

NPCI/UPI/OC 208/2024-25

Oct 03, 2024

To,

All Members of Unified Payment Interface (UPI)

Subject – Implementation of NRP & PRD process & arbitration guidelines

Unified Payment Interface (UPI) is an interbank electronic fund transfer and merchant payment services. NPCI has made dispute resolution mechanism for all the stakeholders to facilitate resolution of the customer issues. On analysis of data, it has been observed arbitrations are raised without customer complaint, arbitrations where dispute amount ranging between Rs. 0.29 paisa to Rs. 10. It may also be noted that about 90% of arbitrations are disposed in favour of beneficiary/acquirer bank indicating that remitting/issuing banks may not be doing the due diligence before raising the arbitration. Further, the arbitrations are being rejected by beneficiary/acquiring banks in URCS with no/invalid evidence.

In order to bring process efficiency, to help speedy resolution of customer issues and bring discipline in the UPI ecosystem, a revised process has been worked out. In the new process the flow of chargeback shall be as under:

- i. Chargeback
- ii. Pre-arbitration
- iii. Arbitration
- iv. NRP: NPCI Review Panel
- v. PRD: Panel for resolution of disputes
- vi. RBI (as Appellate Authority)

If the stakeholder against whom the verdict has been given by NRP can appeal to PRD, if not satisfied even with PRD verdict then appeal to RBI as appellate authority. Detailed flow of dispute lifecycle is provided in Annexure I.

Further to the changes detailed above, fee structure shall be implemented for both NRP and PRD process as per the details provided below:

1. NPCI Review Panel (NRP) Processing Fees of 500 + GST per arbitration.
2. Panel for resolution of disputes (PRD) Processing Fees of 3,000 + GST per arbitration.

This shall be effective for the chargeback cases raised from October 05, 2024.

Member banks are advised to make arrangements to handle the chargeback process accordingly. The information herein may please be disseminated for all the concerned.

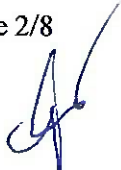
With warm regards,


Giridhar GM
Chief – Customer Success
Encl: Annexure I

Annexure I

A. NRP & PRD Process

| S. No | Existing Process | Revised Process |
|-------|--|---|
| 1) | <p>Panel for Dispute Resolution (PRD)</p> <ul style="list-style-type: none"> - NPCI would endeavour to amicably resolve disputes or differences on raising arbitration. - In case NPCI fails to resolve the issue, PRD process will be invoked. | <p>a) NPCI Review Panel (NRP)</p> <ul style="list-style-type: none"> - NRP Processing Fees of 500 + GST shall be levied for each arbitration case referred to NRP (debit remitting/issuing bank and credit NPCI). - NRP processing fees will be reversed if the verdict is given in favour of the remitting/issuing bank (debit beneficiary/acquirer bank and credit remitting/issuing bank). - NRP processing fees will not be reversed if the remitting/issuing bank withdraws the arbitration. - NRP comprises 3 officials to be part of the NRP, including the Chairman. - NRP will review the documents/supporting evidence submitted by member banks for cases referred accordingly verdict will be given by NRP. - If remitting bank / remitting bank's customer is not satisfied with the NRP decision (if the verdict is in favour of beneficiary/acquiring bank), then remitting bank may refer the case to PRD. - If beneficiary/acquiring bank is not satisfied with the NRP decision (if verdict is in favour of remitting bank), then beneficiary/acquiring bank may refer the case to PRD. <p>b) Panel for Dispute Resolution (PRD)</p> <ul style="list-style-type: none"> - PRD Processing Fees of 3,000 + GST shall be levied for each arbitration referred to PRD (Refer table – B 'Arbitration Lifecycle'). - Refer table – B 'Arbitration Lifecycle' for PRD processing fees reversal process. - PRD processing fees will not be reversed to the bank requesting for PRD withdrawing the PRD case. - PRD comprises 5 officials where 4 are from steering committee and 1 is from NPCI as chairperson. - PRD will review the documents/supporting evidence submitted by member banks for cases referred accordingly verdict will be given by PRD. <p>c) RBI (as Appellate Authority)</p> <ul style="list-style-type: none"> - If any bank is not satisfied with the NRP & PRD decision, bank may refer the case to RBI (as Appellate Authority). <p>Refer below table – B for 'Arbitration Lifecycle' details.</p> |



