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Always verify address when key-entering credit card transactions

It's generally isn't a good idea to key-enter credit card transactions – it costs you more to process these sales and, especially in cases where the card isn't present, opens your practice up to the possibility of fraud. Still, there are times when you won't have a choice but to key-enter a client's credit card number (and if you have a mail order component to your business, key-entered transactions are the norm).

When performing key-entered transactions there is a way to limit the likelihood of foul play by ensuring that the billing address supplied to you by the client matches what is on file with the credit card company. Verifying the billing address is simple and helps to protect your practice from a chargeback, which is a dispute over the transaction with the client. Your processing terminal will prompt you to enter the card holder's address. Depending on the type of terminal you utilize, you may be prompted for the full address, the street address or just the zip code.

To determine whether the billing address supplied to you by the client matches the address on file with the credit card company, you need to examine the printed receipt. While the terminal will approve the dollar amount of the transaction, it does not verify the address. It is your responsibility to do this by taking a look at the receipt.

When examining a receipt to determine whether the addresses match, look at the AVS (Address Verification System) slot (see accompanying diagram). For key-entered transactions you will find a "Y" or "N" printed in this slot. A "Y" indicates that the billing address supplied by the client matches that on file with the card company. An "N" tells you that the address doesn't match the card company's address and you need to verify it a second time. The client may have supplied you with a work address or the address to a second home. Or they may have given you their physical address, but the billing address is a PO Box number.

If the client is unable to supply you with the correct address, you have the right to void the transaction and seek another form of payment. You will need to explain to the client why you are unable to accept his/her card and the importance of verifying the correct address information.

While you may always be diligent about verifying addresses for key-entered transactions, you need to ensure that your employees are also following the correct protocol. While the credit card terminal will prompt the user to enter the client's billing address, it is easy to bypass this request and simply complete the sale.

Failing to verify the client's address for key-entered transactions can have costly consequences. If the address wasn't verified on the receipt (an "N" was present) and a chargeback occurs, the card company will hold you fully liable for the dispute because you did not follow correct card acceptance procedures. Verifying that the addresses match with a "Y" printed on the receipt shows the card company that you followed procedure; this gives you a stronger leg to stand on in defense of chargeback accusations.

If your terminal is not prompting for address information during a key-entered transaction, call Michele, Ken, or Nicholl, RCSC's credit card processing in-house experts, immediately and they will help you rectify the problem. They can be reached by calling (800) 442-3589.