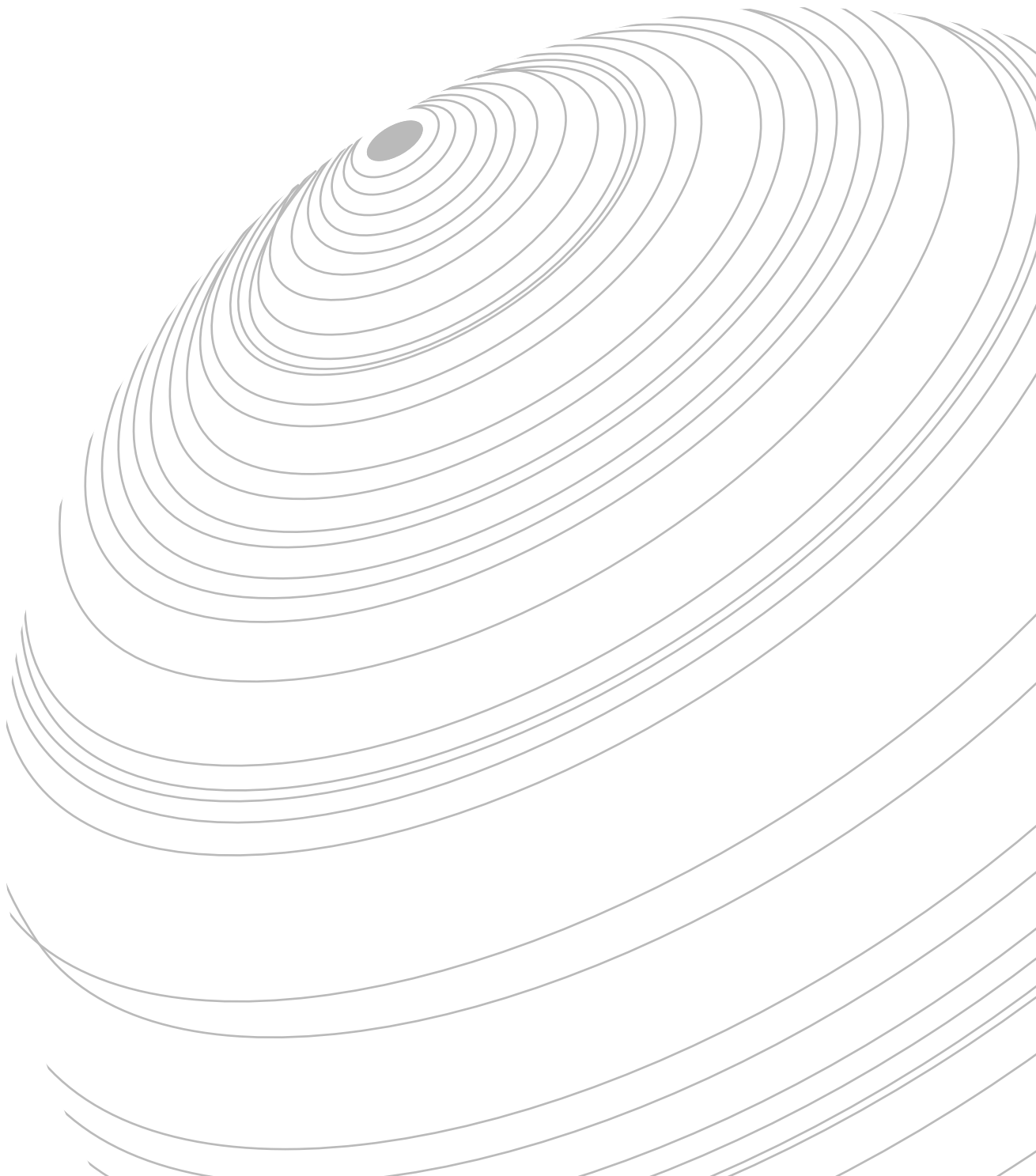


# The **PSYCHOLOGY** of **CHARGEBACKS**

Uncovering **Why**  
Consumers Dispute  
Charges



# INTRODUCTION

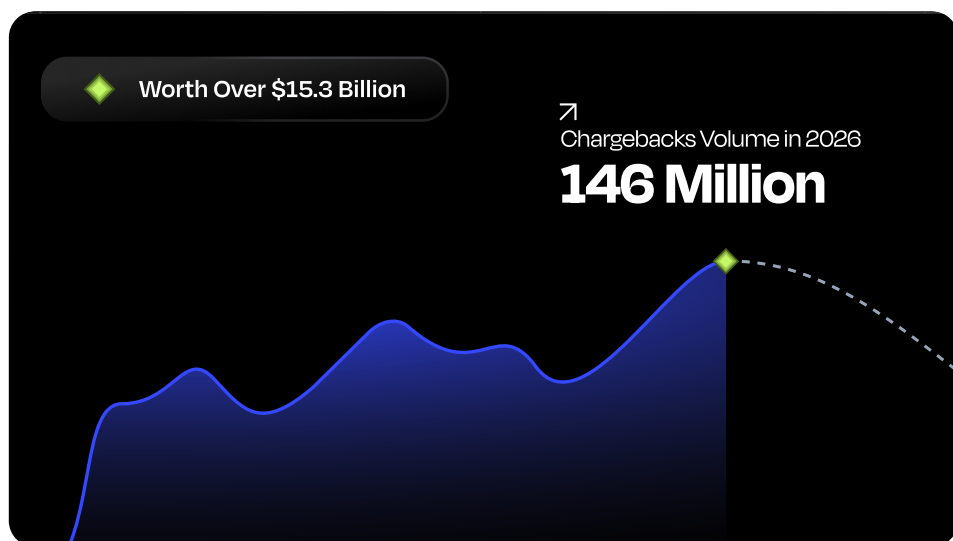


Chargebacks are a human issue. We might talk about the fraud economy and novel prevention solutions (both valuable in their own right). But at the end of the day, it is the customer who files the chargeback. **All chargebacks are intimately related to the variables and behaviors of shoppers.**

That, of course, makes limiting chargebacks a challenge. **But it is an essential task—let's not forget that the dispute process is a much-needed consumer protection.** Your customers have a host of valid (and non-valid) reasons to dispute a charge, whether it be delivery issues, technical mishaps, or actual instances of fraud.

Insulating clients from these problems builds faith and trust in the payment system as a whole. And without that protection, no one would swipe their credit card. Chargebacks may be a problem for merchants, but the alternative is an unsecured payment industry.

Still, just because the dispute process needs protection does not mean merchants must roll over and accept disputes as a cost of doing business. For one, that is way too costly: U.S. chargeback volume is expected to reach [146 million in 2026, worth over \\$15.3 billion.](#)



Second, **the very imperfect nature of humans means customers may abuse their protections.** Friendly fraud and false claims are rampant, accounting for [75% of chargebacks](#). The very dispute process meant to protect the industry cannot come at the expense of merchants.



Which brings us back to human motivations. **Chargebacks are filed by customers, so it is the consumer perspective we need to understand.** What drives consumers to file a chargeback? If we know the factors that compel consumer actions, we can take steps to remedy the issues. Customer understanding leads to accurate, business-specific defense strategies

To that end, Chargeflow engaged in a comprehensive consumer attitudes survey. **We know that customers are more likely to initiate chargeback under specific conditions.** What are those conditions? This report depicts the key insights of the survey results.

# 1

## METHODOLOGY

Chargeflow completed a US-based consumer experience survey conducted by multiple choice and scaled responses. Responses came from a population sample of 700, with a near-even split between four age demographics: 18-34 (20%), 35-44 (28%), 45-54 (27), and 55-99 (25%). 44% of respondents listed as Male and 56% as female. Based on the American consumer population, the margin of error rests at 4% with a confidence level of 95%.

