

Fraud Detection Policy

ZuzyCart LLP

Website: www.zuzycart.com

Last Updated: April 10, 2026

1. Purpose

This Fraud Detection Policy outlines ZuzyCart LLP's commitment and approach to detecting, preventing, and responding to fraudulent activities on its platform (the "Platform"). The primary purpose of this Policy is to:

- **Protect Buyers:** Ensure a safe and trustworthy shopping experience.
- **Protect Sellers/Vendors:** Safeguard their legitimate sales and reputation.
- **Protect ZuzyCart:** Maintain the integrity, security, and sustained operation of the Platform.

By using ZuzyCart's Services, all users agree to adhere to this Policy and acknowledge ZuzyCart's right to implement and enforce these measures.

2. Scope

This Policy applies to all individuals and entities interacting with the ZuzyCart Platform, including:

- **Buyers:** All registered or guest customers placing orders.
- **Sellers/Vendors/Merchants:** All registered shops listing and selling products.
- **Delivery Partners:** (If applicable, for any B2B logistics or if ZuzyCart introduces customer delivery in the future) Individuals or entities involved in transportation.
- **Platform Users:** Any other registered user or visitor interacting with the ZuzyCart website and mobile applications.

3. Definition of Fraud

Fraud on the ZuzyCart Platform is defined as any intentional deception, misrepresentation, unlawful act, or omission designed to obtain an unfair or unlawful gain, or to cause damage to Buyers, Sellers, or ZuzyCart. This includes, but is not limited to:

- **Fake Orders:** Placing orders with no genuine intent to purchase or pick up.
- **Payment Fraud:** Unauthorized use of payment instruments (e.g., stolen credit cards, compromised UPI IDs).
- **Identity Misuse:** Unauthorized use of another person's name, account, or personal information.
- **Listing Fake/Illegal Products:** Selling counterfeit, expired, prohibited, or otherwise illegal items.
- **Return Abuse:** Manipulating the return/refund process for unwarranted financial gain.
- **System Manipulation:** Exploiting system vulnerabilities, manipulating ratings, or abusing promotional offers.

4. TYPES OF FRAUD

ZuzyCart recognizes various categories of fraud that can occur on the Platform:

A. Buyer Fraud

- **Fake COD Orders:** Placing Cash on Delivery orders with no intention of picking them up, leading to losses for Merchants.
- **Repeated Order Cancellation:** Consistently canceling orders, especially last-minute, after merchants have begun preparation.
- **"Item Not Received" / "Wrong Item" Scams:** Falsely claiming an item was not received (if delivery ever applies) or that a wrong/damaged item was received, despite receiving the correct product in good condition.
- **Using Stolen Cards/Payment Methods:** Making purchases using compromised or illegally obtained financial instruments.
- **Chargeback Fraud:** Initiating a chargeback with their bank after receiving the product, falsely claiming non-receipt or dissatisfaction.

B. Seller Fraud

- **Selling Fake or Expired Products:** Listing and selling products that are counterfeit, expired, or significantly different from their description.
- **Fake Inventory/Stock:** Listing products that are not actually in stock, leading to multiple order cancellations or delays.
- **Price Manipulation:** Artificially inflating prices before a discount, or manipulating pricing to gain an unfair advantage.
- **Self-Ordering to Boost Ratings/Sales:** Placing orders (or having associates place orders) from their own shop to artificially inflate sales figures, improve ratings, or generate fake reviews.
- **Commission Manipulation:** Attempting to conduct transactions offline that originate on the Platform to avoid ZuzyCart's commission.

C. Payment Fraud

- **Unauthorized Transactions:** Any transaction made without the explicit consent of the account holder.
- **Chargebacks:** False or unjustified chargeback claims against legitimate transactions.
- **Fake Payment Confirmations:** Attempting to deceive merchants or ZuzyCart with fabricated proof of payment.

D. Return & Refund Fraud (Applies to Pickup after verification)

- **Returning Used/Different Products:** Attempting to return a used, substituted, or entirely different product than what was originally picked up.
- **Multiple/Excessive Refund Requests:** Submitting frequent or unjustified refund requests for various orders.

E. Platform Abuse

- **Creating Multiple Fake Accounts:** Registering numerous accounts to exploit referral programs, new user offers, or circumvent account restrictions.
- **Exploiting Offers/Vouchers:** Illegitimately redeeming promotional codes or discounts beyond their intended use or limits.
- **Referral Abuse:** Manipulating referral programs to gain unearned credits.
- **System Vulnerabilities:** Attempting to exploit bugs or weaknesses in the Platform's code or logic.
- **Rating Manipulation:** Any attempt to artificially inflate positive ratings for oneself or negatively impact competitors.

