

MaxMind Credit Card Fraud Detection

A success story

Client: Red Fox UK

Industry: Software Development/Web Hosting Provider

Key Results:

- Increased revenue by 4%
- Reduced number of chargebacks by 90%



Background

Red Fox UK is a web hosting provider and software development company based in the UK. They offer solutions for small and medium sized businesses all over the world. Typically, hosting providers attract large amounts of fraud mainly because they deliver digital goods and process all the transactions online. Without proper security, it is not uncommon for web hosting companies to lose thousands of dollars each month.



Solution

Warren Ashcroft, director at Red Fox UK, integrated MaxMind's Credit Card Fraud Detection (CCFD) service into Red Fox's anti-fraud system in April 2005. The CCFD service checks credit card orders and returns a risk score on a 0-10 scale. The risk score criteria can be customized to better fit the needs of the business.

Red Fox UK setup a very effective way of preventing fraud and integrated CCFD at the center of their system. The customer's credit card is authorized only without capture. Then the risk score is obtained from CCFD. Any order with risk score above 7.5 is canceled. Scores below two are allowed to complete and the authorization charge is captured. For scores between 2.0 and 7.5, employees verify the orders via telephone or request more identifying documentation. If the order is not verified, the authorization charge is not captured. Ashcroft comments, "The authorization only method is beneficial because Red Fox UK does not get charged with transaction or refund fees if the order turned out to be fraudulent."

Results

MaxMind CCFD proved to be very effective in preventing fraud at Red Fox UK. "Within 3 months, the money saved from fraud increased revenue by 4%. The number of chargebacks have been reduced by 90%." Ashcroft adds, "MaxMind CCFD service has provided us the reassurance we need to allow customers instant access to their purchased service, preventing inconveniences where possible."