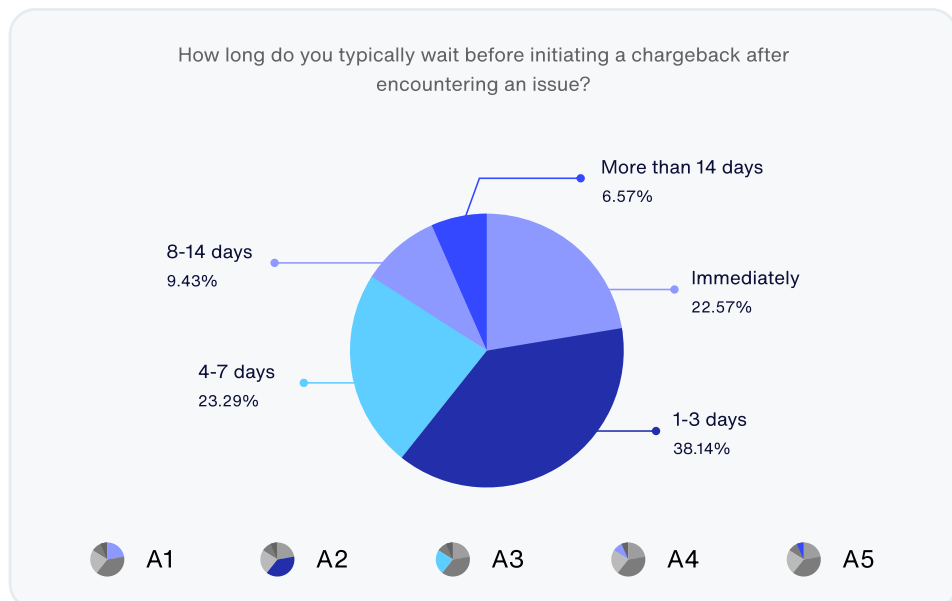
# 2

## KEY CONDITIONS THAT SPARK DISPUTES

Results from the Chargeflow customer attitudes survey revealed five primary conditions that motivate customers to file a chargeback:

### # 1 UNFAVORABLE WAIT TIMES

Customers made it clear that time is of the essence. When asked how long they would typically wait to file a chargeback after encountering an issue, a large cohort (23%) stated they would file immediately. In other words, almost a quarter of customers give merchants zero chance to remedy a problem and go straight to filing a dispute. For merchants that is an unsustainable level of perfection. It offers very little time for customer service to identify the issue and de-escalate any problems before the dispute is filed.



Moreover, another 38% stated they would wait just 1-3 days, while 23% said they were happy with response times between 4-7 days. Those are a bit more lenient timetables, but still a clear expectation of rapid service. Just 7% of respondents said they would be willing to wait more than 14 days. Issue resolutions within 3-4 days seem to be the sweet spot, a time that merchants should aim to achieve.

Customers do not just dislike waiting, they also feel strongly about wait times—and will use a chargeback to make that dissatisfaction known. When asked how likely they would initiate a chargeback if a merchant failed to respond to their complaint within a reasonable timeframe, only 2% of respondents said they were somewhat or very unlikely, an overwhelming small cohort. Instead, 52% said they would be very likely to file, with an additional 33% saying they would be somewhat likely. In short, consumers do not want to w

The faster a merchant can respond, the better. Same-day fixes might be unreasonable, but responding to client requests between a 1-6 day window meets most customer service time expectations.

## **ACTION STRATEGIES:**

How can merchants improve response times? Here are some common strategies:

- **Prioritize long-term clients:**

With limited resources, you cannot please everyone. Fixed resolutions for won chargebacks take an average of [50 days](#)—give response preference to high-value clients.

- **Prioritize high-risk inquiries:**

Serious issues (e.g. instances of fraud or problems with high-ticket items) should take preference. Lost inquiries take an average of [15 days to resolve, while lost chargebacks take 38](#). Balance resource spend based on the speed of resolution time and overall value returned.
- **Build efficient escalation systems:**

Advanced ticketing systems can automate routing inquiries while prioritizing issues that need human communication.
- **Use 24/7 support tools:**

Chatbots, self-service portals, video tutorials, and FAQs to empower customers with immediate support (all while relieving pressure on service teams).
- **Build pre-approved resolution templates:**

If service reps have ready-made operating manuals they can better achieve set response time goals. And over time and testing, you find the best strategies for the most common customer complaints.
- **Reduce handoffs between departments:**

Give frontline staff authority to resolve issues. This helps reduce time-consuming back-and-forth between teams and managers.
- **Pre-co-ordinate with shipping carriers:**

