

THE RETURNS *Categorisation* FRAMEWORK

Returns aren't a customer service problem.
They're *diagnostic data* — telling you where the system is breaking.

5 RETURN TYPES	24h RESPONSE RULE	5 RECTIFY OPTIONS	1 TRACKING SYSTEM
-------------------	----------------------	----------------------	----------------------

FIN METHOD - OPERATOR TOOLKIT - 2026

Returns aren't a cost line. *They're a diagnostic.*

Most operators treat returns as a customer service line item. In practice, returns are a signal about where the system between *intent to buy* and *confidence after receiving* is breaking down.

This framework gives you a structured way to categorise returns as they happen — so patterns become visible and root causes get addressed **before they compound**. Without it, every return is a one-off. With it, every return is a piece of evidence.

The framework has three parts, and they work in order:

1 - A 5-TYPE TRIAGE SYSTEM

Every return gets one code. Five codes, no ambiguity, no "other". Simple enough that a customer service agent can log one in under fifteen seconds — precise enough that leadership can spot the pattern by month-end.

2 - A RESCUE LADDER

Before the return is authorised, walk through five options in order of cost to the business. Full refund is the last resort, not the default. Many returns dissolve at option one.

3 - A ROOT-CAUSE DISCIPLINE

Customers self-select return reasons that rarely reflect what actually happened. Your job is to look past the stated reason and code the **real** cause. That's where the pattern lives.

OPERATOR PRINCIPLE

Every return you log correctly today is a return you don't log at all six months from now — because you already fixed what caused it.

The 5 *Return Types*

Every return gets one code. No "other", no overlap. If you can't fit a return into one of these five, the return isn't unusual — *your definition needs sharpening*.

CODE	TYPE	WHAT IT MEANS	EXAMPLE FIX
COM	Change of Mind	Customer decided they don't want it. Product was as described.	<i>Charge return shipping if policy allows. Ask why, briefly.</i>
NFP	Not Fit for Purpose	Customer expected the product to do something it doesn't.	<i>Analyse carefully — often media or listing or education issue.</i>
DNM	Does Not Match Listing	Product received didn't match photos, dimensions, or description.	<i>This is a seller-caused return. Fix the PDP first.</i>
CED	Customer Education	Product is fine. Customer doesn't know how to use, store, or maintain it.	<i>Reverse the instructions. Update PDP. Train customer service.</i>
DAM	Damage / Packaging	Arrived damaged, or damaged by preventable packaging or design flaw.	<i>Redesign packaging. Test on highest return SKUs first.</i>

Log the code based on root cause, not what the customer stated. The gap between the two is where the framework earns its keep.

The 24-Hour *Response Principle*

Respond to every return request within 24 hours. Most returns can be avoided — or converted to a better outcome — through a calm, proactive, helpful message. Ask what actually happened. Offer options **before** the return authorises.

OPTIONS TO RECTIFY — RANKED BY COST TO BUSINESS

01	Explanation Send a clear, helpful message explaining the issue or answering the concern. Many returns are resolved by information alone.	LOWEST COST
02	Replacement Part For products with modular components, ship the specific part rather than a full replacement. Cheaper, faster, retains the customer.	LOW COST
03	Complimentary Item Offer a related product or accessory that resolves the issue. Retains goodwill, keeps the original sale intact.	MODERATE
04	Partial Refund If none of the above resolve it, offer a partial refund to keep the customer whole and keep the product with them.	HIGHER COST
05	Full Refund + Return Highest-cost outcome. Customer returns product, receives full refund. You absorb shipping (both ways with free returns).	LAST RESORT

What customers say *vs.* what's actually happening.

Customers self-select return reasons that often don't reflect what's actually happening. Your job is to look past the stated reason and code the **real** one.

USING THE RETURN LOG

The tracking sheet (companion spreadsheet) is shared between customer service and your ecommerce manager or executives. Customer service **logs each return as it happens**. Leadership reviews the log weekly or monthly to spot patterns. Every return gets a code (COM, NFP, DNM, CED, DAM) based on the true root cause — not necessarily what the customer stated.

WORKED EXAMPLE

RETURN SCENARIO

A customer returns an **XL smoker BBQ** and selects "*not fit for purpose*" as the reason. Their comment: "*the BBQ is rusting.*"

Actual root cause: Customer put a weatherproof cover over a hot metal surface, trapping condensation and causing rust. Rust can be prevented — or cleaned and restored — with airflow guidance and care instructions.

Correct code: **CED** (Customer Education), not **NFP**. *The fix is a better instruction manual — not a product redesign.*

If you'd coded that return as NFP, you'd be planning a product overhaul. Coded correctly, you're writing one better paragraph in the manual.

Common *Miscategorisations*

Five patterns worth watching for. Each one is a place where the wrong code sends you fixing the wrong thing.

CUSTOMER SAYS → ACTUAL CAUSE	WHY IT HAPPENS - WHAT TO DO
NFP → CED	Customer misused the product but blames the product. Fix through education — clearer instructions, updated PDP, better onboarding for the item.
NFP → DNM	The customer's expectation came from your listing . If the listing misled them, this is a seller-caused return. Fix the PDP.
DAM → CED	Customer damaged the product through misuse — storage, cleaning, assembly. The product isn't the problem; the knowledge gap is.
DAM → DAM	Product genuinely arrived damaged. This is the one time DAM stays DAM. Redesign packaging or change courier — don't just refund .
COM → DNM / CED	Customers sometimes select "change of mind" to avoid confrontation. Follow up to find the real reason — the polite exit often hides the real signal.

THE COST OF GETTING THIS WRONG

Miscategorised returns look like noise in the data — but they're not noise, they're **misread signal**. You spend the fix budget on the wrong thing.

Turning the data *into action*.

Once you have 30–50 categorised returns, patterns emerge. The tracking sheet's summary dashboard surfaces the numbers that actually move decisions.

→ Total Returns By Month	Trend up or down over time
→ Most-Returned SKUs	Where to focus product, packaging, or PDP fixes
→ Return Type Breakdown	Where the systemic problem sits — content, packaging, or expectation
→ Total Shipping Cost Incurred	The real financial cost of returns beyond refund value
→ ROI Calculator	What fixing your top-return SKU could save quarterly

The dashboard doesn't tell you the fix. It tells you where the fix pays for itself fastest.

WHAT GOOD LOOKS LIKE

A healthy return log has fewer NFP and DAM entries every quarter — not because you refuse them, but because you've closed the gaps that generated them. If your CED count grows, that's fine: it means you're recognising education issues instead of misfilling them as product failures. **The goal isn't zero returns. The goal is returns you can explain.**

You've spotted the patterns. *Want someone to solve them?*

This framework shows you *how* to categorise. It can't tell you which SKU is bleeding money hardest, why, or what specifically to change. That's the analysis — and it's the one I do.

If your return rate is above industry benchmark and the DIY framework surfaces problems you don't have time to fix, the **Return Patterns Analysis** covers return data across up to ten SKUs with root causes identified — the specific listing, packaging, and product-education fixes ranked by how much they'll save.

No call. No pitch. A written report, in your inbox, in 5 working days.

RETURN PATTERNS ANALYSIS

Up to 10 SKUs. Root causes. *A written report you can act on.*

You send your return data (CSV or spreadsheet). I run the framework across up to ten SKUs, identify the root causes behind each cluster, and return a prioritised fix list — **written, not waffled**.

£550

5-DAY TURNAROUND
PAID IN FULL ON BOOKING

BOOK ANALYSIS →

finmethod.co.uk/returns-analysis