Refund Request Handling

RugaOps

1ST EDITION 2026

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Standard Operating Procedure

Purpose

The purpose of this SOP is to establish a consistent, fair, and efficient process for handling customer refund requests. This procedure ensures compliance with company policies, protects business revenue, maintains customer satisfaction, and provides clear guidance for support agents.

Scope

This SOP applies to all customer refund requests received through:

- Email
- Store customer service inbox
- Live chat
- Social media support channels
- Contact forms
- Phone calls (if applicable)

It covers:

- Full refunds
- Partial refunds
- Refunds related to damaged, defective, incorrect, or missing items
- Refunds due to customer dissatisfaction
- Refunds for orders not yet fulfilled

It does not cover:

- Chargebacks (handled under Chargeback SOP)
- Fraud investigations (handled under Fraud SOP)
- Warranty claims (handled under Warranty SOP)

Responsibilities

Suport Agents

- Respond to refund requests within SLA
- Verify order information
- Review eligibility against refund policy
- Process approved refunds within authorization limits
- Document all actions in your store and the support platform
- Escalate exceptions when required

Senior Support Agent / Team Lead

- Review escalated refund cases
- Approve exceptions within delegated authority
- Coach agents on policy adherence
- Monitor refund trends

Operations Manager / Business Owner

- Approve high-value exceptions
- Review KPI performance
- Update refund policies and procedures
- Resolve customer disputes that exceed support authority

Refund Authority Matrix

REFUND AMOUNT	AGENT	TEAM LEAD	OPERATION MANAGER
UP TO $50	*Approve*	*N/A*	*N/A*
$51-$200	*Recommend*	*Approve*	*N/A*
ABOVE $200	*Recommend*	*Review*	*Approve*
POLICY EXCEPTIONS	*Escalate*	*Review*	*Final Decision*

ADJUST THRESHOLDS TO FIT BUSINESS NEEDS

Step-by-step procedure

Step 1: Receive Request

When a refund request is received:

1. Acknowledge the request.
2. Verify:
    - Customer name
    - Order number
    - Email address used for purchase
    - Reason for refund

Target Response Time

- Initial response within 1 business day.

Step 2: Review Order Information

Open the order in your store and verify:

- Order status
- Fulfillment status
- Delivery status
- Product(s) purchased
- Payment status
- Previous refund history
- Notes or prior support interactions

Step 3: Determine Refund Category

Classify the request:

- **Category A: Order Not Shipped**

  Examples:
  - *Customer changed mind*
  - *Incorrect order placed*

- **Category B: Damaged or Defective Product**

  Examples:
  - *Product arrived broken*
  - *Product not functioning as intended*

- **Category C: Wrong Item Received**

  Examples:
  - *Incorrect size, color, or SKU sent*

- **Category D: Missing Item**

  Examples:
  - *Package incomplete*
  - *Missing accessory*

- **Category E: Customer Dissatisfaction**

  Examples:
  - *Product did not meet expectations*
  - *Preference-based return*

- **Category F: Other**

  Requires further investigation

Step 4: Collect Supporting Information

If necessary, request:

- Photos of damage
- Video evidence
- Shipping label images
- Packaging photos
- Description of issue

Request evidence only when needed to make a decision.

Step 5: Evaluate Eligibility

Compare the request against the company's refund policy.

Eligible Examples

- Product arrived damaged
- Wrong item shipped
- Order cancelled before shipment
- Product defect within policy period

Potentially Ineligible Examples

- Request submitted outside refund window
- Product intentionally damaged
- Non-refundable products
- Evidence indicates product was delivered as ordered

Step 6: Make Decision

If Approved

1. *Notify customer*
2. *Process refund in Shopify*
3. *Confirm:*
    a. *Refund amount*
    b. *Refund method*
    c. *Estimated processing time*
4. *Update ticket status*

If Partial Refund

1. *Explain rationale*
2. *Obtain customer acceptance if required*
3. *Process refund*
4. *Document details*

