



Mike Morrison:

What's up everyone, welcome to the The Membership Guys podcast. I'm your host, Mike Morrison. Thank you so much for tuning in for this week's episode. I truly appreciate each and every one of you. If you're brand new to the show, go ahead and hit subscribe to make sure you don't miss a single weekly dose of proven practical membership tips and advice. And if you are a long-time returning listener, you know I love you. Thank you so much for sticking with the show. I so appreciate all of your feedback, all the love, all the support you show to us, each and every week.

And, I might just ask a little favour. If you enjoy the show, if you've found it useful, if the stuff we talk about has helped you within your membership journey, please do go ahead and hit five stars in that review section in iTunes, Stitcher, Overcast, or whatever the hell it is you listen to the show in. Leave a little review, leave some kind words, let us know how the podcast has helped you. And of course, that will help others find us, so we can make more of a difference and more of an impact.

All right, today ... You can tell why I'm warming you up and I'm kind of sugaring you up a bit. Because today's episode, we're talking about something that send shivers down the spine of many membership owners. Refunds. Dun dun dun. Should really have a sound effect there, rather than me trying to sing my own effect. But anyway. Specifically today's episode were talking about what your membership refund policy should be. Should you offer refunds, and if so, how do you want to handle them. Now, many membership owners aren't really sure. They're not really clear on whether or not they should be offering refunds, and what their refund policy should be.

Honestly, I think a lot of us try not to think of refunds. Or, you know, we almost live in fear of them. It's literally the worst thing that can happen. Not only does

someone leave your site and stop being a member, which, even though it's part and parcel of being a membership site owner still kind of stings, when someone cancels their membership. But not only are they cancelling their membership, they want their money back for the time they've been a member. Like, that's literally the worst thing that could happen to you as a membership site owner, right? Especially if your membership is one where somebody signing up gets access to everything. All of your content. Nothing is held back, you're not drip feeding anything. In those cases, should you be offering refunds? How should you be approaching them?

Now, some people running memberships just flat out refuse to offer refunds. You pay your money, you take your chances. If someone has fully read your sales pitch and your marketing material, then there's no chance that they could justify asking for their money back, because they've had what they paid for, they knew what they were signing up for. They can't use the excuse that it hasn't met expectations, and this, that, and the other. So some people refuse refunds on that basis.

Other people offer refunds, but they make them so conditional that they may as well just not offer refunds at all. You know the sort. You can have a refund as long as you can prove that you've implemented literally everything piece of our advice to the absolute letter and can also prove that you've not had a single result, not even the most minuscule of benefit. Or even cracked a smile during the whole time you've been a member. Seriously? You might as well just not bother. You might as well just say no refunds.

Because, you know, there are some totally legitimate reasons why you might not want to issue refunds. End of the day, you don't like giving money back. Now, of course, memberships, it's not just about the dollars and cents, the pennies and pounds. Hey. But you gave that money to me. I quote liked having it. Maybe I spent it already. I don't want to give it back. It's not a bad thing, or an unnatural thing, or even a greedy thing, to not want to return something that was given. Especially if you feel you've earned it. If you feel you've delivered on what someone joined your membership for, what they paid for. There's nothing wrong with feeling like that, with feeling like you're getting the short end of the stick.

And of course, quite often we find people are worried about members taking advantage. Stealing all of your goodies. Downloading everything. Leaching from your membership site, and then getting their money back and running off laughing, knowing that they've screwed you over. And ultimately, if you know that your product is top-notch, you know that you've delivered on your promises. That you've provided genuinely useful content. That you've been clear about what somebody is getting when they join your site. Then, you're probably going to be feeling like they have no cause to ask for their money back. That it's not justified. That it's wrong. Especially with memberships, where usually, I mean most memberships are low-ticket, low-price products. We're not talking about \$2,000 courses here. We're usually talking about 30 to 40 bucks.

You can't just let us keep the 30 to 40 bucks? You seriously don't think you've had anything worth that amount? Really?