5. FRAUD DETECTION METHODS

ZuzyCart employs a multi-layered approach to fraud detection, combining automated systems with manual oversight:

A. Automated Monitoring (Core Prevention)

- **Order Pattern Tracking:** Monitoring for unusual order volumes, frequencies, values, or item combinations associated with specific users or shops.
- **High Cancellation Rates:** Automated flagging of Buyer accounts with consistently high cancellation rates, especially for COD orders.
- **Multiple Accounts/Identities:** Detection of multiple accounts linked to the same device, IP address, payment method, or contact information.
- **Unusual Buying/Selling Behavior:** Deviations from normal transaction behavior (e.g., sudden high-value purchases from a new account, rapid listing of high-demand items by a new seller).
- **Geolocation/IP Discrepancies:** Identifying orders where the customer's stated location/address is inconsistent with their device's IP geolocation.

B. Manual Review (Human Oversight)

- **High-Value Orders:** Scrutiny of unusually large or expensive orders, particularly from new accounts or new Merchants.
- **Suspicious Seller Activity:** Manual checks for Merchants with frequent stock issues, multiple complaints, or sudden changes in product listings/pricing.
- **Repeated Complaints:** Review of customers or Merchants who are consistently reported for suspicious behavior.
- **New Account Verification:** Manual checks for certain new Merchant registrations or high-risk customer accounts.

C. Verification Systems

- **OTP Verification:** Mandatory One-Time Password (OTP) verification for account creation, login, payment confirmation, and critical actions.
- **Phone/Email Verification:** Ensuring all registered contact details are valid and active.
- **Address Validation:** Using third-party services or internal logic to validate the legitimacy of customer pickup addresses provided.
- **KYC (Know Your Customer) / KYB (Know Your Business):** Mandatory document submission and verification for Merchants (PAN, GSTIN, Bank Account details).

D. Risk Scoring (ADVANCED)

- ZuzyCart may employ a sophisticated risk scoring model to assign a dynamic risk score to:
 - **Users (Buyers/Sellers):** Based on their historical behavior, transaction patterns, and flagged activities.
 - **Orders:** Based on attributes like value, payment method, product type, and associated user risk score.
- **High-Risk Flags:** Orders or users flagged with a high-risk score are either automatically blocked, required to use a specific payment method (e.g., prepaid only), or routed for immediate manual review by the fraud team.

6. RED FLAGS (Clear Indicators of Potential Fraud)

ZuzyCart monitors for the following red flags that indicate potential fraudulent activity:

- **Excessive COD Orders:** A Buyer consistently placing a majority of their orders via COD, especially if coupled with a high cancellation or non-pickup rate.

- **Frequent Returns/Refund Requests:** A Buyer consistently raising return or refund requests, particularly if the reasons are vague or inconsistent, or they show a pattern of "item not as described."
- **Multiple Accounts from Same IP/Device:** The creation or use of multiple user accounts from the same physical device or IP address, especially if used to claim multiple new user offers or referral benefits.
- **Seller with High Cancellation Rate:** A Merchant consistently failing to fulfill accepted orders, leading to high cancellation rates due to "out of stock" or other internal reasons.
- **Sudden Increase in Order Volume/Value from New Seller:** A newly registered Merchant receiving an unusually high volume or value of orders very quickly.
- **Discrepancy in Payment Details:** Attempted payments where the billing information does not match the registered user details.
- **Unusual Product Listings:** Merchants listing products that fall outside their typical business category or are known illicit items.
- **Manipulated Reviews/Ratings:** A sudden influx of generic positive reviews for a new product/shop, or suspicious negative reviews against a competitor.

7. PREVENTIVE MEASURES

ZuzyCart implements several proactive measures to deter and prevent fraud:

For Buyers:

- **COD Order Limits:** Imposing limits on the maximum number or value of active COD orders per user.
- **Account Locking/Blocking:** Automatically locking or blocking user accounts identified as suspicious or high-risk.
- **Prepaid Requirement:** Requiring high-risk or repeatedly problematic users to use prepaid payment methods only.
- **Account Verification:** Mandatory phone and email verification before order placement for new users.

For Sellers:

- **KYB Verification:** Strict Know Your Business (KYB) verification process for all new Merchants, including PAN, GSTIN, and business registration documents.
- **Bank Account Verification:** Verifying Merchant bank accounts to ensure they belong to the registered business entity.
- **Product Approval Checks:** Manual or automated review of product listings, especially for new categories or potentially sensitive items, to ensure accuracy and legality.
- **Performance Monitoring:** Continuous monitoring of Merchant performance metrics like order acceptance rate, fulfillment speed, customer ratings, and complaint volume.

For Payments:

- **Secure Payment Gateways:** Partnering with PCI-DSS compliant third-party payment gateways with robust fraud filters and security features.
- **Fraud Filters:** Implementing advanced fraud detection filters at the payment gateway level (e.g., AVS, CVV checks, BIN number analysis).
- **Tokenization:** Using payment tokenization to avoid storing sensitive card data on ZuzyCart servers.

