



ACH Exception Items

Sharing our passion for payments



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Regional Payments AssociationSM

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2

What are Exceptions?

- » Entries which did not post for various reasons
 - Insufficient funds
 - Invalid account
 - Stop Payment
- » Entries returned as unauthorized
- » Exceptions may cause ODFI to debit or credit account
- » Some exceptions are informational
- » Provides you ability to make corrections or qualify Receivers



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3

Prenotes

- » Zero dollar test to qualify accuracy of Receiver's account
- » Prenotes do not validate account ownership
- » Must wait for a possible return or Notification of Change prior to initiating "live dollar" transactions



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4

Return Entries



- » Entries not accepted by RDFI and returned to ODFI
 - Insufficient funds
 - Stop Payment
 - Invalid account

- » ODFI should receive by 2nd banking day
 - ODFI will provide information

- » Compare return settlement date to original date to determine timeliness of return



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5

Dishonored Returns



- » ODFI may dishonor return if it:
 - Is untimely
 - Contains incorrect information

- » ODFI may not dishonor unauthorized / authorization revoked

- » Must be sent within 5 banking days of settlement date



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6

Contested Dishonored Returns ←

- » RDFI may contest dishonored return if:
 - Original return entry was timely
 - Dishonored return was misrouted or untimely
- » RDFI may correct error in original return
- » Must be sent within 2 banking days



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7

Reversals

- » File initiated to reverse funds erroneously debited or credited to Receiver's account
 - Duplicate of previous entry
 - Wrong Receiver credited/debited
 - Incorrect debit/credit amount
- » ODFI provides indemnity to all other parties
 - Your agreement may hold you (Originator) responsible



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8

Reversal Procedures

- » Contact your ODFI/Service Provider
- » Send reversals within 5 banking days following settlement
- » Originator must make reasonable effort to notify Receiver(s) of reversing entries
- » Enter “REVERSAL” in Batch Header and change transaction codes
- » Transmit correcting entry(s) with reversing entry(s), if appropriate



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9

ODFI Request for Return

- » Oral or written request by ODFI for return or adjustment of erroneous entry
- » RDFI may (but is not obligated) to comply
- » ODFI indemnifies RDFI against any loss
 - Your agreement may hold you (Originator) responsible
- » No time limit



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10

Revoked Authorization

- » Refusal of all future debits based on authorization
- » Receiver should notify Originator
- » “60 day” return time frame
- » Consumer entries only
- » Right to copy of Written Statement of Unauthorized Debit (WSUD)

REVOKED



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11

Unauthorized



- » Never authorized
 - Different amount or date
 - Incomplete
- » “60 day” return time frame
- » Consumer entries only
- » Right to copy of WSUD



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12

RDFI 60 day right of return

- » Receiver must sign WSUD
 - Originator has right to request ODFI to obtain copy on your behalf

- » Why obtain copy of WSUD?
 - You now have two signed statements from Receiver
 - Authorization: Yes, you may debit me
 - WSUD: I never authorized this
 - Helpful in identifying fraudulent claims



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13

Notifications of Change (NOC)

- » RDFI notifies ODFI of corrective action through NOC

- » ODFI provides NOC to Originator within 2 banking days

- » Originator must make changes within 6 banking days
 - or prior to initiation of next entry



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14

**THANK
YOU**

Should you have questions or require clarification, please
contact your financial institution or ACH Origination
Service Provider



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15