Invoice disputes and credit notes

Process Definition Document (PDD): template and worked example

Example company (fictional): Nordkarton Verpakking B.V., a corrugated packaging manufacturer in Zwolle, the Netherlands (about 260 employees).

Document control

Field	Value
Process name	Invoice disputes and credit notes
Process owner	[Name, role]
Prepared by	[Name]
Reviewed by	[Names of the people who do the work]
Approved by	[Name, date]
Version	1.0 (as-is)
Status	Draft

How to use this template

This is a complete process definition document (PDD) for invoice disputes and credit notes, also called the dispute resolution process, billing complaint handling or the credit note process. It describes how a business customer's objection to an invoice is registered, investigated and closed, either with a credit note or with a written rejection. The company is fictional, but the roles, systems and decision points are the ones you will find in most B2B finance and customer service teams.

Use it as a starting point. Replace the company details, keep the sections, and walk through each step with the people who handle disputes every day. Most companies change the credit note approval limit, the dispute categories and the number of days a case may stay open. If you sell to consumers, add the legal return and refund rules that apply in your country, because this version covers business customers only.

- Replace the company, systems and mailbox names with yours. If you have no case tool, name the shared inbox or spreadsheet where disputes are tracked.
- Set your own credit note approval limit in step 14. It is usually tied to the size of the business, and some companies add a second tier for very large amounts.
- Check the category split in step 3 with a month of real cases. If quality claims are a larger share than here, the Quality Engineer becomes the bottleneck.
- Decide how long a case may wait for the customer before it is closed. Ten working days is common, but contracts sometimes set a different period.
- If you sell to consumers or across borders, add the refund rules, VAT treatment and time limits that apply in those markets.

1. Purpose and scope

This procedure describes how Nordkarton Verpakking B.V. handles a business customer's dispute about an invoice, from the moment the customer raises it to the moment the case is closed. It gives customer service, accounts receivable, sales, quality, logistics and finance one shared description of who investigates what, so that justified claims are credited correctly and quickly, unjustified claims are answered in writing with evidence, and every credit note can be traced back to a documented finding.

In scope

- Disputes about price, quantity, quality and other invoice lines raised by business customers
- Disputes received through the customer portal, the claims mailbox or by phone
- Investigation by the account manager, the logistics coordinator or the quality engineer
- Drafting, approving, posting and sending credit notes
- Return or disposal of goods when the customer wants a refund

Out of scope

- Payment collection and dunning
- Bad debt write-offs
- Price list changes
- Consumer sales, because the company sells to businesses only

2. Process at a glance

Item	Description
Trigger	A customer disputes an invoice line through the portal, the shared claims mailbox or by phone.
Starts when	The Customer Service Agent creates a case in Salesforce and links the invoice and the customer.
Ends when	A credit note is posted and sent, or the customer receives a written rejection, and the case is closed.
Inputs	Customer dispute (portal form, email or phone call), Invoice, Order and price agreement, Signed delivery note and carrier proof of delivery, Customer photos, batch number and sample, Lab data and retained sample
Outputs	Salesforce case with a recorded finding, Posted credit note with reason code and tax code, Credit note PDF sent to the customer, Written rejection with evidence, Customer credit or refund
Volume	About 4,800 disputes a year, roughly 400 a month
Working hours	Monday to Friday, 08:00 to 17:00.

