



A
Winning
HAND:

Addressing Delinquent, Disputed and Fraudulent Transactions

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Delinquencies

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Agenda - Delinquencies

- Timelines
- Reporting
- Rolling Balances
- Hidden Delinquencies
- Missing Payments
- Prompt Payment Interest
- GFEBS
- S1 Accounts
- Government Services Research
- Credit Balances
- Who to Call
- Questions?



Delinquency Timelines

- 45 days past billing date - LPN (Late Payment Notice) is sent
- 61 days past due (91 days from billing) - Account suspended (M9 Status)
- 181+ days past due - May result in suspension of the entire level 4 agency
- 210 days past due – Charge off
- “Past Due” vs. “Past Billing”



Reporting

- PMO Reports
- U.S. Bank Access[®] Online reports
 - Delinquency report
 - Suspension/Cancellation report
 - Certification
 - Transaction/Dispute reporting
 - Payment and Prompt Payment Act Interest report
 - Shows regular and interest payments for two years



PMO Delinquency Reports



Government Services

CPP Delinquency Report (Combined Totals Items)

As of: Wednesday, May 19, 2010

Cycle Balance	Current	1-30 DPD	31-60 DPD	61-90 DPD	91-120 DPD	121-150 DPD	151-180 DPD	181+ DPD
\$358,665,697.36	\$335,487,426.50	\$21,113,008.05	\$1,746,539.98	\$302,958.68	\$10,062.40	\$4,704.45	\$997.30	\$0.00
Number of Accounts		900	152	36	5	4	1	
Delinquency Percentage		1+ DPD % 6.4624%	31+ DPD % 0.5758%	61+ DPD % 0.0889%	91+ DPD % 0.0044%	121+ DPD % 0.0016%	151+DPD % 0.0003%	181+DPD % 0.0000%
Total for Suspensions: Report as of 5/19/2010		\$0.00	\$1,017.00	\$1,142.00	\$2,234.55	\$1,109.03	\$1,129.02	\$618.33



Government Services

CPP Delinquency Report (00021 Items)

As of: Wednesday, May 19, 2010

LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5	Billing Official #	Billing Official Name	1-30 DAYS	31-60 DAYS	61-90 DAYS	91-120 DAYS	121-150 DAYS	151-180 DAYS	181+ DAYS	Account Status	90+ Balance
21	11	1111	12345	xxxx-xxxx-x123-4567	BOB SMITH	\$7,510.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	T9	\$0.00
21	11	1111	12346	xxxx-xxxx-x123-4568	JOE COOL	\$62.61	\$407.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
Subtotal for Level 3: 00011						\$7,573.43	\$407.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
21	22	2222	87654	xxxx-xxxx-x987-6543	JANE DOE	\$124.47	\$32.46	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
Subtotal for Level 3: 00022						\$124.47	\$32.46	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00



Online Reporting

- PDF
- Browser
- Excel

Name	Account Number	Current Balan	Total Past	D30 Days	60 Days	90 Days	Bank Number	TBR Level 1	TBR Level 2
JOHN SMITH	*****4555555551	\$3,657.09	\$2,703.51	\$2,703.51	\$0.00	\$0.00	3058	47163	00021
JOE COOL	*****4555555552	\$1,134.33	\$1,134.33	\$1,134.33	\$0.00	\$0.00	3058	47163	00021
JANE DOE	*****4555555553	\$23,772.24	\$8,323.03	\$8,323.03	\$0.00	\$0.00	3058	47163	00021
BOB JOHNSON	*****4555555554	\$2,887.91	\$486.38	\$486.38	\$0.00	\$0.00	3058	47163	00021
ANN OLSEN	*****4555555555	\$4,857.15	\$3,235.80	\$3,235.80	\$0.00	\$0.00	3058	47163	00021



Transactions/Disputes

- Resolved in favor of cardholder – credit issued
- Resolved in favor of merchant – no credit
- All disputes, whether they were initiated in Access Online or not, will appear on the Dispute report