If Denied

1. *Explain the decision clearly and professionally*
2. *Reference applicable policy*
3. *Offer alternative resolution if available:*
4. *Replacement*
5. *Store credit*
6. *Exchange*
7. *Troubleshooting assistance*

Step 7: Process Refund

Within your Store

- *Open order*
- *Select "Refund"*
- *Verify amount*
- *Confirm inventory treatment*
- *Submit refund*
- *Save internal notes*

Document

- *Refund amount*
- *Reason code*
- *Agent name*
- *Approval authority*

Step 8: Close case

Before closing:

- Ensure refund is processed
- Customer has been informed
- Notes are complete
- Required documentation is attached

Mark ticket as:

- **Resolved**
- **Escalated**
- **Pending Customer Response**

Decision Points

Decision Point 1

Has the order shipped?

No → Proceed with cancellation/refund review.
Yes → Continue eligibility review.

Decision Point 2

Is the request within the refund window?

Yes → Continue.
No → Escalate or deny according to policy.

Decision Point 3

Is supporting evidence required?

Yes → Request evidence.
No → Continue.

Decision Point 4

Is supporting evidence required?

Yes → Request evidence.
No → Continue.

Decision Point 5

Is supporting evidence required?

Yes → Request evidence.
No → Continue.

Escalation Rules

Escalate immediately when:

Financial Threshold

- *Refund exceeds agent approval limit.*

Repeat Refund Behavior

- *Customer has multiple refund requests within 90 days*
- *Pattern suggests abuse*

Customer Disputes

- *Customer requests supervisor review*
- *Customer rejects proposed resolution*

Public Reputation Risk

- *Social media complaints gaining visibility*
- *Influencer or wholesale customer issues*

Potential Fraud

- *Chargeback threats*
- *Mismatched order details*
- *Suspicious purchasing behavior*

Policy Exceptions

- *Refund outside refund window*
- *Missing required evidence*
- *Special circumstances*

Exceptions

Exceptions may be granted when:

- Shipping carrier confirmed loss
- Product quality issue impacts multiple customers
- Fulfillment error caused customer inconvenience
- System or website error caused incorrect order
- Customer has significant lifetime value
- Operations Manager approves goodwill refund

All exceptions must include:

- *Approval source*
- *Business justification*
- *Documentation in ticket notes*

Communication Guidelines

Agents should:

- *Remain empathetic and professional*
- *Avoid assigning blame*
- *Clearly explain decisions*
- *Reference policy rather than personal judgment*
- *Maintain consistent messaging across channels*

Example Approval Language

Thank you for contacting us. We've reviewed your request and approved your refund. The refund has been processed to your original payment method. Please allow 3–10 business days for your financial institution to complete processing.

Example Denial Language

Thank you for reaching out. After reviewing your request, we are unable to approve a refund because the order falls outside our refund eligibility requirements. We would be happy to explore alternative solutions such as a replacement or store credit.

KPI Considerations

Track the following metrics monthly:

KPI	TARGET
FIRST RESPONSE TIME	*< 1 business day*
REFUND RESOLUTION TIME	*< 3 business days*
REFUND APPROVAL RATE	*Monitor trend*
REFUND RATE (% OF ORDERS)	*Within business target*
ESCALATION RATE	*< 10%*
CUSTOMER SATISFACTION (CSAT)	*≥ 90%*
DOCUMENTATION COMPLIANCE	*≥ 95%*
REPEAT REFUND REQUESTS	*Monitor trend*
POLICY EXCEPTION RATE	*< 5%*

Quality Review Focus Areas

- *Correct policy application*
- *Proper documentation*
- *Accurate refund amounts*
- *Professional communication*
- *Appropriate escalation decisions*

Record Retention

Maintain refund records for a minimum of 12 months, including:

- **Customer communications**
- **Evidence submitted**
- **Approval history**
- **Refund amount**
- **Internal notes**
- **Escalation records**

This documentation supports audits, dispute resolution, and continuous improvement efforts.