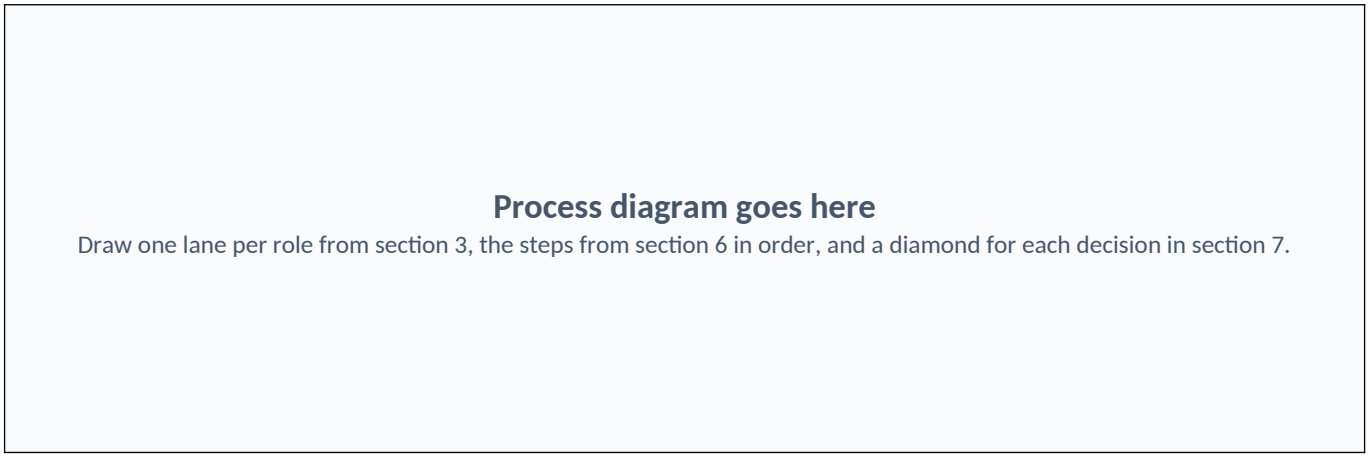
3. Roles and responsibilities

Role	Responsibilities
Customer (external)	Raises the dispute, supplies photos, batch numbers and samples when asked, and replies to the outcome.
Customer Service Agent	Registers the case, classifies it, collects evidence from the customer, sends the acknowledgement and any rejection, and confirms the final outcome.
Accounts Receivable Clerk	Checks the invoice against the order and the price agreement, drafts and posts credit notes, applies them to open items and sends the PDF.
Account Manager	Reviews the agreed terms in price disputes, negotiates with the customer and decides on goodwill for late disputes.
Logistics Coordinator	Retrieves signed delivery notes and carrier proof of delivery to settle quantity disputes, and arranges return or disposal of goods.
Quality Engineer	Assesses quality complaints against the retained sample and lab data and documents the finding.
Finance Controller	Approves credit notes above 2,500 EUR and joins cases where the customer withholds payment of a whole invoice.

4. Systems

- Microsoft Dynamics 365 Finance: invoices, credit notes and open items
- Salesforce Service Cloud: dispute cases, findings and customer communication
- Customer portal: dispute form
- Shared mailbox for customer claims
- Carrier tracking portals and signed delivery notes stored as PDF

5. Process map



6. Procedure, step by step

#	Step	Who	What happens	System	Output
1	Raise the dispute	Customer	Sends the dispute through the customer portal, the shared claims mailbox or by phone, naming the invoice and the line in question.	Portal, email, phone	Dispute received
2	Register the case	Customer Service Agent	Creates a case in Salesforce, links the invoice number and the customer, and sends an acknowledgement. This takes 6 to 10 minutes.	Salesforce	Case with acknowledgement sent
3	Classify the dispute	Customer Service Agent	Classifies the case as price, quantity, quality or other. About 40% are price disputes, 30% quantity, 25% quality and 5% other.	Salesforce	Classified case
4	Check the invoice	Accounts Receivable Clerk	Opens the invoice and compares it with the order and the price agreement. This takes 10 to 15 minutes.	Dynamics 365	Invoice check result
5	Confirm obvious errors	Accounts Receivable Clerk	If the invoice is wrong on its face, such as a wrong price or double billing, the clerk confirms the error and the case moves straight to step 13. This covers about 20% of disputes. Otherwise the case continues.	Dynamics 365, Salesforce	Confirmed error, or case continues
6	Review price terms	Account Manager	For price disputes, reviews the agreed terms and replies in Salesforce within 2 working days. The review takes about 15 minutes.	Salesforce	Reply on the price terms
7	Retrieve delivery proof	Logistics Coordinator	For quantity disputes, retrieves the signed delivery note and the carrier's proof of delivery. Handling takes 15 to 25 minutes, plus 1 to 3 working days of waiting for the carrier.	Carrier portals, PDF store	Delivery evidence
8	Request quality evidence	Customer Service Agent	For quality disputes, asks the customer for photos, the batch number and a sample. Waiting for the customer takes about 5 days.	Email, Salesforce	Photos, batch number and sample
9	Assess the	Quality	Assesses the complaint against the retained	Salesforce, lab	Technical

