What is fraud?

Payment fraud is a false or illegal transaction, that was not authorised by a customer. Fraudulent transactions can cause you to lose money.

A customer can contact their bank and claim that they shouldn't have been charged for a particular transaction. If the bank considers the customer's claim as valid, it can issue a chargeback. This chargeback pulls the purchasing funds from the merchant and returns them to the customer.

Fortunately there are steps you can take to reduce the number of fraudulent orders.

Use reliable payment processors

You can greatly reduce the number of fraudulent orders you receive if you are using a secure payment gateway that uses Address Verification System (AVS) and checks the Card Verification Value (CVV) data.

AVS compares the numeric parts of a billing address stored on a credit card to the address supplied by the customer at checkout. CVV is the three or four digit number on the back of a credit card and is a security feature used to prevent card-not-present fraud.

Sitepro is integrated with secure payment processors that are trusted worldwide like Realex, PayPal, Stripe, Authorize.Net and others. Speak to your FCR Media eCommerce Team to discuss which option will best suit your business.

Call the phone number on the order

Fraudsters often use non-valid phone numbers to place orders online. So you can call the number on the order and if someone answers ask them simple questions about their order. If they know the order details and communicate normally, the order is likely to be valid.

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In Sitepro control panel you can require customers to leave a phone number on checkout by enabling the correspondent option Control Panel → Settings → General → Cart & Checkout:
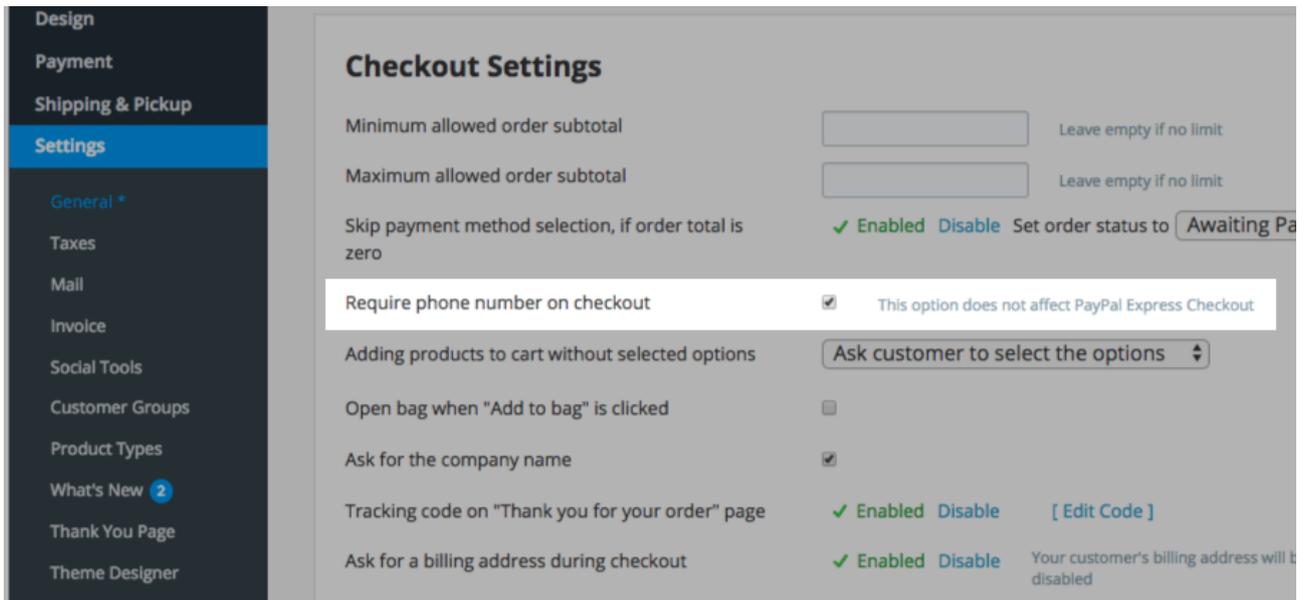
Analyse the billing and shipping addresses

A fraudulent order is likely to have a shipping address that does not match the billing address. If the two addresses belong to different countries or continents, the order is potentially fraudulent. We recommend emailing or calling the customer on the phone and asking them for a payment proof.