Additional Steps

Verify Delivery Status Before Approving

Checking the following:

- **Tracking status**
- **Carrier delivery confirmation**
- **Delivery date**
- **Signature confirmation (if applicable)**

This prevents refunds for packages that are still in transit.

- *Before refund approval, verify carrier tracking and determine whether the package is delivered, in transit, delayed, lost, or returned to sender.*

Return Authorization (RMA) Process

Missing questions:

- *Does the customer need to return the product?*
- *Who pays return shipping?*
- *When is the refund released?*

Recommended workflow:

1. Approve return request
2. Issue RMA number
3. Provide return instructions
4. Receive and inspect item
5. Release refund

Inventory Inspection Process

For returned products:

- Verify item condition
- Verify original product returned
- Check for missing components
- Determine restocking eligibility

Without this step, agents may refund items that are unsellable or incorrect.

Refund Reason Coding

CODE	REASON
RR01	*Customer changed mind*
RR02	*Damaged item*
RR03	*Wrong item sent*
RR04	*Defective product*
RR05	*Carrier issue*
RR06	*Product not as described*

This enables reporting and trend analysis.

Preventive Actions

After resolving a refund:

- Identify root cause.
- Assign corrective action if needed.

Example:

- Wrong SKU shipped → warehouse process review
- Product defect spike → supplier investigation

Without this, refunds become a recurring cost center.

Customer Notification After Refund Completion

Refund approved ≠ refund received

Send automated confirmation once the refund transaction is successfully processed.

Fraud Screening Step

Add a mandatory review for:

- High-value orders
- Multiple refund requests
- "Item not received" despite delivery confirmation
- Requests from newly created accounts

Operational Risks

Friendly Fraud

Customers claim:

- Item never arrived
- Package was empty
- Product defective

After successfully receiving and using the product.

Mitigation

- Require evidence and tracking verification.

Inconsistent Agent Decisions

With 1–5 agents, inconsistency becomes visible quickly.

Example:
- Agent A grants goodwill refunds.
- Agent B strictly follows policy.

Result:
Customers learn to "agent shop."

Mitigation
Create decision trees and approval matrices.

Excessive Goodwill Refunds

Small teams often over-refund to avoid conflict.

Risk:

- Margin erosion
- Increased abuse

Track goodwill refunds separately.

Refund Without Product Return

High risk categories:

- Electronics
- Premium products
- Bundles

Could result in both lost inventory and lost revenue.

Refund Processing Errors

Examples:

- Duplicate refunds
- Partial refund when full refund intended
- Wrong order refunded

Require a final verification checklist.

Chargeback Escalation

A denied refund may become a chargeback.

Flag customers threatening chargebacks for immediate manager review.

Common Customer Complaints

These are the complaints your agents will hear repeatedly.

"I Haven't Received My Refund"

Root cause:

- Bank processing delay

Solution:
Create standard communication templates.

"Why Do I Have To Pay Return Shipping?"

Especially common for:

- International orders
- Change-of-mind returns

Requires clear policy communication.

"The Product Doesn't Match The Website"

This usually indicates:

- Marketing issues
- Product description issues
- Photography issues

Track separately from normal dissatisfaction.

"You Need More Photos"

Customers often perceive evidence requests as distrust.

- Agents need empathy scripts.

Example:

We completely understand the inconvenience. The photos help us document the issue and speed up approval with our fulfillment partner.

"The Tracking Says Delivered But I Didn't Receive It"

Requires a separate lost-package process.

"My Refund Was Only Partial"

Partial refunds create disproportionate complaints.

Agents should always explain:

- Amount refunded
- Calculation
- Applicable fees

Refunds FAQ

How do I request a refund?

To request a refund, contact our support team with:

- *Your order number*
- *The email address used for purchase*
- *A brief description of the issue*

Our team will review your request and respond within 1 business day.