| | | |
|----|--|--|
| 2) | Customer complaint is not mandatory for raising arbitration by the remitting/issuing bank. | <p>Customer complaint is mandatory for raising arbitration by the remitting/issuing bank (URCS already has the upload attachment option while raising arbitration same option has to be used for uploading complaint copy/screenshot).</p> <p>A complaint copy can be scanned copy of written complaint, unedited copy of email, IVR, tollfree, screenshots of websites/UPI PSP app/social media channels/bank CRM portals etc. raised with banks or regulatory bodies (viz. Ombudsman, CPGRAM, NCH, CEPC, IBA, MeitY etc.).</p> |
| 3) | Evidence mandatory for representing chargeback/pre-arbitration/arbitration. | Refer Table – C ‘Type of Evidence mandatory’ for representing the chargeback/pre-arbitration/arbitration. |

- a) Settlement of NRP fee, PRD fee & Reversal of NRP & PRD fee including GST will be done on daily/weekly basis. Separate Invoice & GST reports will be shared on monthly basis. Once the same is automated in URCS, fee & GST settlement will be done cycle wise and Invoice/GST reports will be shared on monthly basis.
- b) Beneficiary banks should use only front-end option to reject the arbitrations along with necessary evidence (refer table – A ‘NRP & PRD Process’ for details). Do not use bulk option for rejecting the arbitrations and send the evidence through emails which is problem for NPCI/remitting/issuing banks for tracking the arbitration continuation in bulk and corresponding evidence in e-mail. If any beneficiary/acquiring bank sends the evidence through e-mail it will not be considered for any action. NPCI is in process of automating the bulk rejection along with upload bulk evidence, till NPCI provides this solution in URCS beneficiary/acquiring banks should use front end option only for rejection and upload evidence.
- c) Arbitration will be considered as deemed accepted if beneficiary/acquiring bank does not accept/reject the arbitration within TAT of 15 calendar days (from the next day of the arbitration is raised).
- d) RBI customer compensation confirmation: -
 - NPCI provides the NRP/PRD verdict to member banks through email. If the verdict is given in favour of remitting/issuing bank (including deemed acceptance of arbitration), then NPCI will ask beneficiary/acquiring bank for confirming the RBI customer compensation applicability in the same email where verdict is given. Beneficiary/acquiring bank should reply to NPCI on same email within TAT of 3 calendar days.
 - Compensation Confirmation: Same as existing process of AC/AT confirmation (AC for no compensation and AT for settlement of compensation amount) flag should be used for confirmation in email.
 - If the compensation confirmation is not given to NPCI within 3 calendar days from next day of NRP/PRD verdict, then NPCI will settle customer compensation amount on deemed acceptance basis.
 - Once the aforesaid process is automated in URCS, NPCI will discontinue the e-mail process.
- e) Evidence has to be provided at the time of continuing the arbitration. Once the arbitration is continued, thereafter no further evidence is taken into consideration (e.g. Arbitration raised on 1st Oct 2024. TAT for continuing arbitration is 15 days. In this case, evidence has to be provided between 1st Oct 2024 to 16th Oct 2024, no evidence will be considered if sent on or after 17th Oct 2024).



- f) Beneficiary/acquiring bank should put the best efforts to get the proper and valid evidence at the time of rejecting the chargeback and avoid pre-arbitration/arbitration (NRP/PRD). NPCI will analyse all the PRDs periodically and if any bank is found to be submitting proper & valid evidence only in PRDs stage mostly, then NPCI will be take up the matter on non-compliance basis.
- g) Other than above mentioned revised process there is no other changes in arbitration process (viz. dispute TATs, NTSL/DSR, adjustment report, Harmonisation of TAT and customer compensation applicability etc.).

Note: NPCI will send a separate addendum circular, once the development is completed for the above-mentioned points.



