

Processing Credit Card Chargebacks


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This guide explains processing a chargeback for credit cards. It is intended for advanced users.

A chargeback can happen as part of a [product return](https://aace6.knowledgeowl.com/help/understanding-processes-for-customer-returns) when a customer disputes the credit card charge. The bank issues funds to the buyer, then levies a fee on the seller. Because the bank has already refunded the customer, you should account for the return without issuing a refund to avoid a double refund.

1. From the Main Menu, go to **Accts Receivable > Receipts**.
2. Locate the Posted receipt for the transaction.
3. Select **Actions > Create Adjustment**.
4. Enter the **Adjustment Date**, then select **Continue**.
5. In the **Deposit On** field, enter the actual date of the chargeback.
6. Select **Save**, then select **Cancel**.

The receipt remains Pending.

7. Select the **Admin Actions icon** () > **Post without Payment Processing > Post**.
8. From the Main Menu, go to **Accounting > General Journal**.
9. Select **New > Journal Entry** to create a new journal entry to address the chargeback fee:

- Enter the necessary data for the journal entry.
- In the Entry Items section, select the bank account the fee was taken from. Enter the full fee amount in the Credit field.
- In the Entry Items section, select the bank account for fees. Enter the full fee amount in the Debit field.

This bank account could be one set specifically for chargebacks, refunds, or fees. Consult with your accountant to ensure you are using the most appropriate account for the situation.