What is your refund policy?

Refund eligibility depends on:

- *Order status*
- *Delivery status*
- *Product condition*
- *Refund request timing*
- *Product category*

Some products may be non-refundable. Please refer to our Refund Policy for complete details.

My item arrived damaged. What should I do?

Please contact us as soon as possible and provide:

- *Your order number*
- *Photos of the damaged item*
- *Photos of the packaging (if applicable)*

We will review the claim and offer a replacement, refund, or alternative resolution.

How long does a refund take?

Once approved and processed:

- *Credit/debit card refunds typically appear within 3–10 business days.*
- *Processing times may vary by financial institution.*

Where will my refund be sent?

Refunds are issued to the original payment method used for the purchase unless otherwise required by law.

My tracking shows "Delivered", but I did not receive my package.

Please contact us immediately.

We may ask you to:

- *Check with household members or neighbors*
- *Verify the shipping address*
- *Contact the carrier*

Our team will assist with the investigation process.

Can I exchange an item instead of receiving a refund?

In many cases, yes. Contact support and we will review available exchange options.

Internal Refund Checklist

TICKET INTAKE	DONE
Order number obtained	✓
Customer identity verified	
Refund reason documented	
Ticket category assigned	

ORDER VERIFICATION	DONE
Order reviewed	✓
Payment confirmed	
Fulfillment status checked	
Tracking status checked	
Previous refunds reviewed	

EVIDENCE COLLECTION	DONE
Photos requested (if required)	✓
Video requested (if required)	
Carrier documentation reviewed	
Evidence attached to ticket	

ELIGIBILITY REVIEW	DONE
Within refund window	✓
Meets refund policy requirements	
Product category eligible	
Fraud indicators checked	

DECISION	DONE
Approved	✓
Partial refund approved	
Denied	
Escalated	

PROCESSING	DONE
Refund amount verified	✓
Refund processed	
Customer notified	
Internal notes completed	

CLOSURE	DONE
Reason code assigned	✓
Root cause recorded	
Ticket resolved or escalated	

Ticket Category Structure

Parent Category: Refunds & Returns

Refund Requests

- *REF-01 Order Cancellation*
- *REF-02 Damaged Item*
- *REF-03 Defective Item*
- *REF-04 Wrong Item Received*
- *REF-05 Missing Item*
- *REF-06 Package Lost in Transit*
- *REF-07 Delivered Not Received*
- *REF-08 Product Not as Described*
- *REF-09 Customer Dissatisfaction*
- *REF-10 Partial Refund Request*
- *REF-11 Goodwill Refund*
- *REF-12 Policy Exception Review*

Return Requests

- *RET-01 Return Authorization*
- *RET-02 Return Tracking Issue*
- *RET-03 Return Received Awaiting Refund*
- *RET-04 Return Rejected*

Escalations

- *ESC-01 High Value Refund*
- *ESC-02 Fraud Review*
- *ESC-03 Chargeback Risk*
- *ESC-04 Executive Complaint*

Escalation Matrix

SCENARIO	AGENT	TEAM LEAD	OPERATION MANAGER
Refund ≤ $50	*Approve*	*N/A*	*N/A*
Refund $51-$200	*Review*	*Approve*	*N/A*
Refund > $200	*Recommend*	*Review*	*Approve*
Outside refund window	*Escalate*	*Review*	*Approve/Reject*
Fraud indicators	*Escalate*	*Review*	*Final Decision*
Chargeback threat	*Escalate*	Immediate Review	*Final Decision*
VIP customer	*Escalate*	*Review*	*Final Decision*
Social media complaint	*Escalate*	*Review*	*Final Decision*
Multiple refunds in 90 days	*Escalate*	*Review*	*Final Decision*
Goodwill exception	*Recommend*	*Review*	*Approve*

Escalation SLA

LEVEL	TARGET RESPONSE
Agent → Team Lead	*Same business day*
Team Lead → Operations Manager	*Within 4 hours*
Chargeback Threat	*Immediate*
Public Reputation Risk	*Immediate*

Improvements

A support operations manager would ask:

"What are we doing to prevent the next refund?"