Name	Account Number	Managing Account	Trans Date	Posting Date	Cycle Close D:	Trans Amour	Disputed	Dispute Status	Dispute Status Date	Merchant Name
JOE COOL	*****000111111	*****4555592511	2008/05/28	2008/05/29	2008/06/19	\$139.00	Y	Unresolved		ZAP*ZAPPOS.COM
JOHN SMITH	*****100011112	*****4555592578	2008/05/12	2008/05/13	2008/05/19	\$88.15	Y	Resolved in Favor of Cardholder	2008/05/22	GSA-FSS-ADV
JOHN SMITH	*****100011112	*****4555592578	2008/05/12	2008/05/13	2008/05/19	\$88.15	Y	Resolved in Favor of Cardholder	2008/05/22	GSA-FSS-ADV
JANE DOE	*****000111113	*****4555599573	2008/05/27	2008/05/27	2008/06/19	\$9.10	Y	Resolved in Favor of Merchant	2008/07/01	CENTER COMPANY
BOB JOHNSON	*****000111114	*****4556159211	2008/05/15	2008/05/19	2008/05/19	\$359.40	Y	Resolved in Favor of Merchant	2008/05/28	STARTLOGIC, INC
ANN OLSON	*****000111115	*****4556565862	2008/06/02	2008/06/03	2008/06/19	\$112.29	Y	Unresolved		STANLEY SUPPLY & SVCS



Rolling Balances

- Unpaid balances carry forward and are included in the new balance due
- Payments and merchant credits are applied to the oldest, open balance
- Delinquency buckets reflect total past due, but may not indicate which statement was unpaid or short paid



“Hidden Delinquencies”

- Payment intended for a current statement is applied to the oldest, open balance
- Past due account falls off of Delinquency reporting and appears again after cycle
- EDI Accounts – Delinquency report after cycle
- Non-EDI – Current billing activity vs. account balance



Missing Payments

- Contact U.S. Bank if your records indicate payment has been made
- Payment information
 - Payment date
 - Full amount (including interest penalty)
 - Method (check, EFT)
- EDI rejects



Prompt Payment Interest

The Prompt Payment Act states that interest penalty must be paid if payment is not made within 30 days of receiving a proper invoice

- EDI Accounts
 - Clock starts at cycle date
 - DFAS automatically calculates interest
- Non-EDI Accounts
 - Paperless accounts start the day after cycle when the statement is available in Access Online



Disputed Transactions

- EDI Accounts
 - Disputes paid up front
 - No adjustment needed for credits
- Non-EDI Accounts
 - Pay and confirm
 - If withheld, must be added back to payment once resolved
- Access Online reporting



GFEBBS

- Payments paid by line of accounting
- Rejected lines of accounting can cause short pays
- Missing payments can be located using the Account Allocation report in Access Online
 - Reporting, Financial Management, Account Allocation
 - Match payments received to each line of accounting to locate missing payment



S1 Accounts

- Air Force, Air Guard and a few Tenets
- Must final approve within 60 days
- May be suspended by your A/OPC at 30 days
- Suspension 1st Monday after cycle
- Reinstatement only on Mondays
- Suspensions independent of delinquency status
- Account is terminated if not final approved when available in Access Online – 6 Months



Managing Account Approval Status

Account Number	Account Name	Close Date	Statement Amount	Status Type	Current Status	Status Date	Approver Name
*****455555551	JOHN SMITH	2007/05/18	\$11,531.22	Approved - AO	Pending		
*****455555551	JOHN SMITH	2007/05/18	\$11,531.22	Certified - BO	Pending		
*****455555551	JOHN SMITH	2007/05/18	\$11,531.22	Certified - FSO	Pending		
*****455555552	JOE COOL	2007/05/18	\$281.89	Approved - AO	Pending		
*****455555552	JOE COOL	2007/05/18	\$281.89	Certified - BO	Pending		
*****455555552	JOE COOL	2007/05/18	\$281.89	Certified - FSO	Pending		
*****455555553	JANE DOE	2007/05/18	\$9,383.75	Approved - AO	Approved - AO	2007/06/14	DOE, JANE
*****455555553	JANE DOE	2007/05/18	\$9,383.75	Certified - FSO	Certified - FSO	2007/06/15	DAVIS, BEN
*****455555553	JANE DOE	2007/05/18	\$9,383.75	Certified - BO	Pending		
*****455555554	BOB JOHNSON	2007/05/18	\$1,978.85	Approved - AO	Approved - AO	2007/07/27	JOHNSON, BOB
*****455555554	BOB JOHNSON	2007/05/18	\$1,978.85	Certified - FSO	Certified - FSO	2007/07/27	DAVIS, BEN
*****455555554	BOB JOHNSON	2007/05/18	\$1,978.85	Certified - BO	Pending		
*****455555555	ANN OLSEN	2007/05/18	\$705.92	Approved - AO	Approved - AO	2007/07/06	OLSEN, ANN
*****455555555	ANN OLSEN	2007/05/18	\$705.92	Certified - FSO	Pending		
*****455555555	ANN OLSEN	2007/05/18	\$705.92	Certified - BO	Certified - BO	2007/07/06	OLSEN, ANN



