

MERCHANTS

High-risk merchant accounts: what the label means and how to prepare for underwriting

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Why a payment provider treats a business as high risk, what that changes about the account it offers, and what an underwriter wants to see before saying yes.

"High risk" is a statement about a payment provider's exposure, not a verdict on a business. When a customer disputes a card payment and the merchant cannot refund it, the acquirer pays. When a merchant sells something the card schemes restrict, the acquirer is fined. A high-risk merchant account is one where the provider judges those outcomes more likely than usual and prices, limits and monitors the account to match.

Each provider draws the line in a different place. The same business can be declined by one, accepted with conditions by a second and treated as ordinary by a third. That is why knowing how the judgement is made is worth more than a list of providers.

Where the risk comes from

An underwriter is weighing four things.

RISK	THE QUESTION BEHIND IT
Chargebacks	How often will customers dispute a payment, and can the business absorb the refunds?
Delivery	How long is the gap between taking the money and delivering what was sold?
Regulation	Is the activity licensed, age-restricted or legal only in some countries?
Reputation	Will the card schemes or the provider's own bank object to the category?

Travel is high risk mainly because of delivery: a ticket sold today is used in six months, and if the business fails in between, every customer is entitled to a refund. Supplements are high risk mainly because of chargebacks, which follow from subscription billing and marketing claims. Gambling, forex and crypto are high risk mainly because of regulation. Adult content is high risk on reputation and on chargebacks both.

The verticals usually treated as high risk

- Gaming and gambling
- Forex, CFD trading and other financial services
- Crypto
- Adult content, live cams, fan sites and dating
- Supplements and nutraceuticals, CBD and hemp, pharmaceuticals
- Alcohol, tobacco and vaping
- Firearms
- Travel and ticketing
- Affiliate marketing, marketplaces and platforms that take payment for other sellers

Several of these are also registered categories at the card schemes. Visa's Integrity Risk Program and Mastercard's Specialty Merchant Registration both require an acquirer to register a merchant in certain categories and to pay a fee for each one. That cost and that scrutiny are part of why many providers will not take those categories at all.

It is not only the industry

A business in an ordinary category can still be underwritten as high risk because of how it sells:

- **Subscriptions, free trials and automatic rebilling.** These are the largest single source of disputes, because customers forget they signed up or cannot find how to cancel.
- **Long delivery times and pre-orders.** The longer the gap, the larger the provider's exposure if the business stops trading.
- **High transaction values.** One dispute costs more.
- **Selling across borders.** Fraud and dispute rates are higher, and the law changes with the customer's country.
- **No processing history.** A new business has nothing to show how its customers behave.
- **A history that went wrong.** High chargeback ratios with a previous provider, or an entry on Mastercard's MATCH list of terminated merchants, which stays for five years.

The numbers a provider watches

The card schemes run monitoring programmes, and a merchant that enters one costs its acquirer fees and attention. At the time of writing:

- **Visa** counts disputes and reported fraud together under its Acquirer Monitoring Program. A merchant is "excessive" at a ratio of 1.5% of settled transactions, a threshold that came down from 2.2% in April 2026, and only once it has at least 1,500 such events in a month.

- **Mastercard** designates an Excessive Chargeback Merchant at a 1.5% chargeback ratio together with 100 or more chargebacks in a month, and a higher tier at 3% together with 300.

Few providers wait for those lines. Most become uneasy well below 1%, because their own portfolio is measured against the same programmes.

What changes about the account

A high-risk account works the same way as any other. The terms are what differ.

- **Price.** The processing rate is higher, and there may be a set-up fee or a monthly minimum.
- **A reserve.** The provider holds back part of each settlement, commonly a percentage released on a rolling basis after several months, as security against later disputes.
- **Slower settlement.** Funds may arrive days later than on a standard account.
- **Volume caps.** A monthly limit that rises as the account builds a record.
- **Monitoring.** Closer review of chargebacks, refunds and sudden changes in volume.

These terms are negotiable, and they usually ease as the account proves itself. A reserve agreed in the first month is not necessarily the reserve in the twelfth.

What an underwriter wants to see

Documents

1. Incorporation or registration documents
2. Identification and proof of address for each director
3. The ownership structure, down to the people who ultimately own the business
4. A recent business bank statement
5. Three to six months of processing statements, where there is a history
6. The licence, for any regulated activity

On the website

1. A valid SSL certificate
2. Terms and conditions, a privacy policy and a refund or cancellation policy that a customer can find
3. A shipping or delivery policy where goods are sent
4. Contact details and a physical address
5. Clear prices, with any recurring charge stated before the customer pays
6. The billing descriptor shown at checkout, so the charge is recognised on a statement

Most of the website list exists to reduce disputes. A customer who recognises the charge, can find the refund policy and can reach someone who does not need to call their bank.

Mistakes that cost an application

- **Describing the business as something milder.** An underwriter reads the website, and monitoring reads the transactions. A misdescribed business that is found out loses the account and may be listed on MATCH.
- **Applying to everyone at once.** Each decline is a fact the next provider may ask about. A few well-matched applications do better than twenty speculative ones.
- **Hiding the history.** Past chargeback problems explained, with what was changed, read far better than ones discovered.
- **Leaving out countries or products.** If the account is approved for one thing and used for another, it will be closed for that reason alone.
- **Spreading volume across accounts to stay under a threshold.** The schemes treat this as evasion, and so do providers.

Before you apply

Know your own numbers: monthly volume, average transaction value, refund rate and chargeback ratio. Fix the website before anyone reviews it. Gather the documents first. Then approach the providers whose published criteria you already meet, and describe the business exactly as it is.

Sources

- [LegitScript: Visa Integrity Risk Program](#)
- [G2 Risk Solutions: Visa replaces the Global Brand Protection Program](#)
- [Justt: Visa's tighter monitoring threshold from April 2026](#)
- [Beancount: Visa and Mastercard chargeback monitoring in 2026](#)

Read online: <https://payments-marketplace.com/insights/high-risk-merchant-accounts/>

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