B. Arbitration Lifecycle

| Arbitration Stage | Raised By | TAT | TXN Sub Type | Adj Flag | Adj Reason Code | Fund Movement | | | | | | | | | | | |
|--|-----------|--|--------------|----------|-----------------|----------------|----|----------------------------------|-----------|-------------------------|----|---------------------------|------|------------------------|----|------------------------|-----------|
| | | | | | | Dispute Amount | | RBI Customer Compensation Amount | | NRP Fee Rs. 500/- & GST | | PRD Fee Rs. 3,000/- & GST | | Reversal NRP Fee & GST | | Reversal PRD Fee & GST | |
| | | | | | | Dr | Cr | Dr | Cr | Dr | Cr | Dr | Cr | Dr | Cr | Dr | Cr |
| Arbitration | | | | | | | | | | | | | | | | | |
| Arbitration Raise / Deferred Arbitration Raise | REM / ISS | 15 days from next day of Pre-Arbitration Decline | U2 / U3 / UC | AR | 1100 | | | | | | | REM / ISS | NPCI | | | | |
| | | | | FAR | 127 | | | | | | | | | | | | |
| Arbitration Withdraw | REM / ISS | 15 days from next day of Arbitration Raise | U2 / U3 / UC | ACW | 1103 | | | | | | | | | | | | |
| Arbitration Accept / Deemed Accept | BEN / ACQ | 15 days from next day of Arbitration Raise | U2 / U3 / UC | ACA | AT | | | BEN / ACQ | REM / ISS | | | | | | | BEN / ACQ | REM / ISS |
| | | | | | AC | | | | | | | | | | | | |
| Arbitration Continue | BEN / ACQ | 15 days from next day of Arbitration Raise | U2 / U3 / UC | ACC | 1102 | | | | | | | | | | | | |
| NPCI Review Panel (NRP) | | | | | | | | | | | | | | | | | |
| NRP Verdict in favor of BEN / ACQ Bank | NPCI | 30 days from next day of Arbitration Continue | U2 / U3 / UC | | | | | | | | | | | | | | |
| NRP Verdict in favor of REM / ISS Bank | NPCI | 30 days from next day of Arbitration Continue | U2 | | | | | BEN / ACQ | REM / ISS | | | | | | | BEN / ACQ | REM / ISS |
| | | | U3 / UC | | | | | | | | | | | | | | |
| Panel for resolution of disputes (PRD) : NRP Verdict given in favour of BEN / ACQ Bank | | | | | | | | | | | | | | | | | |
| PRD Raise | REM / ISS | 15 days from next day of NRP Verdict given in favour of BEN / ACQ Bank | U2 / U3 / UC | | | | | | | | | REM / ISS | NPCI | | | | |
| PRD Withdraw | REM / ISS | 15 days from next day of PRD Raise | U2 / U3 / UC | | | | | | | | | | | | | | |
| PRD Accept / Deemed Accept | BEN / ACQ | 15 days from next day of PRD Raise | U2 | | | | | BEN / ACQ | REM / ISS | | | | | | | BEN / ACQ | REM / ISS |
| | | | U3 / UC | | | | | | | | | | | | | | |
| PRD Continue | BEN / ACQ | 15 days from next day of PRD Raise | U2 / U3 / UC | | | | | | | | | | | | | | |
| PRD Verdict in favor of BEN / ACQ Bank | PRD | 30 days from next day of PRD Continue | U2 / U3 / UC | | | | | | | | | | | | | | |
| PRD Verdict in favor of REM / ISS Bank | PRD | 30 days from next day of PRD Continue | U2 | | | | | BEN / ACQ | REM / ISS | | | | | | | BEN / ACQ | REM / ISS |
| | | | U3 / UC | | | | | | | | | | | | | | |
| Panel for resolution of disputes (PRD) : NRP Verdict given in favour of REM / ISS Bank | | | | | | | | | | | | | | | | | |
| PRD Raise | BEN / ACQ | 15 days from next day of NRP Verdict given in favour of REM / ISS Bank | U2 / U3 / UC | | | | | | | | | BEN / ACQ | NPCI | | | | |
| PRD Withdraw | BEN / ACQ | 15 days from next day of PRD Raise | U2 / U3 / UC | | | | | | | | | | | | | | |
| PRD Accept / Deemed Accept | REM / ISS | 15 days from next day of PRD Raise | U2 | | | | | REM / ISS | BEN / ACQ | | | | | | | REM / ISS | BEN / ACQ |
| | | | U3 / UC | | | | | | | | | | | | | | |
| PRD Continue | REM / ISS | 15 days from next day of PRD Raise | U2 / U3 / UC | | | | | | | | | | | | | | |
| PRD Verdict in favor of BEN / ACQ Bank | PRD | 30 days from next day of PRD Continue | U2 | | | | | REM / ISS | BEN / ACQ | | | | | | | REM / ISS | BEN / ACQ |
| | | | U3 / UC | | | | | | | | | | | | | | |
| PRD Verdict in favor of REM / ISS Bank | PRD | 30 days from next day of PRD Continue | U2 / U3 / UC | | | | | | | | | | | | | | |

C. Type of Evidence

Refer below table for type of evidence applicable for re-presenting chargeback, pre-arbitration and arbitration.

