Level 2 – To Be – Unapply Payment (Credit Card Chargeback)

AR/BI Team

Credit Card Company

Credit Analyst

(central Service Center or SFR)

Send notice of a credit card chargeback from customer (1)

Identify payment that needs to be unapplied (2)

Unapply Payment (3)

(1) Credit Card Chargeback

A chargeback is when a customer initiates a refund for a purchase made on their credit card by contacting their card-issuing bank. This process can vary but generally is a result of a customer disputing the charge. The customer may or may not have contacted the University before the situation occurred. The customer may even be mistaken.

The University must research the chargeback and verify if the charge to the customer is still valid. If the University still believes the charge is valid, it is responsible for providing compelling information to prove the true cardholder participated in the transaction, received the goods, and benefited from the transaction. If the University does not believe the charge is valid, the payment will need to be unapplied.

Unpost Group - Payment Group (V)

Group Search for Unpost (V)

Credit Card Company Re-post charge?

Stop

Yes

No

(2) Identify Payment that needs to be unapplied

The Accounts Receivable Specialist will use the information that is provided by the credit card company to determine which payment needs to be unapplied.

The AR Specialist will need the customer name, dollar amount, and item #. This information will be entered into the group search for unpost to determine which payment should be unposted.

(3) Unapply Payment

Only groups that have been successfully processed through Receivable Update can be unposted. Unposting creates a new unpost group for each item that is unposted.

Once the payment that needs to be unapplied is found, the unpost reason needs to be entered. Examples of unpost reasons are: returned check, credit card chargeback, and wrong invoice.

(4) Adjust Original Bill?

Determine if original bill should be adjusted based on research in prior steps.

If the Credit Card payment was applied to an AR item before it was unapplied, the original item would be open following the unposting.

If the payment was point of sale, there would not be an open item.

(5) Adjust Bills

Use the adjust bills function when changes are made to invoices that have already been finalized (status of INV).

Since an item will be open after a payment is unposted, an adjusted bill should be created to credit the original item. This is under the assumption there is a quality of service issue.
Level 2 – To Be – Unapply Payment (Returned Check)

**Bank**

Start → Returned Checks [1] → (1) Returned Checks

An action by a bank whereby the bank refuses payment of a check that has been presented for payment. There are a number of reasons a check may be returned: non-sufficient funds (NSF), account closed, lack of information, suspicion of fraud, stale date, or customer placed stop payment.

Retained checks from the Student lockbox will be sent to the Office of Student Finance.

Returned checks from the non-sponsored lockbox will be sent to the Central Service Center Credit Analyst.

Returned checks from the sponsored lockbox will be sent to the SFR Credit Analyst.

Returned checks that were originally deposited at the Bursar will be sent to the Bursar. The Bursar will investigate the returned check and determine if the check is related to a student's account. If this is the case, the returned check will be forwarded to the Office of Student Finance to handle. If the check is not related to an invoice item or a student account, it is assumed the check is part of a direct journal payment and the Bursar will keep the check information.

The returned checks will be scanned electronically by the bank and sent to the University on a daily basis. Since the checks are received electronically, it will be easy to forward the checks to the appropriate areas.

**Office of Student Finance**

Assumption: At a minimum, there will be separate bank accounts for the student lockbox, non-sponsored lockbox, sponsored lockbox, and the Bursar. With separate bank accounts, it is more efficient to route returned checks to their appropriate locations.

Returned Checks [1] → Student Accounts Receivable Process [A]

The Office of Student Finance has their own procedure for handling returned checks which is out of scope for this project.

**Credit Analyst**

(Central Service Center or SFR)

Returned Checks [1] → (2) Identify Payment that needs to be unapplied

The Accounts Receivable Specialist will use the information that is provided by the bank to determine which payment needs to be unapplied.

The AR Specialist will need the customer name, dollar amount, item # and check #. This information will be entered into the group search for unpost to determine which payment should be unposted.

**Bursar**

Returned Checks [1] → (3) Unapply Payment

- Only groups that have been successfully processed through Receivable Update can be unposted. Unposting creates a new group that is the opposite of the original group. The unpost group creates a new unpost item activity and new accounting entries for each item that is unposted.
- Once the payment that needs to be unapplied is found, the unpost reason needs to be entered. Examples of unpost reasons are: returned check, credit card chargeback, and wrong invoice.

- The returned check fee would be done by creating a new standard line. The original line should be referenced in the bill notes.

- Correspond with Customer - Documenting Conversations

- Contact the customer to inform them the check they provided was returned by the bank and request another form of payment.

- Provide returned check to Credit Analyst.