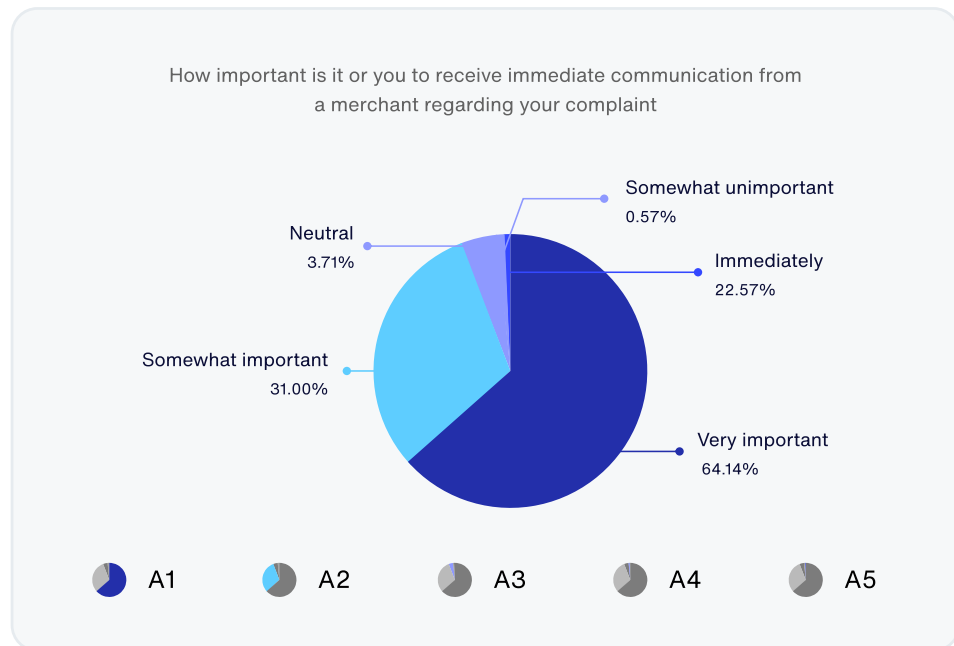
Improper delivery contributes to wait times (“product not received” is the top cited reason customers filed a chargeback). Work with carriers and third-party suppliers to make efficient deliveries.
- **Use chargeback management tool:**

Streamline the resolution process with automated tools. Most chargeback management solutions have real-time analytics, enhanced communication channels, and pre-emptive dispute alerts, all of which reduce response times.

## # 2 LACK OF COMMUNICATION

Customers do not like to wait for a merchant to address their complaints. But merchant communication is not just reserved for issue resolution—it is an expectation customers have throughout the entire sales journey. Respondents showed that constant communication with the merchant has immense value. And when that condition is not present, disputes arise.

First, when asked about the importance of receiving immediate communication from a merchant, 64% of consumers said it was very important. An additional 31% reported it as somewhat important. A combined 95% of consumers value merchant-to-customer support, with only 5% not caring or feeling neutral.



Second, 90% of consumers stated they typically try to resolve a matter with the merchant before they initiate a chargeback. This speaks towards an attitude of honesty, where a chargeback is not the first mode of action. Instead, a dispute is simply the next step if a customer cannot contact or talk with the merchant beforehand.

If so many customers report reaching out to merchants and valuing immediate communication, current chargeback volumes speak to a communication breakdown. Is it a failure of retailers to respond? Or are consumers underestimating their patience (let's not forget that 23% of respondents said they would immediately file a chargeback when they had a problem)? Consumers likely underrate their patience, while merchants probably have minimal resources and overworked service teams that struggle to meet all customer service demands.



Regardless of the cause, customers feel underserved in this area. When queried, 80% of customers said they had never been contacted by a merchant after initiating a chargeback. That is a crucial customer touchpoint and an ideal time for a service rep to dissuade the use of a chargeback. And yet, the vast majority of consumers say they do not receive those efforts of contact. Merchants can do better with customer communication and perceived support.

## **ACTION STRATEGIES:**

Here are some possible steps merchants can take to meet customer communication expectations:

- **Invest in proactive support:**

Address customer communication needs before they are asked for. That can look like automatic confirmations of emails, message receipts when clients file support tickets, delivery of all shipping and tracking info, feedback loops, etc. Where possible, insert more routine customer touchpoints throughout the sales journey.

- **Build dedicated support channels:**

Offer multiple, easily accessible support channels. That can include phone, email, live chat, social media, account portals, chatbots, SMS, community forums, help desks, voice assistants, and tutorials. Of note, 51% of respondents listed email as their preferred method of communication. In second, 32% stated the phone, which is interesting considering less than 1% listed social media. Clearly, channels that help connect customers directly with human support reps take precedence. Merchants should adjust their strategies accordingly.