Tips – EDI Accounts

- Certify as soon as possible
- Produce Delinquency reports from Access Online the day after cycle
- Name alternate Billing Officials for deployed account holders
- Take action on past due accounts, or accounts that are not paid in full



Tips – Non EDI Accounts

- Monitor current billing activity vs. account balance
- Forward required documentation to your Finance office as soon as possible
- Monitor all disputes for expected resolution
- Keep track of all unpaid transactions
- Take action on past due accounts, or accounts that are not paid in full



Recoveries and Reconciliations

- Government Services Research
 - Recoveries
 - Reconciliation
 - Payment research
 - Credit balance refunds



Credit Balances

- Quarterly refunds
 - Include rebates and merchant credits on a net credit line of accounting
- 6 month credits
- Miscellaneous credits
 - Overpayments
 - Duplicate payments



Invoice Services Contacts

Greg Wixo - phone: 701-461-3250
Email: gregory.wixo@usbank.com

Level 2	Level 3's
21 - Army	30 thru 54, except 37
21 - Army	56 and 57
21 - Army	59 and 60
21 - Army	66, 67, 68, 71, 73, 75, 76 & 78
21 - Army	82 & 89

Darby Amundson - phone: 701-461-3270
Email: darby.amundson@usbank.com

Level 2	Level 3's
21 - Army	12 thru 21
21 - Army	55
21 - Army	94
22 - Army CP	ALL



Invoice Services Contacts

Andrea Ramsett - phone: 701-461-3914

Email: andrea.ramsett@usbank.com

Level 2	Level 3
21 - Army	3 thru 11, 37
21 - Army	58
21 - Army	65
21 - Army	72, 74 and 77
21 - Army	84 thru 86
21 - Army	90
21 - Army	99
57 – Air Force	ALL
97 - Defense Agencies	ALL

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Questions?



Disputes and Fraud

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Agenda – Disputes and Fraud

- Dispute Definition
- Timeframes
- Valid Disputes
- Invalid Disputes
- How to Initiate
- Dispute Process
- Case Example
- Dispute Status
- Fraud Definition
- Analyzing Fraud
- Fraud Process



Dispute

Definition

Cardholder does not recognize a transaction or has been unable to resolve an erroneous billing to their credit card

Cardholder Requirements

- Attempt to resolve with merchant
- Provide detailed explanation
- Notify within 90 days of transaction date
- Respond promptly to requests



Timeframes

- Guidelines

- To preserve dispute rights, a dispute must be received within 90 days from the date of the transaction date
- Disputes can be initiated within 90 days of the transaction date even if previously approved in Access Online
- Extensions
 - Delayed delivery
 - Quality of services – U.S. transactions only
- No extensions
 - Draft request, not a valid dispute, does not preserve your dispute rights!



Valid Disputes

- Unrecognized/Unauthorized
 - Unauthorized requires account to be closed
- Duplicate charge
- Merchandise/Services not received
- Returned merchandise
- Cancelled
- Incorrect amount
- Paid by other means
- Defective merchandise
- Quality of service



Invalid Disputes

- Sales tax
- Shipping and handling
- Exchange rates
- Convenience checks
- Credits/Re-bills
- Government service rebates
- Different fiscal year
- Wrong customer's account
- Unofficial/Unauthorized cardholder purchases, cardholder abuse



How to Initiate a Dispute

- Access Online
 - <https://access.usbank.com>
- Customer Service
 - 888-994-6722
- Mail
 - U.S. Bank Government Services
 - PO Box 6347
 - Fargo, ND 58125-6347
- Fax
 - 866-457-7506



Dispute Process

- Cardholder disputes transaction
 - Dispute reason
 - Identify original cause
 - Relevant information/documentation
- Transaction suspended
- Dispute researched
 - Visa® regulations
 - Additional information obtained
 - Transaction receipt
 - Contact customer



Dispute Process

- Charge back to merchant
 - Cardholder receives provisional credit
- Merchant rebuttal
 - Up to 45 days from chargeback date
 - Additional information
- Updated cardholder response
- Arbitration



Dispute Example

- Cardholder contacts Customer Service to dispute transaction as paid by other means
 - Cardholder asked to provide:
 - Attempt to resolve with merchant
 - No longer in business
 - No response
 - Credit not received
 - Documentation to prove case
 - Cash receipt
 - Cancelled check
 - Other credit card statement
- Transaction suspended



Dispute Example

- Customer response
 - Valid charge – Suspension removed
 - No response – Suspension removed
 - Provides proof of payment
- Case reviewed
 - Documentation meets requirements
 - Visa timeframes
- Chargeback to merchant
 - Cardholder receives credit