1. Root Cause Management

Add a Root Cause Review Step

Every refund should be classified into a root cause category:

CATEGORY	OWNER
Product Quality	Product Team
Warehouse Error	Fulfillment
Carrier Issue	Logistics
Website Issue	Ecommerce
Customer Expectation Gap	Marketing
Fraud	Operations

Example
Customer requests refund because product color differs from website.

- Refund customer
- Log RR07 Product Not As Described
- Flag Product Team
- Review product photography

2. Introduce Quality Assurance (QA)

Add Monthly Ticket Audits

Review:

- Policy compliance
- Correct refund amount
- Documentation quality
- Escalation accuracy
- Customer communication quality

QA Scorecard

CATEGORY	WEIGHT
Policy Compliance	40%
Documentation	20%
Communication	20%
Process Adherence	20%

Target:

- 95% QA score

Without QA, SOP adherence usually deteriorates within months.

3. Create Service Level Agreements (SLAs)

Support operations managers must define the following to eliminate ambiguity.

ACTIVITY	SLA
First Response	24 hours
Evidence Review	24 hours
Escalation Review	4 hours
Refund Processing	1 business day
Customer Follow-Up	Same day

4. Add Fraud Controls

Automatic fraud escalation to prevent revenue leakage.

Escalate if:

- Refund value > $300
- Customer has 3+ refunds in 90 days
- Multiple orders to same address
- Delivered package claimed missing
- High-risk SKU

Fraud Risk Levels

RISK	ACTION
Low	Agent Review
Medium	Team Lead
High	Operations Manager

5. Create Refund Lifecycle Reporting

Required Monthly Reports

Refund Volume

- Requests
- Approvals
- Denials

Financial Impact

- Total refunded revenue
- Refund rate
- Goodwill refunds

Operational Impact

- Top refund reasons
- Top refunded SKUs
- Top refunded suppliers

Agent Performance

- Tickets handled
- Resolution time
- Escalation rate

This converts support data into management decisions.

6. Add Customer Retention Options

Operations managers usually prioritize:

1. **Replacement**
2. **Exchange**
3. **Store Credit**
4. **Refund**

Decision Hierarchy

Example:
Damaged item

- Offer replacement
- Offer exchange
- Offer store credit
- Refund if requested

This protects revenue.

7. Add Communication Templates

Create templates for:

- **Refund Approved**
- **Refund Denied**
- **Waiting For Evidence**
- **Escalated Review**
- **Refund Processed**
- **Lost Package Investigation**

Benefits:

- Consistency
- Faster responses
- Reduced training time

8. Add Capacity Planning Metrics

Support operations managers care about workload.

METRIC	WHY
Refund Tickets per Agent	Staffing
Average Handle Time	Productivity
Escalation Rate	Training Needs
Reopen Rate	Process Quality

Without these metrics, scaling becomes difficult.

9. Add Compliance and Audit Controls

Required Documentation

Every ticket must contain:

- Order number
- Refund reason
- Evidence
- Decision rationale
- Approval record

Audit Frequency

- Weekly spot checks
- Monthly audit

This becomes important during disputes and chargebacks.

10. Create a Refund Prevention Program

This is the biggest strategic gap.

Support operations managers focus on reducing refunds, not just processing them.

Monthly Review Meeting

Review:
- Top refund reasons
- Top refunded products
- Carrier issues
- Warehouse mistakes
- Customer feedback themes

Required Action Plan

For every major refund driver:

- Owner assigned
- Due date assigned
- Progress tracked

Eg.:
Problem:
- 28% of refunds are "Product Not As Described"

Action:
- Rewrite product pages
- Improve photography
- Update size charts

Result:
- Refund rate drops



1ST EDITION 2026

REFUND REQUEST HANDLING MANUAL