- **Personalize:**

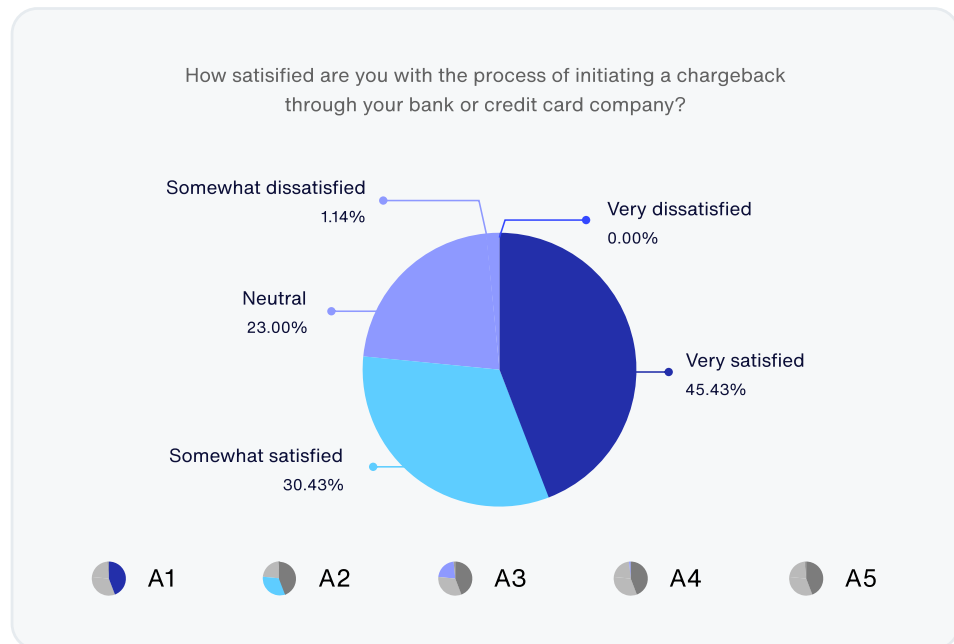
Tailor communications to the individual customer's needs and concerns. Personalized messages demonstrate attentiveness and build trust, reducing the likelihood of customers feeling ignored.

- **Provide status updates:**

Keep customers informed about the standing of their inquiries, orders, or disputes. Offer regular updates, even if there's no new information. Letting clients know you're still working on their issues can prevent them from feeling neglected.


**# 3**  
**DISPUTE**  
**CONVENIENCE VS**  
**THE CUSTOMERS**  
**EXPERIENCE**

Third, consumers said they find it easy and convenient to file a chargeback. That convenience is leading to more chargebacks. Ninety-eight percent of consumers report having a neutral to highly satisfactory experience with the chargeback process offered by their bank or credit card. Less than 1% said their experience with chargebacks and dispute resolutions was poor or very poor. Close to all consumers spoke positively (45% had an excellent experience, 30% good, and 23% fair).



Such a good experience with chargebacks is a positive—it shows the strength of the chargeback process. But, it also stands in sharp relief with overburdened chargeback teams or service reps. The convenience of filing a chargeback often outweighs the troubles of dealing with customer support teams. And that pushes consumers to use a dispute rather than go through healthy resolution channels with merchants. Merchants must improve support to the point where resolving an issue without a chargeback is more attractive to consumers than using card issuer dispute processes.

Still, it is also worthwhile looking into whether customers have it too easy. Are customer-centric policies and zero consequences filing too lenient? For example,

 Only **12%** of customers said they experienced a chargeback denial.

That is a small cohort. Such a success rate likely means most consumers feel a filed chargeback is a near guarantee. More tellingly, of that 12% grouping, the viable reasons for a denied claim are of little importance.

More tellingly, of that 12% grouping, the viable reasons for a denied claim are of little importance. Another 8% cited an expired timeframe. Only 3% said their claim was denied because merchants provided counter-evidence and 2% for a policy violation.



Only **8%** of respondents said they had a chargeback refuted for insufficient evidence.

Instead, 74% of respondents listed “other reasons.” What are those other reasons? Family fraud? Insufficient claim details? Technical issues? Perceived unfairness? Is it related to vague customer-first dispute policies? Even when that chargeback is disputed (which is rare), viable reasons meant to stop false claims hold no share.

Regardless of the reasons why, what can merchants do? There are two strategies: improve convenience, and improve win-rates. Pre-dispute, merchants must make issue resolution as efficient as card issuers and the chargeback process. If working with a merchant is better than filing a chargeback, the industry disincentivizes the use of a dispute.

