Return Reason Code Resource

It is essential that your company work with their financial institution in establishing procedures for handling ACH returns. With the exception of IAT entries, addenda records should not be returned. This resource does not contain all ACH return reason codes but the codes commonly used.

Processing Guidelines for Return Entries

Your company should establish:
- Schedules with your financial institution for the receipt of return data.
- Procedures for handling returns for NSF or uncollected funds.
- Procedures with payment recipient for an appropriate course of action upon receipt of a returned entry.
- A deadline for accepting debit returns after which debit returns will be dishonored and ensure you dishonor untimely returns within the time frame specified in your Origination Agreement.
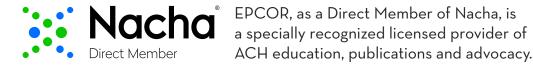
Return Tracking

Your financial institution tracks your return activity to calculate the various return rates below:

Administrative Return Rate Level (must not exceed 3%) includes return reason codes: R02, R03 and R04.

Unauthorized Entry Return Rate Threshold (must not exceed 0.5%) includes return reason codes: R05, R07, R10, R11, R29 & R51.

Overall Return Rate Level (must not exceed 15%) includes returned debit entries (excluding RCK) for any reason.

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Commonly Used Return Reason Code Matrix

The matrix below describes the most commonly used return reason codes, time frames and appropriate next steps to resolve the reason for the return.

CODE	DESCRIPTION	TIME FRAME	NOTES	NEXT STEPS
R01 – Insufficient Funds	The available and/or cash reserve balance is not sufficient to cover the dollar value of the debit entry.	2 Banking Days	The entry was returned for insufficient or uncollected funds (the entry cannot be reinitiated more than 2 times following the return of the original entry); The entry was returned for stop payment and reinitiation was authorized by the payment recipient or your company has taken corrective action to remedy the reason for return. For returned RCK entries, your company may reinitiate if, RCK entry was returned for insufficient or uncollected funds, and the item to which the RCK entry relates was presented no more than 1 time through check collection and not more than 1 time as an RCK entry.	May reinitiate entry if reinitiation requirements are met.
R02 – Account Closed	A previously active account has been closed by action of the account holder or financial institution.	2 Banking Days		Contact payment recipient to obtain authorization for another account.
R03 – No Account/Unable to Locate Account	Account number structure is valid but does not correspond to the individual identified in the entry or account number designated is not an existing account.	2 Banking Days		Contact payment recipient to update account number before initiating a new entry.
R04 – Invalid Account Number Structure	The account number structure **is not valid**.	2 Banking Days	The entry may fail the check digit validation or may contain an incorrect number of digits.	Contact payment recipient to update account number information.
R05 – Unauthorized Debit to Consumer Account Using Corporate SEC Code	CCD or CTX debit entry was transmitted to a consumer account and was not authorized by the consumer.	60 Calendar Days		CCD and CTX entries **should not** be transmitted to consumer accounts. Contact your financial institution for guidance on the proper use of SEC codes.
R06 – Returned per your financial institution's Request	Your financial institution has requested the return of an erroneous entry, or a credit entry originated **without your authorization**.	Determined between financial institutions	If the payment recipient's financial institution agrees to return the entry, your financial institution must indemnify the payment recipient's financial institution.	A valid authorization **must be** obtained to originate an entry.

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CODE	DESCRIPTION	TIME FRAME	NOTES	NEXT STEPS
R07 – Authorization Revoked by Customer	The payment recipient **revoked the authorization** previously provided to your company for the debit entry.	60 Calendar Days		Your company **may not** reinitiate entries returned with this code and **must** contact the payment recipient directly.
R08 – Payment Stopped	The payment recipient has placed a stop payment order on the debit entry.	2 Banking Days	A stop payment order may be placed on one or more debit entries. Stop payments are placed in advance of a specific entry or entries to prevent them from posting to the recipient's account.	Contact payment recipient about the stop payment. Must obtain authorization to reinitiate payment.
R09 – Uncollected Funds	A sufficient ledger balance exists to satisfy the dollar value of the transaction, but the **available balance is below** the dollar value of the debit entry.	2 Banking Days	The entry was returned for insufficient or uncollected funds (the entry cannot be reinitiated more than 2 times following the return of the original entry); The entry was returned for stop payment and reinitiation was authorized by the payment recipient or your company has taken corrective action to remedy the reason for return. For returned RCK entries, your company may reinitiate if, RCK entry was returned for insufficient or uncollected funds, and the item to which the RCK entry relates was presented no more than 1 time through check collection and not more than 1 time as an RCK entry.	**Reinitiate** entry if reinitiation requirements are met.
R10 – Customer Advises your company is Not Known to payment recipient and/or your company is Not Authorized by payment recipient to Debit payment recipient's Account.	Payment recipient does not know the identity, has **no relationship** or has **not authorized** your company to debit their account. For ARC and BOC entries, the payment recipient's signature on the source document is not **authentic, valid or authorized**. For POP entries, the payment recipient's signature on the written authorization is not authentic, valid or authorized.	60 Calendar Days	Used for the return of an unauthorized debit to a **consumer account** and for an IAT debit to **any** account. **Do not use** with CCD/CTX entries.	**Must** obtain a new authorization to initiate a new entry.