| TXN Sub-Type | Chargeback Reason Code with Description | Mandatory Evidence |
|--------------|--|--|
| U2 | RC 1061 - Credit not processed for cancelled or returned goods and services | Proof of goods and services not returned by the customer (or) No or limited cancellation/return policy details (or) Proof of refund via alternate means |
| | RC 1062 - Goods and Services not as described / defective | Document to justify that the goods and services was as per customer order description/was in good condition |
| | RC 1063 - Paid by alternate means | Proof of payment not received by other means for the same goods or services (or) Proof of refund via alternate means |
| | RC 1064 - Goods or Services Not Provided / Not Received | Charge slip (or) Bill/Receipt (or) Invoice with proof of delivery (or) Proof of refund via alternate means |
| | RC 1065 - Account debited but transaction confirmation not received at merchant location | Charge slip (or) Bill/Receipt (or) Invoice with proof of delivery (if any) (or) Proof of refund via alternate means |
| | RC 108 - Remitter account debited but beneficiary account not credited | CBS screenshot of credit in merchant account (or) Merchant settlement details (or) Charge slip (or) Bill/Receipt (or) Invoice with proof of delivery (or) Proof of refund via alternate means |
| | RC 1081 - Transaction not settled within the specified timeframes | CBS screenshot of credit in merchant account (or) Merchant settlement details (or) Charge slip (or) Bill/Receipt (or) Invoice with proof of delivery (if any) |

| | | |
|----------|--|--|
| | | (or) Proof of refund via alternate means |
| | RC 1084 - Duplicate/Multiple Transaction | Proof that the Duplicate/Multiple Transaction were not for the same goods or services (or) Proof of refund via alternate means for the Duplicate/Multiple Transaction |
| | RC 1085 - Card holder was charged more than the transaction amount | Charge slip (or) Bill/Receipt (or) Invoice with proof of delivery (if any) (or) Proof of refund via alternate means from extra amount charged |
| | RC 121 - TCC has been raised but customer still complaining that Beneficiary a/c is not credited | CBS screenshot of credit in merchant account |
| U3/UC | RC 108 - Remitter account debited but beneficiary account not credited | CBS screenshot of credit in beneficiary account |
| | RC 121 - TCC has been raised but customer still complaining that Beneficiary a/c is not credited | CBS screenshot of credit in beneficiary account |
| U2/U3/UC | Evidence for re-presenting the Pre-arbitration / Arbitration | Same as above mentioned evidence for rejecting the chargeback is also applicable for rejecting the Pre-arbitrations & Arbitrations. Beneficiary/acquiring bank may upload any additional evidence at the time of rejecting <i>Pre-arbitrations & Arbitrations</i> which justifies the transaction is successful. |

- a) For disputes on UPI TXNS done at small & offline merchants, as per OC 172, if merchant is unable to submit evidence of fulfilment of goods/services to customer, then beneficiary/acquiring bank has to confirm the same through a declaration letter (*refer Table – D ‘Declaration Format’*). In case of large merchants, evidence is mandatory as mentioned in above Table – C.
- b) Verdict will be given in favour of the remitting/issuing bank if beneficiary/acquiring bank submits,
- No/blurry/partial/illegible evidence.
 - Rejection reason/evidence as their customer/merchant account is having zero, insufficient balance, under freeze/close/regulatory block status etc.
 - Rejection reason/evidence as their customer/merchant is not contactable.



D. Declaration Format

Use separate declaration for each dispute case

(On Bank's Letterhead)

Date: _____

To,
The UPI Operations Team,
UPI – Unified Payment Interface,
National Payments Corporation of India,

Madam/Dear Sir,

Subject: Declaration for fulfilment of goods/services to customer

Ref: NPCI/UPI/OC 172/2023-24 & NPCI/UPI/OC 208/2024-25

We declare our merchant, ___(Merchant Name)___, has provided the goods/services to the customer on ___(Date of Goods/Service Rendered)___ . Please find below the UPI transaction details. We hereby acknowledge the declaration furnished herewith is true and correct. We request you to kindly take note of this declaration for your records.

| | |
|-------------------------------|--|
| Merchant ID (if any) | |
| RRN | |
| UTXNID | |
| Amount (₹) | |
| Transaction Date | |
| Invoice No (if any) | |
| Description of Goods/Services | |

(Authorized Signatory)
Name & Designation of the signatory:

Bank Name:
(Bank seal)