8. ACTIONS ON DETECTED FRAUD

Upon detection and confirmation of fraudulent activity, ZuzyCart will take swift and decisive action, proportionate to the severity and nature of the fraud:

A. Platform Actions:

- **Order Cancellation:** Immediate cancellation of fraudulent orders.
- **Account Suspension:** Temporary suspension of perpetrating Buyer or Seller accounts.
- **Permanent Ban:** Irreversible termination and blacklisting of User accounts and associated identities from the Platform.
- **Listing Removal:** Removal of fraudulent or non-compliant product listings.
- **Withholding Payments:** Withholding pending payouts to Merchants suspected of fraud for investigation, or permanently for confirmed fraud.

B. Financial Actions:

- **Charge Penalties:** Imposing financial penalties on perpetrating Merchants as per the Vendor Commission Policy.
- **Recover Losses:** Recovering any financial losses incurred by ZuzyCart or other users due to fraudulent activity (e.g., chargeback fees, investigation costs).
- **Blocking Payouts/Funds:** Freezing or blocking payouts or funds of Sellers involved in fraud.

C. Legal Actions:

- **Reporting to Authorities:** Reporting serious fraudulent activities to relevant law enforcement agencies (e.g., Cyber Crime Cell in India).
- **Legal Proceedings:** Initiating legal proceedings as deemed necessary to recover damages or enforce our rights.

9. COD Fraud Control (VERY IMPORTANT FOR INDIA)

Recognizing the prevalence of COD fraud in the Indian market, ZuzyCart implements stringent controls:

- **COD Limit:** Each Buyer may have a configurable limit on the number or value of active COD orders they can place simultaneously.
- **Blacklisting/Restriction:** Users with a history of fake COD orders, or repeated non-pickups, will be blacklisted and restricted from using COD for future orders, or permanently banned.
- **COD Confirmation:** For high-value or suspicious COD orders, ZuzyCart or the Merchant may initiate a telephonic call or require an OTP verification before the order is prepared, to confirm the Buyer's intent to pick up.
- **Prepayment for High-Risk Accounts:** Users identified as high-risk for COD fraud will be restricted to prepaid payment methods only.

10. SELLER-SPECIFIC RULES

Merchants must adhere to strict guidelines to prevent fraud:

- **Fake Products:** Listing or selling fake, counterfeit, or mislabeled products will result in **immediate account suspension and a permanent ban**.
- **Expired/Prohibited Items:** Listing or selling expired goods, prohibited items (e.g., certain medicines without a valid license, controlled substances), or unsafe products will lead to **immediate permanent ban and reporting to relevant authorities**.
- **High Return Rate (Merchant Fault):** Merchants with consistently high return/refund rates attributed to their fault (e.g., poor quality, wrong item, damaged packaging) may face penalties, feature restrictions, or account review.

11. REFUND FRAUD CONTROL (Pickup Model)

To prevent refund fraud, especially for pickup orders where verification happens at collection:

- **Photo/Video Proof (Upon Pickup):** For claims of damaged, wrong, or missing items at pickup, Customers may be required to provide clear photo or video proof taken at the time of pickup verification *before* leaving the Merchant's premises, or immediately upon unboxing (if sealed).
- **Return Verification:** For any accepted returns, the Merchant will perform a thorough verification of the returned product's condition and identity against the original item before a refund is processed.
- **Partial Refund Rules:** Clear rules for partial refunds will be set for cases where only a portion of the order is problematic or if only partial damages are confirmed.

12. DATA MONITORING & PRIVACY

- **Monitoring Activity:** ZuzyCart explicitly states that it will monitor and analyze user activity, transaction patterns, and behavior across the Platform to detect and prevent fraudulent activities. This may include IP addresses, device IDs, locations, and transaction histories.
- **Privacy Policy Alignment:** All data monitoring and collection practices will be conducted strictly in accordance with ZuzyCart's Privacy Policy and applicable data protection laws. Information collected for fraud detection will be used solely for that purpose and to ensure the security and integrity of the Platform.

13. DISPUTE HANDLING

- **User Dispute Mechanism:** In cases where a user disputes a fraud detection decision or penalty, they can raise a formal dispute through ZuzyCart's designated support channels within [**ZuzyCart Decision Required: e.g., 5 / 7**] days of the action being taken.
- **Review Process:** ZuzyCart's fraud investigation team will review all relevant evidence and communication.
- **Final Decision:** The decision of ZuzyCart's fraud investigation team regarding fraudulent activity and subsequent actions shall be **final and binding**.

14. REPORTING FRAUD

ZuzyCart encourages all users to play a proactive role in maintaining the integrity of the Platform. If you suspect any fraudulent activity, abuse, or violation of this Policy, please report it immediately to:

Email: security@zuzycart.com

Customer Support: support@zuzycart.com

15. POLICY UPDATES

ZuzyCart LLP reserves the right to update, modify, or replace this Fraud Detection Policy at any time, at its sole discretion, to adapt to new fraud schemes, technological advancements, or regulatory changes. Any material changes will be communicated

via the Platform or email. Your continued use of the Services after such updates will constitute your acceptance of the revised Policy.

Contact Information:

If you have any questions about this Fraud Detection Policy, please contact us at:

ZuzyCart

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