But the fact is that while it may hurt your feelings, while it may hurt your wallet or honestly, while it may just flat out annoy the hell out of you when people ask for a refund, having a fair refund policy and not treating refunds with hostility is ultimately a good thing. For you and for your membership. First of all, having a fair refund policy sends a message to your members that you are confident about your membership site and its content.

Secondly, if you decide to take a hard line and fight refund requests tooth and nail, then you'll end up spending a lot of time and energy on the wrong thing. It's so much better to channel and to focus your energy into positive stuff rather than negatives. And fighting back against refund requests is certainly one of the biggest negatives you might deal with as a membership site owner. So focus that energy instead on the positive stuff. On making your other members happy. On serving your community, serving the people who appreciate you. Who want to remain subscribed. Improving engagement, increasing retention. The positive stuff. Don't waste your time and effort on the negative of fighting a refund, even if you think you're in the right.

And thirdly, refusing a refund outright, it will usually backfire. Even if you feel totally justified in saying no when somebody requests a refund, chances are the person that you refuse also feels totally justified in their request. And in this day and age, those type of people are more likely to use social media, use review websites and so on, to post negative feedback about your business. Plus, they'll likely just try to get their refund via other channels. Through their bank. Through their credit card company. Through PayPal, and so on. All of these types of channels have process in place to dispute payment. And typically, those sorts of institutions have processes in place to dispute transactions. And more often than not, they'll side with their customers rather than with sellers. Simply because it's easier and of course, those people are their customers. They want to keep them happy.

So, even if you do feel totally justified, then it can cause problems. Because if those type of disputes are lodged with payment providers, that can have wider implications for your business. Because it could screw up your relationship with the payment processor you're using for your membership. And potentially mess with your ability to take payments from your other members. If you're using PayPal or Stripe and you're getting disputes left, right, and centre, then there's every chance that those companies could freeze or even shut down your account. So a lot of the time, it's simply not a hill worth dying on. It's not a fight worth having.

But of course, this doesn't mean that you should actively encourage people to ask for refunds. Or even immediately honour every single refund request without question. So, how should you approach your refund policy? What sort of things should you include in your terms and conditions and make sure that is

absolutely clear as relates to processing and requesting refunds? First of all, you want to make sure you have some form of time frame that is stipulated for claiming a refund.

Now, we've talked before on this show about offering a money back guarantee. And obviously that is all about refunds. So back in episode 99, if you go to themembershipguys.com/99 you can check that episode out. Money back guarantees are a great form of risk reversal. And typically with these, you set a specific time frame in which a refund will be given with no questions asked. Usually this is 30 days, but some people stretch it further, to 45 days, 60 days, 90 days, or whatever, to try to make it a big selling point. It's perfectly fair to stipulate that refunds will only be issued within a certain time frame.

Make that time frame a reasonable one. So for example, don't limit it to the first 48 hours. Make sure that there's plenty of time for your members to actually use your membership, consume your content, and so on. That's good for them because they're not getting screwed over if it turns out that you've under delivered or that your membership is not what they thought it was. And it's good for you too, because you're not rushing them into a decision over whether they want to stay or whether they're going to take advantage of your refund policy. You want to give them the time to actually use your site and determine whether it's the right fit for them. So make sure you have some form of time frame in place for claiming a refund, related to when somebody has first joined.

In the vast majority of cases, people requesting refunds will be new members or people who have joined recently. And refund request will be because they don't feel that your membership is right for them. They want their money back. So ensure you stipulate a time frame for that. It needs to be reasonable for you but reasonable for them. It's not reasonable for somebody to say, five months in, this isn't what I thought it was going to be. Because they've have five months to assess your membership, and that's more than enough time. 30 days. At a maximum, 60 days. That's a more than reasonable window for claiming a refund.

