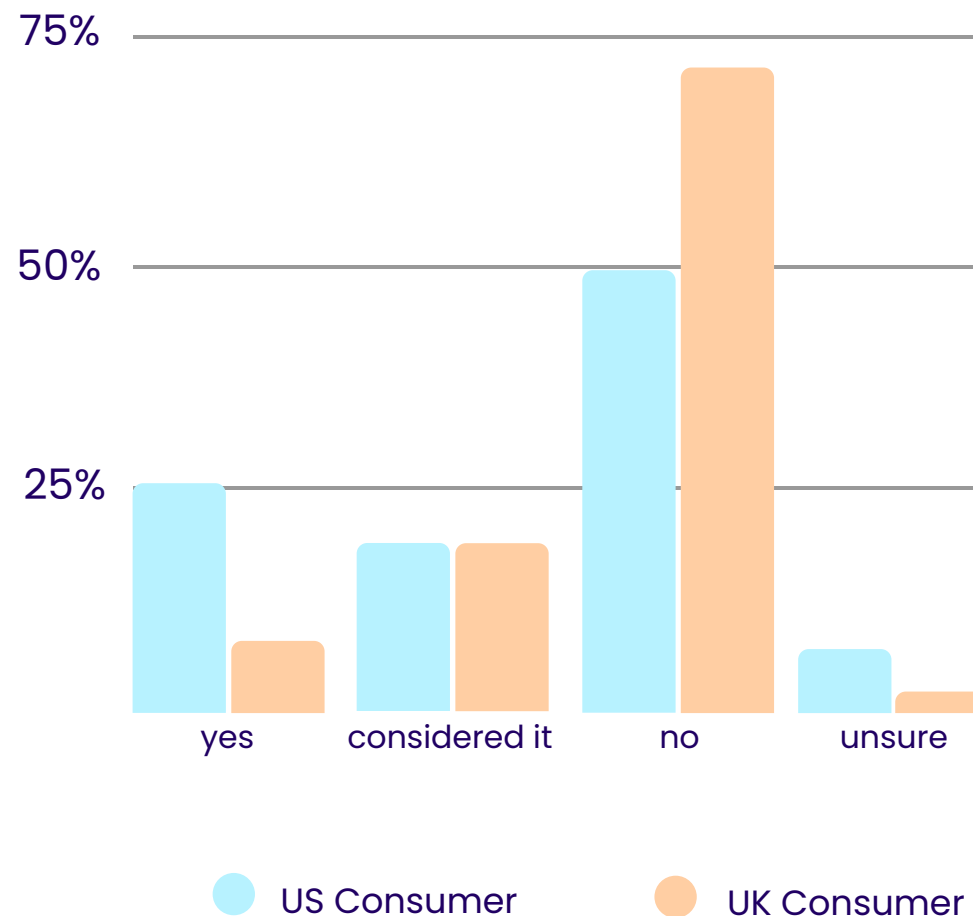
When asked about who “foots the bill” of a repudiated charge, the vast majority of consumers do not know. Only 27% of Americans think it is the merchant, while 55% believe it is the issuing bank or credit card company. The response data indicates that most consumers have minimal knowledge about the chargeback process or the financial harm a chargeback creates. The lack of understanding undoubtedly contributes to an increase in dispute volume.

While the U.K. consumer has greater awareness about chargebacks, the inaccuracy of the response data still shows that most consumers do not know who manages the financial losses of a dispute. 39% of British respondents stated that the merchant pays for any losses, while 47% said that a financial institution, either an issuing bank or the credit card company, covered the financial damage.

Though it is slightly better in the United Kingdom, the global payment industry needs to invest in educating consumers on the impact of chargebacks, as most consumers remain in the dark. Awareness about the chargeback process may significantly change consumer attitudes towards chargebacks.

Political Activism via Chargebacks

Have you ever filed a chargeback against a company because you disagreed with the company's values or policies and not because of the actual good/service you purchased?



