How can I manage refunds effectively in my marketplace?

Order Management · https://multivendorx.com/docs/faqs/how-can-i-manage-refunds-effectively-in-my-marketplace/

MultiVendorX provides flexible payout settings that can help marketplace owners manage refunds without creating complications for vendors or administrators.

There are two recommended approaches to handle refunds efficiently.

Option 1: Configure the Refund Validity Period and Clearance Period

How does this method work?

When configuring refunds in your marketplace, you can define the refund validity period—the number of days during which customers are allowed to request a refund.

To avoid payout-related issues, we recommend setting the **Clearance Period** in the MultiVendorX Payout Settings to match or exceed your refund validity period.

Example

- Refund validity period: 14 days
- Clearance period: 14 days (or more)

In this setup:

1. Customers can request refunds within 14 days.
2. Vendor commissions remain in a pending state during the clearance period.
3. Vendors can only request withdrawals after the refund window has expired.

4. By the time commissions become available for withdrawal, the possibility of a refund has already passed.

What are the benefits of this approach?

- Prevents refund-related payout disputes.
- Ensures vendors only withdraw finalized earnings.
- Requires no additional refund adjustments from the marketplace administrator.
- Provides a streamlined and automated workflow.

Option 2: Use the Minimum Wallet Reserve Balance

How does this method work?

MultiVendorX allows marketplace owners to configure a **Minimum Wallet Reserve Balance** within the Payout Settings.

This setting reserves a fixed amount in each vendor's wallet that cannot be withdrawn.

Why is this useful?

The reserved amount acts as a security buffer that can help cover future refund requests.

For example:

- Vendor wallet balance: $500
- Minimum reserve balance: $100

The vendor can only withdraw $400, while $100 remains locked in the wallet.

What happens if a refund is requested?

If a customer requests a refund:

1. The marketplace administrator can review and approve the refund request.
2. The reserved balance can be used to adjust the vendor's commission accordingly.
3. The marketplace retains greater control over refund-related financial adjustments.

What are the benefits of this approach?

- Provides a financial safety net for refunds.
- Reduces the risk of vendors withdrawing all available funds.
- Helps marketplace owners manage refund liabilities more effectively.