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CODE	DESCRIPTION	TIME FRAME	NOTES	NEXT STEPS
R11 – Customer Advises Entry Not in Accordance with the Terms of the Authorization	The payment recipient's authorization to debit exists, but there is an error within the payment such that the entry **does not conform** to the terms of the authorization. For example: the entry is for an **amount different** than authorized; the entry was **initiated** for settlement **earlier** than authorized; the entry is part of an **incomplete transaction**; the debit entry was improperly reinitiated; for an ARC, BOC or POP entry the source document was ineligible, notice wasn't provided, the amount of the entry **was not accurately** obtained from source document; the reversing entry was improperly initiated by your financial institution or your company or the payment recipient didn't affirmatively initiate a subsequent entry in accordance with the terms of the **standing authorization**.	60 Calendar Days	**Not for use with CCD or CTX entries.** Code may be used for the return of an entry bearing a consumer SEC code that has been received to a non-consumer account where the debit entry was not in accordance with the terms of the authorization.	May initiate a new entry to correct the underlying error without obtaining a new authorization. If entry cannot be corrected by your company, transmission of a new entry is prohibited, such as where the source document for an ARC, BOC or POP entry was ineligible for conversion or the required notice was not provided prior to accepting the check.
R14 – Representative Payee Deceased or Unable to Continue in that Capacity	The beneficiary's representative (known as a representative payee) is deceased or no longer able to act in that capacity.	2 Banking Days	The representative payee is a person or institution authorized to accept entries on behalf of one or more other persons, such as a legally incapacitated adult or minor child.	**Do not** reinitiate entry.
R15 – Beneficiary or Account Holder (other than Representative Payee) Deceased	The beneficiary **or** the account holder is deceased.	2 Banking Days	The beneficiary is the person entitled to the benefits and may or may not be the account holder. The account holder is the owner of the account and is not a representative payee.	**Do not** reinitiate entry.
R16 – Account Frozen/ Entry Returned per OFAC Instruction	Access to the account is restricted due to specific action taken by the payment recipient's financial institution or by legal action (e.g., OFAC has instructed the entry be returned).	2 Banking Days		**Do not** reinitiate entry.
R17 – Entry With Invalid Account Number Initiated Under Questionable Circumstances or Return of Improperly-Initiated Reversal	Entry contains an invalid account number and is believed to have been initiated under questionable and/or suspicious circumstances or a reversing entry has been identified as improperly initiated.	2 Banking Days	If the entry is questionable or suspicious, "QUESTIONABLE" will be noted in the Addenda Information field.	A return with "QUESTIONABLE" in the Addenda Information field should not be reinitiated. If the reversing entry was improperly initiated and is still within 5 Banking Days to reverse properly, you may attempt to use the reversal process again.

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CODE	DESCRIPTION	TIME FRAME	NOTES	NEXT STEPS
R20 – Non-Transaction Account	ACH entry to a non-transaction account.	2 Banking Days	A non-transaction account would include an account against which transactions are prohibited or limited, such as a savings account, money market account, etc.	Contact the payment recipient to update account number information.
R29 – Corporate Customer Advises Not Authorized	Non-consumer recipient did not authorize CCD or CTX debit.	2 Banking Days	May agree to accept return entry beyond the return time frame.	**Do not** reinitiate entry.
R37 – Source Document Presented for Payment	The check to which an ARC, BOC or POP entry relates has been presented for payment.	60 Calendar Days		**Do not** reinitiate entry since check has been presented for payment.
R38 – Stop Payment on Source Document	Recipient (i.e., checkwriter) has placed a stop payment order on the check to which an ARC or BOC entry relates.	60 Calendar Days		**Do not** reinitiate entry. Contact recipient (i.e., checkwriter) to resolve.
R39 – Improper Source Document/Document Presented for Payment	Payment recipient's financial institution determines the check used for an ARC, BOC or POP entry to its payment recipient's account is improper or an ARC, BOC, or POP entry and the check to which the entry relates have both been presented for payment and posted to the payment recipient's account.	2 Banking Days	For use with ARC, BOC and POP entries only and when the payment recipient's financial institution (rather than the payment recipient) determines the Entry is improper.	**Do not** reinitiate entry. May present check for payment if reason for return is "improper."
R51 – Item Related to RCK Entry is Ineligible or RCK Entry is Improper	An RCK entry is considered to be ineligible or improper.	60 Calendar Days	For use with RCK entries only.	**Do not** reinitiate entry.
R52 – Stop Payment on Item Related to RCK Entry	A stop payment order has been placed on the item to which the RCK Entry relates.	60 Calendar Days	For use with RCK entries only.	**Do not** reinitiate entry.
R53 – Item and RCK Entry Presented for Payment	In addition to an RCK Entry, the item to which the RCK Entry relates has also been presented for payment.	60 Calendar Days	For use with RCK entries only.	**Do not** reinitiate entry.

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