Post dispute, merchants must fight false claims. At the moment, industry win rates are low. Consumer electronics only wins 16.59% of cases, with games & leisure holding a low of 15.20%. Even high performers (like apparel, 35.81%, beauty & fitness, 40.9%) never break over half of their cases. And with



Only **3%** were denied due to merchant counter-evidence.

The dispute process is far too friction-free. A higher merchant win rate disincentivizes customers from filing false claims. If they know a merchant will disprove a false dispute, they will most likely seek healthier ways to resolve issues.

## **ACTION STRATEGIES:**

### **Consumer convenience:**

- **Build intuitive websites:**

Make the online sales journey simple with high-quality UX/UI.

- **Offer easy-to-navigate checkouts:**

A large majority of chargebacks come from problems with shopping carts. It is an ideal moment to reduce friction, for both improved sales and chargeback aversion.

- **Publish FAQs and guides:**

Empower customer self-support with simple and easy-to-follow manuals.

- **Offer hassle-free returns:**

A return is less costly and introduces convenience that can rival a chargeback.

- **Make support staff accessible:**

Hire and train friendly staff who can make the buyer's journey smooth and rapid.

- **Reward resolution:**

Offer incentives, discounts, or loyalty rewards for those who work with support teams rather than file a chargeback.

## **FIGHT FALSE CLAIMS:**

- **Take legal action:**

Merchants have the right to file civil suits for non-payment.

- **Limit refunds post-dispute:**

Avoid admission of fault and protect from double losses.

- **Introduce security friction on repeated fraud users:**

Use high-level fraud detection tools to build user profiles, and adjust security defenses based on profile risk.

- **Charge restocking fees:**

Include service fees within the terms and service to discourage chargebacks specific to false claims.

- **Deploy a blacklisting system:**

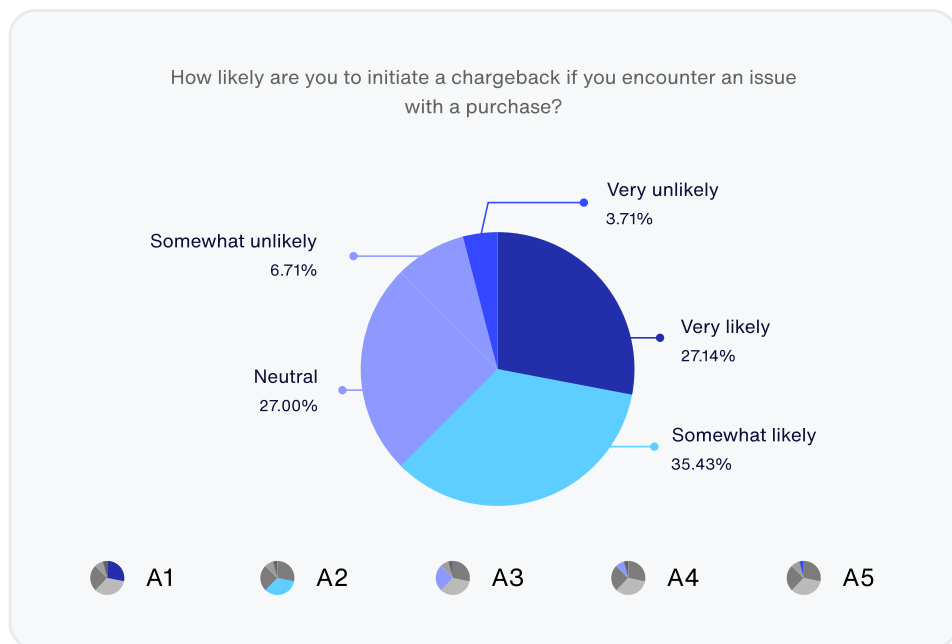
Flag repeat offenders, and when needed, refuse service to serial chargeback users.

- **Use chargeback management tools:**

Management tools often include representment support, where specialists earn a high success rate throughout the dispute process.

**# 4**  
**TRANSACTION**  
**ISSUES OUTSIDE**  
**OF SERVICE**  
**EXPECTATIONS**

Consumers made it known that they would file a chargeback if the buyer’s journey failed to meet expectations. For example, when asked about the likelihood of initiating a chargeback if they encountered an issue with a purchase, 27% of respondents stated they were highly likely, with an additional 35% stating they were somewhat likely. Only 11% of customers said they are somewhat unlikely and very unlikely. As remains the core theme of the survey findings, consumers see a chargeback as a normal tool to address a perceived problem.