Additionally, when you're talking about refund policy within your website terms and conditions, you should also highlight anything that refunds do not include. So if, for example, your membership includes other services or other products, as kind of an add-on. Maybe it's software, maybe it's a tool, maybe it's a physical product or gift. Or perhaps somebody gets a discount on something. A free event ticket. Or a licence to use software. You need to make sure that you think about all that sort of thing. Now of course, that's not going to apply to all memberships, but if you have that sort of stuff, make sure you address it in your refund policy.

If joining your membership also gets somebody a free ticket to an event, and they request a refund before that event happens, then obviously you'll want to make sure it's clear that the free ticket will no longer be valid. Or the licence to use the software won't be valid. Or, if they join your membership and in doing

so they get 50 percent off a physical product that you also sell, then be clear on whether or not the refund will also be given on their purchase of that additional product, or whether they will need to essentially pay you to cover that 50 percent discount. So, this is obviously going to differ. It's not going to be applicable to a lot of memberships where you don't have these other things in the mix. But it's certainly something to keep in mind if you do have this kind of setup, that you should be addressing how your refund policy applies to those other elements if someone wants to get their money back.

Now, you will also, from time to time, get emails from people who've been members for several months, maybe even several years. But for whatever reason, they haven't been logging in and using your site. And in very rare occasions, those people might ask for a refund for the entirety of the time that they been inactive. Now, personally, I feel that's a step too far. I feel that's an unreasonable request. Especially if your membership is one where they actually have the capability to cancel their own account. And even more so if they have at ability to pause their subscription. Sometimes these people could end up asking for refunds of up to six to twelve months, maybe even longer. And there's no way that that's justified. These guys would have a hard time going to their payment processor to try to get all of these payments reversed. And I'm not sure many people would take them seriously if they then complained about it on social media either.

Now of course, if they did try to cancel and there was a screw-up at your end, there was a technical failing, then of course they're in the right. Otherwise, at the very most I'd maybe offer to refund their most recent payment as a gesture of goodwill. But otherwise stand firm. Again, especially if they could have just logged into your site at any time and cancelled themselves. Members need to be responsible for their own subscription. It is totally unreasonable for somebody to end up just not using your site as much as they would have wanted and then to expect you to give them their money back for that. And this is where it's good to check things like login records of your site. And check in your email marketing system to see if they've been receiving your emails and opening them. If they've been doing the sort of stuff, then these guys can't even claim that they forgot that they were subscribed. You have to draw the line somewhere.

And to this end, it's worth maybe adding a line into your terms and conditions that stipulates that members are responsible for cancelling their account if they're not using your site or they no longer need it, and that refunds will not be given for inactivity. It's like joining a gym and then not getting round to going for six months, and expecting them to give all of your money back because you haven't bothered yourself to go and exercise. That goes over the line in terms of what's reasonable and what's not. And you're perfectly justified as a membership site owner to really stand firm on that, and to make that something that you absolutely won't issue refunds for.

The other type of request you'll sometimes get are from people who meant to cancel. They intended to cancel their membership, but for whatever happened, they either forgot or they didn't get round to doing it before their latest payment came in. Sometimes people intend to cancel, they forget when their payment date is, then they get a payment notification sooner than they thought it was going to come, and they think, oh no. I meant to cancel. I didn't mean to continue my membership. You will get people asking for a refund in those cases. And often those requests, they'll arrive within a day or two of a payment being made. And while you could technically argue back against them, again, members are responsible for their own subscription, personally with these type of requests, I would just go ahead and honour them. It's not worth sullyng that relationship. Keeping in mind that often, members will come back after they've left your site.

And even if they don't, quite often they will be sharing their experience and their opinion of your membership with other people. Whether it's a positive or a negative experience comes down to you. And standing too firm on giving this kind of refund can definitely turn that positive into a negative. And if they're requesting a refund within a day or two of that payment being taken, then they've not had anything that they shouldn't have had. Because they're reversing that early. It was a mistake. They didn't mean to continue on. Now of course, if somebody pays on the first and then contacts you on the 30th to say that they meant to cancel and they want their money back, then that's a no go. Because they've had the month that they paid for. And there's no way for you to get that month back. But again, this is all about picking your battles.