Dispute Example

- Merchant rebuttal
 - Additional information
 - Merchant credit
- Updated cardholder response required
- Case reviewed
 - No cardholder response - Customer re-billed
 - No recourse - Customer re-billed
 - Additional recourse - Arbitration
- If re-billed - customer will be notified by letter



Dispute Status

- Contact Customer Support
 - 866-540-9904
- Contact Dispute Representative
- Access Online
- Contact Customer Service
 - 888-994-6722



Fraud

Definition

Third-party, unauthorized use of a charge card or cardholder identity

Cardholder Requirements

- Close card
- Statement of Fraud
- Notify within 90 days of transaction date
- Respond timely to requests for information



Fraud

- Cardholder contacts Customer Service due to unauthorized transactions
 - Unable to initiate fraud through Access Online
 - Account is closed and new account established
 - Balance transferred to new card
 - Unposted charges-line item appears on new card
 - Unauthorized statement sent to cardholder for signature
 - Statement of Fraud



How to Initiate a Fraud Case

- Card lost/stolen compromised
 - Call Customer Service
 - 888-994-6722
 - 701-461-2232 (Collect)
- Fraud activity on account
 - Call Fraud and Disputes Service Solutions Team (FDSS)
 - 800-523-9078
 - 701-461-4042 (Collect)



Analyzing Fraud

- Each business day, the previous day's fraud cases are reviewed for new fraud trends.
- As the analytics team identifies new trends they adjust or create strategies to detect and stop these trends
- Two types of fraud rules provide an effective protection system against fraud
 - These rules are monitored regularly to ensure they are performing as designed and are updated or deleted as needed
 - Real-time rules
 - Near-time rules
- Rules are proprietary and considered U.S. Bank Confidential



U.S. Bank Fraud Prevention Rules

- Real-time rules decision at the point of sale to block potential fraud, the transactions are either referred or declined
 - If charge is legitimate, merchant can call Customer Service for manual authorization
 - Cardholder may need to speak to the Customer Service Advisor to verify the account
- Near-time rules provide the bank an opportunity to block subsequent fraud attempts
 - If a transaction triggers a near-time rule, the account will be placed in a queue for a fraud representative to review the activity
 - The account may also have an FR credit rating (Referral Status) added to the account to ensure cardholder calls to validate transaction history



What happens if Fraud is confirmed?

- Card will be closed
 - F1 status and new number created
 - Company number changes to 99998 during overnight processing.
 - TBR Levels are purged from the original account number
 - Removed from reporting
- Notations added to the card
- Case submitted in fraud system
- Any follow-up questions are directed to FDSS



Day 2 Fraud Process

- The case appears in a case processing queue the following business day
- Fraud process runs which changes the following data on the fraud card
 - Change credit rating from F1 to FA
 - Address to Fraud's PO Box
 - Agent number changed to 9998
 - Statement hold code added to account



Credits and Paperwork

- Fraud cases must be initiated within 90 days of the transaction date
 - All fraud transactions will be moved back to the fraud account while the case is worked, so credits may appear on the new account
 - If valid transactions post to the old account after the card is closed, those transactions will be manually moved to the new account
- Once all transactions have been moved to the correct account, the statement of fraud will be generated reflecting all of the fraudulent transactions



Statement of Fraud

- Statement of Fraud must be received by U.S. Bank before we can initiate any requests to the merchant.
- When the Statement of Fraud is received by the fraud case processor they will do the following:
 - Make sure it was received within time frames
 - Deny claim
 - Past time
 - Other reasons (i.e. not a legitimate fraud claim)
 - Chargeback to the merchant/credit to the account



Time Frames

- Case Processing will typically issue credits for fraud transactions within 10 business days
- Cardholder will typically receive the Statement of Fraud within 2 weeks
- Statement of Fraud due date is within 3 weeks of mail date, if not received within 2 weeks, a reminder letter is sent
- Additional fraud charges are found by the cardholder
 - Cardholder should contact customer service/FDDS team to add newly identified fraudulent transactions
- All fraud activity must be reported within 90 days of the transaction date



Chargeback or Not to Chargeback?

- Do we have chargeback rights?
- Governed by Visa regulations
 - Many factors must be considered in each situation
 - Regulations change on a regular basis throughout the year
- Rule of thumb
 - All cases are reviewed and a decision is made based on the investigation and documents sent by the merchant
 - Time Frame Limitations, we must receive notice within 90 days of the transaction date or we cannot charge the transactions back to the merchant



Questions?



Thank You

Presentations will be available on
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after the conference

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