STANDARD OPERATING PROCEDURE

Order Fraud Review SOP

Document no.	SOP-ECM-004
Revision	1.0
Owner	Risk and Fraud Manager
Effective date	September 15, 2026
Review cycle	Every 12 months

1. Purpose

To review orders flagged as high risk consistently, releasing legitimate orders quickly while stopping fraudulent ones before they ship, reducing chargeback losses.

2. Scope

Applies to orders flagged by the platform's fraud tools or manual criteria for review before fulfillment. Chargeback disputes after shipment are handled under a separate payment dispute process.

Definitions

Risk score	A numeric score generated by the fraud detection tool estimating the likelihood an order is fraudulent.
AVS mismatch	Address Verification System mismatch, when the billing address on file with the card issuer does not match the address entered at checkout.
Chargeback	A reversal of a card payment initiated by the customer's bank, often used to dispute an unauthorized or fraudulent charge.
Velocity check	A fraud signal based on an unusually high number of orders, attempts or card numbers from the same customer, device or address in a short time.

3. Responsibilities

Fraud Review Analyst	Reviews flagged orders, checks risk signals, and makes the release, hold or cancel decision.
Risk and Fraud Manager	Sets review criteria and thresholds, approves high-value decisions, and monitors chargeback trends.
Customer Support Agent	Contacts the customer for verification when needed and communicates a hold or cancellation.
Order Processing Associate	Holds or releases the order in the fulfillment queue based on the fraud review outcome.

RACI matrix

Activity	Fraud Review Analyst	Risk and Fraud Manager	Customer Support Agent	Order Processing Associate
Review flagged order	R/A	A	-	I
Contact customer for verification	C	I	R/A	-

Activity	Fraud Review Analyst	Risk and Fraud Manager	Customer Support Agent	Order Processing Associate
Decide release, hold or cancel	R	A	I	I
Approve a high-value order decision	R	R/A	-	-
Release or cancel in fulfillment queue	I	A	-	R

R = Responsible, A = Accountable, C = Consulted, I = Informed

4. Materials and PPE

Materials, tools and systems

- Fraud detection tool dashboard
- Order and customer history in the ecommerce platform
- Risk scoring criteria reference sheet
- Customer verification request template
- Fraud review decision log
- Chargeback and dispute tracking log

5. Procedure

Step	Task	Owner	Done
5.1	**Pull the flagged order queue** Check the fraud detection tool's queue for orders flagged by risk score, AVS mismatch, velocity check or manual rule, sorted by promised ship date.	Fraud Review Analyst	☐
5.2	**Review the risk signals** Open the flagged order and review the specific signals that triggered the flag, such as a mismatched billing address, a new account, or an unusually large order value.	Fraud Review Analyst	☐
5.3	**Check customer order history** Review the customer's prior order and account history, if any, for a pattern of legitimate purchases or, conversely, prior cancellations, disputes or chargebacks. **Checkpoint:** Customer history is checked before a decision is made on any order with more than one risk signal.	Fraud Review Analyst	☐
5.4	**Check shipping and billing consistency** Compare the shipping address, billing address and IP-based location for consistency, noting whether a mismatch is a plausible gift order or an unexplained discrepancy.	Fraud Review Analyst	☐
5.5	**Decide if customer verification is needed** For an order with unresolved risk signals but no clear fraud indicator, decide whether to request additional verification from the customer before releasing it.	Fraud Review Analyst	☐

Step	Task	Owner	Done
5.6	**Contact the customer for verification** Contact the customer using the verification request template, asking for confirmation of the order or additional identity information, without revealing specific fraud detection criteria. **Warning:** Never share the specific fraud rules or risk score that triggered the review with the customer, since this information can be used to circumvent fraud detection.	Customer Support Agent	☐
5.7	**Evaluate the verification response** Review the customer's response to the verification request and decide whether it resolves the risk signal or the order should proceed to cancellation.	Fraud Review Analyst	☐
5.8	**Escalate a high-value decision** For an order above the review threshold value or with an ambiguous outcome, escalate the decision to the risk and fraud manager before releasing or canceling it.	Fraud Review Analyst	☐
5.9	**Make the release, hold or cancel decision** Decide to release the order to fulfillment, extend the hold pending more information, or cancel it, and record the decision with supporting reasoning in the review log. **Checkpoint:** Every fraud review decision is recorded with the specific reasoning before the order status is changed.	Risk and Fraud Manager	☐
5.10	**Update the order status** Release the order to the fulfillment queue if cleared, or cancel it and trigger a refund if confirmed fraudulent, updating the order status in the ecommerce platform accordingly.	Order Processing Associate	☐
5.11	**Notify the customer of a cancellation** For a canceled order, notify the customer with a neutral explanation and confirm the refund, without disclosing the specific fraud concern that led to cancellation.	Customer Support Agent	☐
5.12	**Review fraud review outcomes** Review release, hold and cancellation outcomes monthly against actual chargeback data to refine risk scoring thresholds and reduce false positives.	Risk and Fraud Manager	☐

6. Quality checks

- Every flagged order's specific risk signals are reviewed before a decision is made.
- Customer history is checked on any order with more than one risk signal.
- High-value or ambiguous decisions are escalated to the risk and fraud manager.
- Fraud review decisions are documented with reasoning before the order status changes.

7. Records

- Fraud review decision log
- Customer verification request and response records
- Cancellation and refund records tied to fraud holds
- Monthly fraud outcome and chargeback comparison report

8. KPIs

- Average time to clear a flagged order

- False positive rate (legitimate orders initially flagged)
- Chargeback rate as a percentage of total orders
- Percentage of flagged orders resolved without customer contact

9. Common mistakes

- Releasing a high-value flagged order without escalating it to the fraud manager.
- Telling a customer exactly why their order was flagged, which can help fraudsters adapt.
- Skipping the customer order history check on a repeat flagged account.
- Not documenting the reasoning behind a release decision, making later chargeback disputes harder to defend.

10. Revision history

Revision	Date	Description	Reviewed by
1.0	September 15, 2026	Initial release	Alexa Uskova

Approval

Prepared by	Approved by	Date

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