Political Activism via Chargebacks

Key Finding

A shocking 44% of U.S. consumers consider chargebacks a legitimate form of political pressure and a way to dispute company policy and/or values



Insights

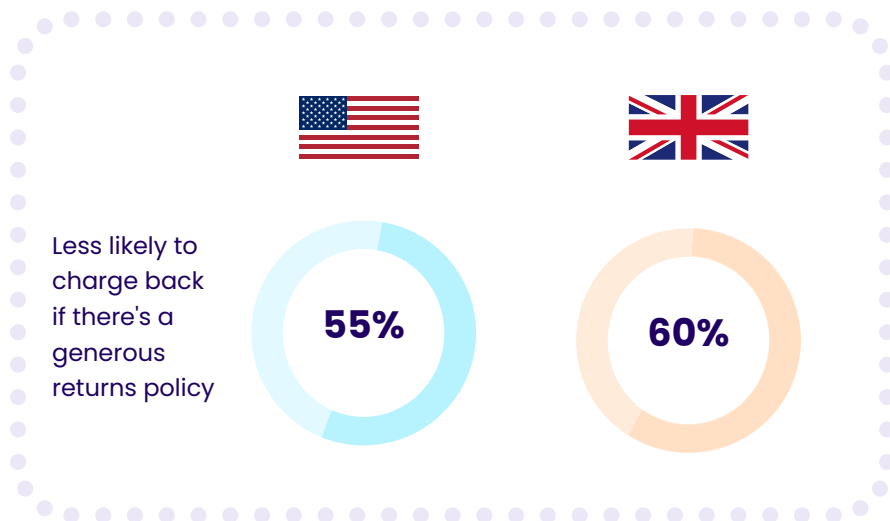
While the majority of users have little interest in understanding the consumer protections offered through the chargeback system, a minority of consumers leverage a dispute to express disagreements with company policies that have little to do with the product or service. In the United States, 25% of customers say they have filed a chargeback because they disagreed with store values. An additional 19% state they considered doing so, even when they had no issue with the quality of the goods. Activism through chargebacks is a real phenomenon in the U.S.

By contrast, in the United Kingdom, only 8% of consumers have filed chargebacks due to political reasons, and just 26% of people consider it a potentially legitimate form of political expression. The numbers in the U.S. should worry not only American merchants but also the credit card networks, as it suggests that first-party misuse of credit cards is a significant issue.

The Importance of a Generous Returns Policy for U.K. and U.S. Consumers

Key Finding

By all counts, robust customer service and easy returns reduce chargebacks, though British consumers appear more swayed than their American counterparts.



Insights

Improved customer service remains a viable option for limiting disputes. For Americans, 55% of customers stated that a generous returns policy would make them less likely to pursue a chargeback. In the U.K., 60% said the same. The discrepancy between markets once again shows the greater patience the British consumer has towards resolving disputes before they become chargebacks. However, the majority of respondents in either the U.S. or the U.K. will delay or avoid repudiating a charge if they have easy refund and return options.

For merchants, good customer service, in all its forms, is a frontline defense against disputes—and is a worthwhile investment. A good store policy, clear refund options, and continuous conversation through the sales lifecycle all help reduce the likelihood of chargebacks.

Key Takeaways

Key Takeaways

- The U.K. and especially the U.S. have a significant credit card chargeback problem for retailers, across a wide variety of business verticals.
- While U.K. consumers are less adversarial in their approach to credit card disputes, Americans are more aggressive in their chargeback pursuits.
- Consumer awareness and knowledge regarding chargebacks is lacking. Investments in consumer education can likely help reduce chargeback frequency.
- U.S. merchants face an active minority of consumers who engage in serial chargebacks. Strategies that can minimize such repeated disputes will help reduce overall chargeback volume.
- Chargeback activism is a real phenomenon. While policy expression via customer disputes is greater in the United States, both the U.S. and U.K. markets should take steps to limit such first-party credit card misuse.

Collating the consumer responses from both the U.K. and U.S. markets unveiled a wealth of information regarding customer attitudes towards chargebacks.

For example, judging by the surveyed responses, BNPL and cryptocurrency seem to suffer from a customer experience problem if their chargeback and return volumes are any indicator. Efforts to repair such issues and properly regulate new payment methods should take primary focus. This should be achievable, especially since both payment methods seem to work efficiently in the United Kingdom based on the chargeback data.