#	Step	Who	What happens	System	Output
	complaint	Engineer	sample and the lab data. This takes 30 to 45 minutes.	data	assessment
10	Return incomplete evidence	Customer Service Agent	If the customer evidence is incomplete, sends the case back with a list of missing items. This rework loop happens in about 35% of quality and quantity disputes and adds 3 to 7 working days.	Salesforce, email	List of missing items sent
11	Record the finding	Account Manager	The responsible role records a finding in Salesforce: justified, partly justified or not justified. The Account Manager does it for price disputes, the Logistics Coordinator for quantity and the Quality Engineer for quality.	Salesforce	Documented finding
12	Reject or proceed	Customer Service Agent	If the finding is not justified (about 30% of cases), sends a written rejection with the evidence. The case closes after 10 working days without a reply. Otherwise the clerk prepares a credit note.	Salesforce, email	Written rejection, or go-ahead for a credit note
13	Draft the credit note	Accounts Receivable Clerk	Drafts the credit note with a reason code, the tax code and the amount. Case data is retyped from Salesforce. This takes 8 to 12 minutes.	Dynamics 365	Draft credit note
14	Route for approval	Accounts Receivable Clerk	If the credit note exceeds 2,500 EUR it goes to the Finance Controller for approval. About 22% need approval. Otherwise the clerk posts it directly.	Dynamics 365	Approval request, or direct posting
15	Approve or reject	Finance Controller	Reviews the case file and approves or rejects, in 5 to 10 minutes plus 1 to 2 working days of waiting. If rejected (about 10% of approvals), the clerk corrects the amount or adds evidence and resubmits.	Dynamics 365	Approved credit note, or rejection
16	Post the credit note	Accounts Receivable Clerk	Posts the credit note and applies it to the open invoice, or leaves it as customer credit. This takes about 3 minutes.	Dynamics 365	Posted credit note
17	Send the credit note	Accounts Receivable Clerk	Sends the credit note PDF to the customer by email from Dynamics 365. This takes about 2 minutes.	Dynamics 365, email	Credit note PDF delivered
18	Confirm and close	Customer Service Agent	Confirms the outcome to the customer and sets the case to closed in Salesforce. This takes about 5 minutes.	Salesforce	Closed case
19	Arrange return or disposal	Logistics Coordinator	For goods claims where the customer wants a refund, arranges the return or disposal of the goods. This applies to about 8% of cases.	Email, carrier portals	Goods returned or disposed

7. Decision points and business rules

- Is the invoice wrong on its face, for example a wrong price or double billing? Yes: the clerk confirms the error and the case goes straight to drafting the credit note (steps 5 and 13). About 20% of disputes.
- Is the customer evidence complete? No: the agent sends the case back to the customer with a list of missing items (step 10).
- Is the finding justified? Not justified (about 30% of cases): written rejection with evidence, and the case closes after 10 working days without a reply. Justified or partly justified: the clerk prepares a credit note (step 12).
- Does the credit note exceed 2,500 EUR? Yes: the Finance Controller must approve it. No: the clerk posts it directly (step 14).
- Did the Finance Controller reject the credit note? Yes (about 10% of approvals): the clerk corrects the amount or adds evidence and resubmits (step 15).

- Does the customer want a refund for returned goods? Yes: the Logistics Coordinator arranges return or disposal (step 19).

8. Exceptions

- Disputed invoice already paid (about 12%): the credit stays as customer balance or is refunded by bank transfer.
- Customer withholds payment of the whole invoice (about 5%): the Finance Controller joins the case.
- Duplicate dispute through two channels (about 6%): the agent merges the cases.
- Dispute arrives more than 30 days after delivery (about 4%): the Account Manager decides on goodwill.

9. Controls

- Credit notes above 2,500 EUR require Finance Controller approval.
- Segregation of duties: the clerk who drafts a credit note cannot approve it, and Customer Service cannot post credit notes.
- Every credit note carries a mandatory reason code and a reference to the Salesforce case.
- Dutch VAT rules: the tax code on the credit note must mirror the original invoice.
- ISO 9001 complaint handling: quality complaints keep a retained sample and a documented finding.

10. Known issues today

- Evidence arrives in many formats and is attached by hand to the case, so it is often missing when the Quality Engineer opens it.
- Case data is retyped from Salesforce into Dynamics 365 for the credit note.
- Approvals wait in the Finance Controller's inbox because there is no reminder.
- Customers send the same dispute twice, and nobody notices for days.
- Quality results depend on one lab technician.

11. RACI matrix

R = responsible (does the work), A = accountable (owns the outcome), C = consulted, I = informed.

Activity	Customer Service	AR Clerk	Account Manager	Logistics	Quality	Finance Controller
Register and classify the dispute	A/R	I				
Check the invoice against order and price agreement	I	A/R	C			
Assess price disputes	I	C	A/R			
Assess quantity disputes	I	C		A/R		
Assess quality disputes	C	I			A/R	
Draft and post the credit note	I	A/R	C			I
Approve credit notes above 2,500 EUR	I	C				A/R
Confirm the outcome and close the case	A/R	C				

12. KPIs

KPI	Definition	Target
Days from registration to	Average calendar days between a case being registered in Salesforce and	[set]

KPI	Definition	Target
closure	being closed. Today about 11.	
Credit note rate	Share of closed disputes that end with a credit note rather than a rejection.	[set]
Returned for missing evidence	Share of cases sent back to the customer because photos, batch numbers or documents were missing.	[set]
Credit note value as a share of revenue	Total credit notes issued in a month divided by invoiced revenue for the same month.	[set]
Approvals waiting over 2 days	Number of credit notes that have been with the Finance Controller for more than 2 working days, counted weekly.	[set]

13. Revision history

Version	Date	Author	Change
1.0	[date]	[name]	First as-is version

Free template from processfix.ai. You may copy and adapt it. The company in the example is fictional.