

## 6-10. Disputes, Defective Items and Fraudulent Transactions

a. Cardholders must protect the Army's interest by initiating disputes when applicable. Failure to do so can result in administrative or disciplinary action. The steps below outline the process for disputing a charge:

- 1) Attempt to resolve any issue directly with the merchant prior to initiating a dispute.
- 2) Document all available information and attempts to correct the dispute. This information will become part of the supporting documentation.
- 3) Initiate the dispute in the bank's EAS (only after failing to resolve the issue with the merchant) as early as possible, but within 90 days from the posted date of the transaction.
- 4) Respond to any bank requests for additional information.

b. If items or services purchased are faulty or defective, the CH will obtain a replacement or repair of the item or re-performance of the service as soon as possible. If the merchant refuses to credit, replace, repair the faulty item, or re-perform the service to satisfaction, the CH will dispute the transaction.

c. Transaction errors, such as duplicate billing, non-receipt or cancellation of supplies or services, returned supplies, invoice amount discrepancies, transaction paid by other means (e.g., split payments w/another organization), must be handled initially between the cardholder and the merchant. If the merchant is unwilling to accommodate a resolution, the cardholder will file a dispute in the bank's EAS. If a dispute is resolved in favor of the cardholder, a credit will be placed on the cardholder's statement. If the dispute is resolved in favor of the merchant, a letter will be sent to the cardholder explaining the decision and, since the charge was already paid, no further action will be taken.

d. If the CH discovers fraudulent transactions (e.g., use of a lost or stolen card) on the statement, the CH will immediately contact the bank's Customer Service Department. The CH should also notify his A/OPC and BO of any fraudulent activity. If fraudulent activity is confirmed (which means a third party has gained access to the account), the bank will terminate the account and replace it with a new account number. All account information will transfer to the new account and the CH will continue to work with the servicing bank to resolve the fraudulent transactions.

e. The servicing bank must ensure that adequate controls are in place to ensure the security of transaction data within their EAS. Only the CH or BO can approve, dispute, or reallocate purchase card transactions. The servicing bank must ensure that adequate controls are in place within their data warehouse to preclude anyone other than the BO from accessing, making changes and certifying the monthly billing statement.

**Parent topic:** [Chapter 6 - Operational Guidance and Procedures](#)