In addition, the travel, entertainment, and online gaming industries all face chargeback challenges as the recovery from COVID-19 continues. As the continued shift into digital channel sales for such industries helps stimulate economic recovery, finding ways to limit the accompanying influx of customer disputes are necessary to ensure the health and viability of each business vertical. Chargeback mitigation solutions provide tailored solutions that can help address comprehensively the issue of chargebacks unique to each industry.

Lastly, consumer knowledge of the chargeback process is lacking and likely contributes to dispute volume. Educational campaigns by credit card networks and/or merchant trade associations regarding the benefits and costs of credit card protections may be desired as competition from other payment methods heats up.

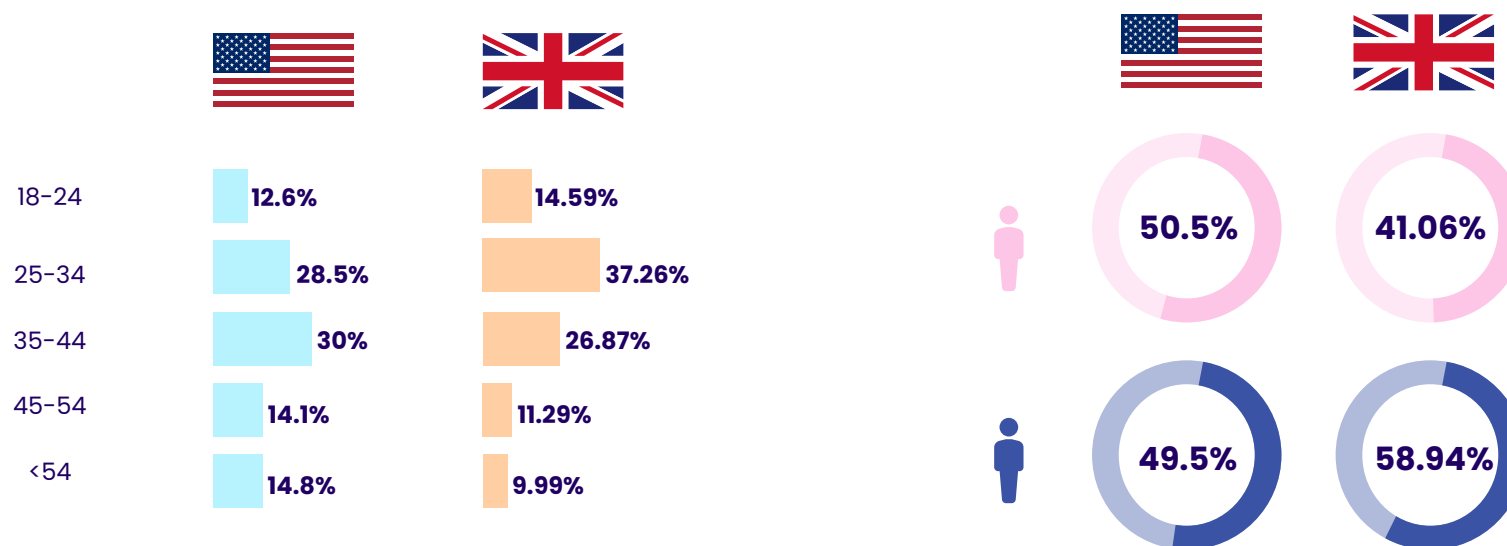
For more information on Justt, our solutions, and the methodology behind our research, please contact us to speak to a representative.

Methodology

Methodology

Justt sponsored two surveys regarding customer understanding of chargebacks across two distinct geographic markets: the United Kingdom and the United States.

For each survey, over 1,000 respondents answered questions regarding their experience with credit card chargebacks. The surveys' margins of error were each 4%. The response distribution is shown across five age groups and divided by gender:



Survey questions focused on consumer awareness of chargebacks in addition to queries about preferred payment acceptance methods, the impact of COVID-19 on spending habits, and reasons for repudiating a charge.

JUSTT

