

19th April 2023

NPCI/UPI/OC165/2023

To,

All UPI members – Banks, PSPs,
Third-Party Application providers (TPAPs),
Payment Aggregators / Payment Gateways (PAs/ PGs)

Subject: - Implementation of advanced refund API as part of UPI Help (UDIR)

Reference is drawn to RBI circular RBI/2020-21/21 DPSS.CO.PD No. 116/02.12.004/2020-21, "Online Dispute Resolution (ODR) System for Digital Payments", dated 6th August 2020 and NPCI's Operating Circular No. 98 "UDIR – Enhancing Complaint handling & Resolution process for UPI Transactions" dated 24th November 2020 and Operating Circular No. 145/A "Final implementation timeline for "ODR - Enhancing Complaint handling & Resolution process for all UPI users" dated 19th August 2022.

In line with the above circulars, UPI participant Banks and TPAPs have implemented online dispute resolution process (UPI Help) for handling and resolving customer complaints. This feature (UPI Help) is currently helping to resolve customer complaints/ queries swiftly and in a seamless manner.

To ensure UPI Help experience to users and merchants, all the merchant acquiring entities (Entities who acquire the merchants i.e., Bank, aggregators, payment service providers, etc.), shall implement below functionalities **by 15th June 2023**:

1. Pre-approved online refund functionality via 'refund API' (with partial or full refund functionality- partial refund introduced in TSD version UDIR TSD UDIR_UPI_TSD_V2.1 dated 1st September 2021).
2. Transaction status to merchant.
 - a. Provide real time check transaction status option to merchant by 'check status API' (Payee PSP to merchant).
 - b. Enabling 'req-complaint API' to merchant platform for real time status of complaints, that can be further provided to their merchants and customers.

Further with reference to RBI Circular RBI/DPSS/2019-20/174 DPSS.CO.PD No. 1810/02.14.008/2019-20 all refunds shall be made through the original method of payment. Not adhering to this will lead to reconciliation/customer issues since there will be no correlation between the original and refund transactions.

3. Merchant acquiring entity (PSP acquiring banks and/or payment aggregator) shall use the existing NPCI back-office (URCS) dispute management system to manage 'refunds.' If the merchant acquiring entity use any other channel for processing 'refunds,' then in case of any issues, liability for such transactions shall be borne by merchant acquiring entity.
4. Merchant acquiring entity shall provide the following to merchants on regular/ periodic/ real time basis:
 - a. Information/ summary of transactions performed along with refund status.
 - b. Access to complaint and chargeback management information/system.

The contents of this circular to be noted for implementation and requisite information to be disseminated to all the concerned officials.

Yours Sincerely,

SD/-

Kunal Kalawatia
Chief Of Product