



Solution

No Show Best Practices

Managing No Show Chargebacks

For hotels and inns, no shows are an increasing part of business. However, if a guest disputes a no show charge, the resulting chargeback can cost the hotel time and money to resolve. This guide will help your hotel navigate no shows and address any chargebacks that occur.

Why No Shows Occur

Sometimes a no show occurs simply because the guest didn't know the deadline to cancel his or her reservation had passed. However, there are other possible explanations:

- The guest accidentally made multiple reservations
- The guest went to another location of the chain
- The guest called to cancel the reservation, but was either too early for it to show up in the system or too late to meet the cancellation deadline
- The hotel made an administrative error, such as canceling the wrong reservation

How to Help Reduce No Show Chargebacks

When the Reservation Is Made:

- Clearly communicate your cancellation policy, including the fee for a no show
- Send written notice or confirmation, especially if the reservation is made online
- Obtain all relevant information from the guest, including their name, card account number, card expiration date, authorization, address, phone number and proof of terms and conditions acceptance
- Make the room available until checkout time the following day

If There's a Problem With the Reservation:

- Try to resolve the conflict with the cardholder right away. Make sure you explain the conflict in writing
- Provide similar or better accommodations if the reserved room is unavailable

During the Stay:

- Authorize every transaction and only in the required amount. Authorizations are valid if a card expires, as long as the card was valid when the guest checked in
- Let the guest cancel if they are unsatisfied with the initial condition of the room

Best Practices for All Chargebacks

- **Process correctly.** Processing transactions on time and in the proper manner can help reduce disputed charges
- **Use a clear descriptor.** When your guest sees your hotel charge on their card bill or statement, your hotel name should be clear. The guest may question the charge if they don't recognize where it came from

- **Protect your business.** Validate the cardholder's identity when they present a card in person, and use fraud tools when accepting cards over the phone or internet. Also, be sure your software is updated so your business is equipped with the latest security
- **Maintain records.** Keep sales receipts and other transaction information in case you need to defend yourself against a chargeback. It's best to keep transaction records for a minimum of two years

What a No Show Chargeback Looks Like

If you receive a chargeback request, you will see one of several codes, depending on the reason for the dispute. Below are a few of the most common reason codes.

Visa®

- Reason code 13.1 – Merchandise/Services not received
- Reason code 13.3 – Not as described or defective merchandise/services
- Reason code 13.6 – Credit not processed

Mastercard®

- Reason code 53 – Cardholder dispute – defective/not as described
- Reason code 54 – Cardholder dispute – not elsewhere classified
- Reason code 55 – Non-receipt of merchandise/services
- Reason code 59 – No show, addendum and ATM disputes

American Express®

- Chargeback code C18 – Card member was billed for lodging services he/she claims to have canceled

What to Do If You Receive a No Show Chargeback

Here are some methods to dispute common No Show Chargebacks:

- If the guest claims they canceled their reservation but did not, provide documentation that no cancellation was received
- If the guest argues that they canceled the reservation on time but did not, show that they canceled after the deadline
- If you could not keep the guest's reservation and placed them in alternate accommodations but the guest says you did not, send documentation that shows the guest received different lodging and only paid for the replacement lodging
- If the guest argues that the no show fee is not the amount they expected, show that you quoted the right amount. If you charged a different fee, show that the guest authorized this change



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