



## Best Practices for Validating Online Travel Agencies (OTA) Guest Credit Cards and Managing Disputes

This document provides an overview for managing OTA guest credit cards. The best way to deal with potential credit card disputes is to defend against them before they occur. Being prepared in advance can also help reduce the risk of future chargebacks. Utilize these guidelines and best practices when managing guest payments during booking, check-in and after stay processes. Please direct any questions to [ebusinessinitatives@bestwestern.com](mailto:ebusinessinitatives@bestwestern.com).

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## Pre-Arrival: Validating Guest Credit Cards

### Prior to receiving a booking:

- Always ensure your rates, taxes, fees, and policies are clearly defined.

### At the time of booking:

- Ensure a confirmation is sent to the guest with dates, times, and charges associated with their reservation.
- Ensure your cancellation policy is clearly communicated and outlined in the guest confirmation, including the fee for no-shows and the deadline to cancel the reservation without penalty.
- Verify that the name on the reservation matches the name on the payment method and the reservation includes the card account number, card expiration date, authorization, address, phone number, and proof of terms and conditions acceptance.
- Process a pre-authorization (pre-auth) on the guest credit card.

### Pre-authorization process:

It is strongly recommended that the hotel process a pre-auth of the guest credit card at the time of booking to ensure validity. This practice can help reduce instances of fraud.

- Follow the pre-auth procedures outlined by your merchant provider for guest credit cards.
- DO NOT process a pre-auth on an OTA Virtual Credit Card (VCC). The VCC is guaranteed payment from the partner and not a guest.

Where to find the OTA guest credit card and contact details:

- Booking.com:
  - For pre-auth purposes, guest credit card details can be viewed up to three (3) times after the reservation is made. These details are found within the Reservations page in Booking.com's Extranet.
- Expedia:
  - Hotel Collect Bookings:
    - For pre-auth purposes, guest credit card details are available for 72 hours after the reservation is made. These details are found within the Reservation Details page in Expedia Partner Central (EPC).
  - Expedia Collect Bookings:
    - When a guest makes a reservation, payment is collected by Expedia. Expedia will provide payment to the hotel through a single use VCC. Do not process a pre-auth.
- Priceline Agoda:
  - When a guest makes a reservation, payment is collected by Priceline Agoda. Priceline Agoda will provide payment to the hotel through a single use VCC. Priceline Agoda refers to this virtual card as a Unique Payment Card (UPC). Do not process a pre-auth.

When a pre-auth is declined or the credit card is invalid:

- If the credit card pre-auth is declined or the credit card is determined to be invalid, the hotel will need to reach out to the guest to obtain a different credit card to guarantee the booking.

- If the guest cannot be reached, follow the requirements associated with the source of booking to reject the reservation. Details can be found on each partner's extranet.
- If you notice a recurring pattern in declined guest credit cards, contact your OTA Market Manager and provide the necessary details. They can pass this information to their fraud department and use it to continue to evolve their security practices.

## Post-Arrival: Managing Bookings to Reduce Credit Card Disputes

A chargeback is a transaction that has been disputed and returned by the Cardholder/issuer for various reasons. The reason will be clearly defined in the chargeback documentation.

- Refer to your Merchant Service Provider documentation for additional details and best practices.

### At check-in:

- Verify that the name on the guest folio matches the name of the Cardholder embossed on the credit card.
- Obtain a signed registration document, when possible.
  - Make sure to include on the registration document the nightly rate(s), length of stay, payment method, and what types of charges will be billed to the credit card (e.g., room and tax, resort fee, incidentals, room service charges, parking, pet fees, etc.).
- Authorize the guest credit card for the expected total amount of the stay.
  - The hotel is required to obtain authorization on all transactions.
  - Multiple authorizations may be obtained between the check-in and check-out date ensuring the amount of authorization is within 15% of the actual transaction amount.
  - If the actual transaction amount is more than the total authorization, an additional authorization is required for the difference.
  - When a decline, pick up, or other non-approved authorization response is received, a different form of payment should be requested. Please ensure authorizations are processed properly including merchant name and proper Merchant Category Code (MCC) assignment. This will enable the issuer to make better authorization decisions.
- If the card is unable to be swiped, follow the "Keyed No Imprint" procedure. If the card is lost, follow the "Emergency Check-In" procedures.
- For Mobile/Virtual check-in, be sure to set up a required username and password to your hotel app for your guest.
  - Submit all Mobile/Virtual check-in charges under the "Card-not-Present" and "CardMember-not-Present" codes.
- Accept "Chip and PIN" or "Chip and Signature" cards, when available, as they are the best tool to fight fraud.
  - These cards may also be referred to as EMV (Europay, MasterCard, and VISA), the three companies that originally created the standard.
- For VCC's, be sure to authorize only allowed charges (e.g., room, tax, breakfast, etc.). Do not over-authorize or authorize more than once, as these will result in the VCC being declined.

### After the stay:

- Provide a detailed receipt of all charges to the guest.
- The credit card cannot be used to bill damages, losses, penalties, or fines.

- You must follow the merchant agreement with your Merchant Services Provider. Have the Cardholder sign a separate charge invoice for the damages and submit as a separate transaction.
- Prohibited charges include smoking penalties, excessive cleaning charges, dishonored checks, cash advances, loss of use, and damage to property.
- For group, event, and/or 3rd party billing, be sure to document the Cardholders name as well as any other individuals who will incur charges. Have the Cardholder sign the agreement.

## Managing No-Show Reservations

A no-show occurs when the guest has made a reservation that is guaranteed with a credit card, or required a full or partial payment at the time of booking, but has failed to arrive or cancel by the deadline.

### On the expected arrival date:

- Hold the room until check-out time the following morning.
- If the guest does not arrive, or does not cancel in accordance with the cancellation policy, you may charge the amount allowed per the cancellation policy, including taxes.
  - Process the appropriate amount entitled in accordance with the policy requirements on the guest credit card or Virtual Credit Card (VCC).
  - If applicable, to ensure the appropriate commission is calculated, follow the steps outlined by each partner to manage no- shows and cancellations inside the cancellation policy window.

## Managing 3<sup>rd</sup> Party Credit Card Payments

On occasion, a 3<sup>rd</sup> party credit card holder may request to pay for a confirmed guest's reservation, i.e., the guest is traveling for a job interview and the potential employer will be paying for the reservation.

### Prior to the arrival date:

- The hotel should follow their pre-pay rules and requirements for the 3<sup>rd</sup> party credit card holder.
- The hotel should communicate their policy to the 3<sup>rd</sup> party if a guest will be required to present a credit card at the time of check-in for incidental charges.

## Defending Against an Inquiry or Chargeback

- Always respond by the "Reply by Date" provided by your Merchant Services Provider.
- Provide all requested documentation and any additional relevant information.
  - Provide a copy of the reservation and written confirmation that was sent to the guest at the time of booking, including the cancellation policy and guarantee to the guest's credit card.
  - Provide the guest name and any other personal information available (e.g., address, email, phone, etc.).
  - State that the guest was a no-show, or cancelled after the deadline, and provide proof of the relevant date and time.
    - If the guest claims they cancelled their reservation, but did not, provide documentation that no cancellation was received.

- If the guest argues that they cancelled the reservation on time, but did not, provide supporting documentation showing that they cancelled after the deadline.
- If the guest argues that the no-show fee is not the amount they expected, provide supporting documentation showing the amount quoted. If a different fee was charged, provide documentation showing that the guest authorized this change.
- Completely address the dispute reason in your written response.

## **Credit Card Company Best Practices**

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