We see more proof of this from reason code analysis. 36% stated “product not received” as the reason for filing the chargeback. That is followed by “fraudulent transaction” (16%), “product significantly not as described” (15%), “unauthorized transaction” (15%), and “quality of product/ service (13%).” These are legitimate transaction incidents of minimal fault by the consumer (and of which they can expect protection). But when those service expectations fail, consumers act incorrectly and attempt to rectify valid issues with a chargeback.

This does suggest a lack of awareness of the consequences of a chargeback. Merchants know full well that chargebacks are highly detrimental to business health. Yet if consumers have no idea of those costs, a dispute appears like the most natural second step to any problem. And consumers admit to this lack of knowledge:



**21%** said they were not familiar with the chargebacks process and an additional **20%** said they didn't even know what a chargebacks was.

Few people feel knowledgeable about the chargeback process.

Moreover, consumers do not appear to have weaponized chargebacks. When asked if they have ever disputed a chargeback after being denied a return by a merchant,



**72%** stated they did not. Likewise, only **9%** of respondents said they filed a chargeback because they disagreed with a brands, its values, or its customer experience.

Outside a small cohort of impatient chargeback users, most consumers do not want to harm merchants or use disputes with malicious intent. Instead, false claims or the incorrect use of a chargeback looks like a matter of limited understanding. And that lack of education results in more routine chargeback use.

**ACTION  
STRATEGIES:**

How can merchants limit chargebacks due to perceived customer expectations and a lack of understanding? Here are some options:

- **Limit errors:**

Take the necessary steps to limit the common transaction issues that lead to chargebacks. For example, if most of your chargeback reasons codes are related to shipping issues, overhaul fulfillment and order models. Several tools can optimize nearly every aspect of your operations, from helpdesks to customer relationship tools to return management solutions. Chargeflow offers a pioneering chargeback platform designed to give you a bird's eye view of all business data. Those insights and recommendations can significantly improve found problem areas that result in chargebacks.

- **Educate:**

Create campaigns that show the dire consequences of chargebacks on merchants to help dissuade consumers from resorting to chargebacks. Blog posts, Q&As, and infographics can all help. In addition, add brief reminders or pop-ups during the pre-checkout process to explain the impact of false claims.

- **Personalize:**

Tailor communications to the individual customer's needs and concerns. Personalized messages demonstrate attentiveness and build trust, reducing the likelihood of customers feeling ignored.

- **Focus on transparency:**

Set customer expectations to reasonable levels. Clear product descriptions, terms of service, sales agreements, testimonials, and order confirmations all define perceptions of satisfaction. Build a goodwill buffer that creates a higher tolerance for minor issues in long-term customers.

- **Collaborate:**

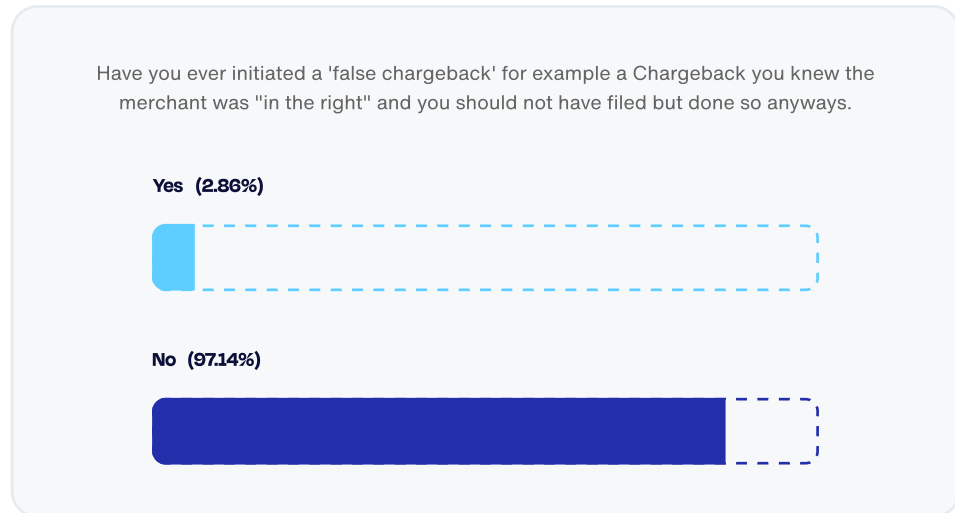
Work with your consumers to address transaction issues. When asked how often they checked their bank or credit card statements for unauthorized transactions, 28% reported daily and 43% reported monthly. Regular check-ups mean consumers can flag problems or instances of fraud at a rate far greater than any support team. If customers know it is okay to engage with merchants, everyone can work together to protect accounts.