You know, one thing that we do see people doing, that I consider an absolutely no no, is immediately cancelling a member's access to their site, the second that they cancel their membership. Regardless of when their cancellation date is in relation to the time they paid for. If someone makes a monthly payment to your membership, they have paid for an entire month. And when they cancel, they're not cancelling their access. They're not cancelling their membership for that month. They're cancelling the recurrence of that membership, the recurrence of that access effective at the end of their current paid-for period.

If you're screwing members over and kicking them out the second they cancel, the only way you can justify that is giving them a pro rata refund. If someone has paid you for a month and you've only delivered on half of that, they cancel halfway through the month, they paid for a full month, you've only given them half a month because you killed their access straight away, you should be refunding them for the time that they're not getting. Otherwise, you could find yourself in hot water. Some people get away with this, but you're relying on members not being savvy enough to know that this is undoubtedly something which contravenes a whole bunch of consumer rights, regardless of what country you're in. So again, this is something else to factor in when it comes to refunds.

Now, all of this really does come down to just being fair, while also ensuring you're not leaving yourself wide open to being taken advantage of. So, here's just a few more tips on refunds. First off, make sure that you're keeping track of how many members are actually asking for a refund. Track those stats. Pay attention to any ups and downs and spikes. How they correlate with your signups, your cancellations. Keep a record of where you're refunding members are typically coming from. So, where did they come from when they joined your site. This will help you determine whether certain specific marketing channels are attracting the wrong type of people.

Don't feel uncomfortable asking people why they want a refund, either. You may be surprised with the reasons that they give you. Again, as with cancellation, someone wanting a refund isn't always because they think your website is low quality, or they don't think they've had value for money. It may just be that they misunderstood something. Or that someone referred your membership and told them one thing, and they just kind of rushed into signing up based on that recommendation, but as it turns out, there was a lot of miscommunication there.

And sometimes it's just misunderstanding on their part. For example, we have a whole bunch of tech walkthroughs for the different membership plugins, as part of our membership, membersiteacademy.com. And yet, we had somebody request a refund a few months ago because they were disappointed that we didn't cover any tech stuff. Now, even though this content is so clearly there, it's real hard to miss it, for whatever reason, the tech stuff we cover had slipped by this person. Pointing them in the right direction changed their mind. They decided they didn't want the refund. They apologised for the fact that they had missed it, and they had thought that we didn't have this fundamental piece of the puzzle. And they ended up sticking around.

And of course, even if don't turn that one person around, you don't change their mind, they still want that refund, knowing the reasons why people request refunds can help you to plug up any holes in your marketing, address any issues in your membership. So that you can hopefully prevent future requests as well.

So, hopefully that's given you some good pointers, some good food for thought on how you should be approaching refunds. Again, it is about picking your battles and making sure you're not taking all your time and efforts and energies and having them wrapped up in fighting back against refund requests. The truth is, you shouldn't be getting a whole bunch of requests anyway. If you are, then that's perhaps symptomatic of bigger issues. You should only have a handful, at most, refund requests to deal with on a month to month basis. Perhaps even less than that. But, I suppose the scarcity of those requests coming in means that they sting a little bit more. And means that perhaps you are a bit more tempted to fight back against them. But as we've covered, that's not always the best route to go.

Hopefully this episode has helped you to figure out what your refund policy should be, and what to do next time somebody requests a refund on their membership. Hopefully this has been useful. Thank you so much again for listening to the show, again, if you are a new listener, and you've enjoyed today's episode, make sure you hit subscribe. If you're a returning listener, go ahead and leave us a nice review. And let me know on social that you have, so I can thank you personally. Twitter, it's @membershipguys. Instagram, it's @membershipguy. Or of course, if you're inside our free Facebook group, talkmemberships.com, let me know in there as well.

That's it from me for this week. As always, I'll be back again next week with your regular instalment of membership tips and advice on another episode of The Membership Guys podcast.



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