Keep in mind that legitimate customers can make an order on behalf of someone or buy something as a gift.

Pay attention to the number of order attempts

If you receive multiple failed orders from the same person, we suggest contacting the customer using the information provided at checkout to find out what problems they might have.

In case there are multiple orders with different billing addresses and names, but they all share the same shipping address, this can be a sign of fraud.

Check the IP address

The IP address from which an order was placed can indicate potential fraud. You can find the IP address that is associated with the order in Customer section of the Order detail page in your Control Panel → My Sales → Orders, order details page:
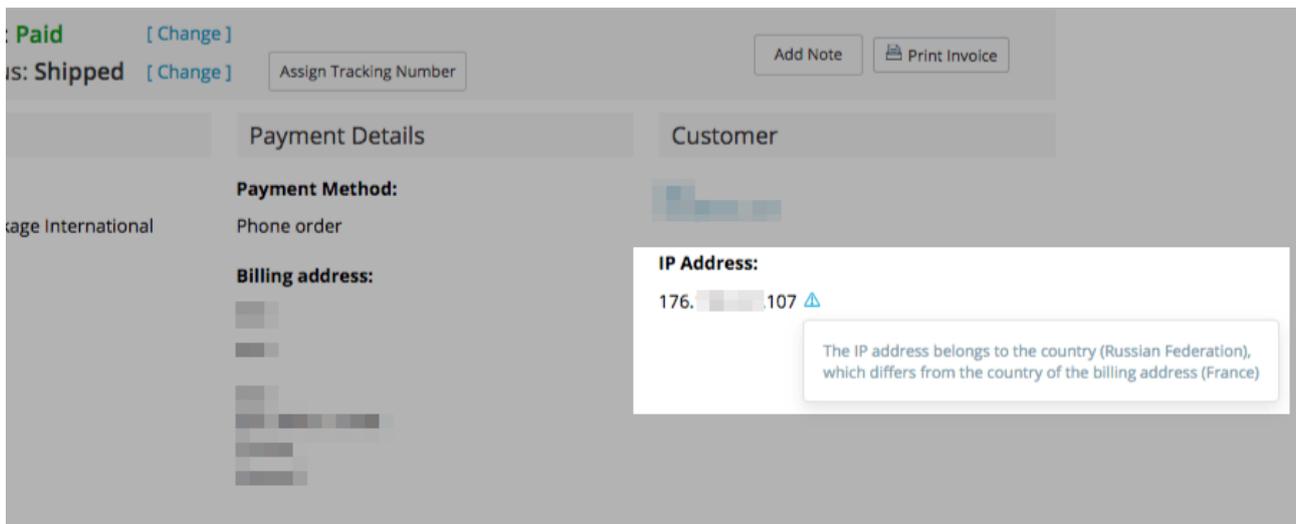
We suggest contacting the customer and verifying the authenticity of the order in case the customer's IP address is located in a different area from their billing address.

You can also use the free web tools to look up the geolocation and other information about a specific IP address: http://www.whatismyip.com/, https://whatismyipaddress.com/, https://www.ip2location.com/

What is a chargeback?

If you accept credit cards in your online store, you might have to deal with chargebacks. A chargeback is a demand made from a bank to return funds to a cardholder.

When a cardholder has an issue with a charge on their card, they contact their bank and dispute this charge. The cardholder can be your customer or just a person who thinks that their card was fraudulently used for buying something in your store.

The bank opens a dispute for a chargeback and you can try to resolve it by replying and providing evidence that the transaction was legitimate.

Chargebacks can happen if a credit card or PayPal account was used illegally for buying something in your store. If you receive a chargeback, you need to contact your payment processor immediately to resolve the chargeback and get paid