- **Customer support:**

When asked how likely they would consider shopping with a merchant if the merchant satisfactorily resolved their issue, 41% said high likely, with an additional 37% saying somewhat likely. It pays to provide high-quality customer service, for both customer retention and dispute deflection.

## # 5 CONFUSION AND ACCIDENTAL FRIENDLY FRAUD

The lack of consumer awareness also ties into the problem of friendly fraud. When asked if they had ever initiated a false chargeback (meaning they knew the merchant was in the right and they should not file), only 3% said they had done so. That means 97% of consumers believe they have never incorrectly filed a chargeback.



In addition, only 11% of respondents said they had ever initiated a chargeback that they later found was not an issue. Once again, 89% of respondents believe they have not made a false claim by accident.

Those consumer beliefs cannot be correct. We know this by comparing industry-wide friendly fraud rates. As per the State of The Chargeback 2024 report, friendly fraud constitutes [79.03% of chargebacks or approximately 8 out of 10 cases.](#)

Clearly, there is a divide between the reported cases of friendly fraud incidents and the beliefs of consumers. While data collected by the industry may have errors, consumer attitudes are also fallible. In all likelihood consumers themselves have little clue when they have engaged in accidental friendly fraud.



Even if we account for survey data bias (some consumers might fear admitting to fraudulent actions), the overwhelming majority of respondents feel they have rightly used their customer protections and have not committed fraud.

As is well known, friendly fraud remains very difficult to identify and detect. That clearly applies to both merchants and consumers. It is an issue of confusion, combined with a lack of education. Together, those conditions contribute to high levels of friendly fraud by unsuspecting customers.

## **ACTION STRATEGIES:**

What can merchants do to address the issue of friendly fraud today?

- **Use chargeback management tools:**

Chargeback experts are well aware of the problem of friendly fraud. To remedy the situation, most offer tailored products with advanced tools (AI, machine learning) to identify and limit the impact of mistaken claims.

- **Deploy fraud defense tools:**

Use high-level fraud prevention solutions to flag patterns pre-sale that hint at possible friendly fraud.

- **Leverage Compelling Evidence 3.0:**

Card issuers made sweeping changes regarding the use of data to deflect friendly fraud. Now, a proven historical footprint of positive transactions places the liability for false claims onto the issuer. Compelling Evidence is a strong industry-wide step to limit the issue of friendly fraud.

- **Teach consumers about friendly fraud:**

Most consumers have no clue they engaged in friendly fraud. When possible, explain and teach customers how friendly fraud occurs and how they can team up with merchants to limit future instances.

## **KEY TAKEAWAYS**

Consumers made it clear what conditions drive them to file disputes. A lack of timeliness, merchant communication, issue resolution, and confusion are key factors. When those conditions are present, consumers are quite open to using a chargeback.

Luckily, these conditions can be addressed and managed. Use the action strategies noted above and adopt these key considerations:



**Invest in good customer service**

Good customer service fixes numerous customer demands, from issue resolution times to merchant communication.



**Harness education and insights to reduce chargebacks**

Address the current gap in knowledge about the chargeback process and the costs of friendly fraud to deter consumer use.



**Improve the customer experience**

Make changes so the merchant-to-customer experience outweighs the current convenience of filing a chargeback.



**Fight false claims**

Use chargeback tools to dispute false claims and disincentivize the use of a chargeback.



**Use chargeback management tools:**

Take advantage of tailored services built by experts to automate and streamline the entire chargeback lifecycle.



**Focus on friendly fraud prevention**

Use data, compelling evidence, and education campaigns to better detect and limit accidental false claims.

**About Chargeflow**

Chargeflow is the world's first fully automated chargeback management solution. With automated tools that leverage AI and human expertise, those who use Chargeflow tools deflect chargebacks and vastly improve win rates to protect revenues.

And with the release of Chargeflow Insights, merchants can now receive actionable insights from unified analytics to optimize chargeback performance. Contact a service rep to learn more about our custom solutions.



# READY TO TAKE CONTROL OF YOUR CHARGEBACKS?

Chargeflow's automated tools help prevent disputes and recover lost revenue. Start optimizing today!

[GET STARTED NOW](#)