Retailers Demand Equal Rights As Odds are Stacked in Favor of Consumers, Says Funiture in Fashion

LANCASHIRE, UK, March 19, 2014 /EINPresswire.com/ -- CEO Asad Shamim of Furniture In Fashion states - Is there an even playing field between on-line retailers and the consumers or is it tilted in the favour of consumers? Expers believe the latter case to be true.

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On-line retailers have expressed agony over the inequality they have to face in the cases when frauds occur. They claim that customers sometimes take undue advantage with the facility of chargeback. this invariably results in merchants losing huge sums of money, which percolates to workers losing jobs and thereby an adverse effect on the economy. Unfortunately, the laws in cyber space too are in favour the consumers. With such grave consequences, have the financial institutions done enough to protect the interests of online merchants? The answer is negative.

Fraudulent chargebacks are mounting up the problems which are already being faced by the retailers. The findings from British Retail Crime Survey 2013 state that 63% of the total retail payment card fraud was caused by on-line payment card fraud; 77% of all retail fraud caused by on-line credit card fraud and 60% was accounted by on-line refund fraud.

Retailers have been losing billions over the chargeback fraud, whether it was intentional or not. Chargeback is a form of customer protection which, in simple words means a reversal of a credit card transaction which is forced by the credit card issuing bank of the customer. The chargeback fraud occurs when the customer reports that the credit card charge was not legitimate, or the product was not delivered, or was not as described with an actual intention of getting the merchandise without any charge. This issuing bank allows the customer to file for chargeback thus taking away the funds from the on-line merchant and giving it back to the customer without any investigations taking place. Only in the cases where the merchant disputes the chargeback is when the investigation would happen. As convenient as it seems for the customer, the more dreadful it gets for the merchant and thus affecting their businesses.

PayPal provides for making payments and money transfers on-line. Merchants have had their complaints with PayPal where the refunds have been made with the filing of chargeback by the consumer, even when correct deliveries were made by the merchant. Moreover, the merchant gets charged with a chargeback fee and many cases would not even the product. However, PayPal claims that they always try to resolve the dispute even before the chargeback is filed. And even in worse cases where it does get filed, then PayPal would make use of the evidence as provided by the buyer to fight against the chargeback. When asked for the view on this matter, the CEO of Furniture In Fashion Asad Shamim said, “Consumers have been given more favourable rights as compared to the merchants, which has resulted in businesses getting hurt. It becomes tough on our part to deliver the best service when we are not receiving any support”. With the increasing awareness about chargebacks among the consumers, most of the banks have made the process easier by automating the process online with the click of just a button. With all the provisions having made for the consumer protection, the question arises that why are the rules and policies favouring the customer more? This ultimately is going to hurt the businesses and further leading to unemployment which would eventually become a vicious circle. Therefore, it is the need of the hour now to make provisions to protect the merchants as well and not just the customers, for which the financial regulators should make necessary amendments to the law.

Credit cards are regulated by the Consumer Credit Act 1974 (amended 2006) in the UK, which provides for a number of protections and requirements. As per this Act, unless a deliberate criminal deed by the card holder is done, any misuse of the card must be refunded by the merchant or the issuer of the card. Hence, the burden has to be shouldered by the merchant and the card issuer even in the fraudulent chargeback cases. However, with the increase in frauds there is a need to make new amendments to this Act which will ensure that the merchants are not burdened and they do not suffer a loss or face problems of unemployment. Thus, it is more important to have a fair process benefiting the merchants along with the customers. Now the onus lies with the financial regulators and the institutions to work up on this and provide with great amendments to the law.

Nonetheless, as important as the role of financial regulator is, even more important is the role of the consumer here. It is important for the consumer to understand that, chargebacks increases the cost of doing business for the retailer and hence ultimately this cost would trickle down to the customer. In order to avoid so they must try to resolve the issues before going for chargebacks.

Until there are efficient mechanisms to prevent fraud or till the time law gets drafted that would be beneficial for not only the consumers but also the merchants thus providing them with equal rights; the on-line merchants must be careful and have fraud prevention strategies in place. Some initiatives the merchants can take are like taking signatures upon the delivery, keeping a track of communications, recording customer IP address, and other recording evidences to support their case in the situations of chargeback fraud. Following these would eventually increase your bottom line by protecting your businesses.

Furniture In Fashion in as on-line merchant for furniture goods, and is one of the largest online furniture retailers of UK. Visit their official website http://www.furnitureinfashion.net.

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