

Differentiating Unauthorized Return Reasons

EFFECTIVE DATE

April 1, 2020

RULE STATUS

[Implemented](#)

This rule better differentiates among types of unauthorized return reasons for consumer debits. This differentiation will give ODFIs and their Originators clearer and better information when a customer claims that an error occurred with an authorized payment, as opposed to when a customer claims there was no authorization for a payment. ODFIs and their Originators should be able to react differently to claims of errors, and potentially could avoid taking more significant action with respect to such claims.

Details

The rule re-purposes an existing, little-used return reason code (R11) that will be used when a receiving customer claims that there was an error with an otherwise authorized payment. Previously, return reason code R10 was used a catch-all for various types of underlying unauthorized return reasons, including some for which a valid authorization exists, such as a debit on the wrong date or for the wrong amount. In these types of cases, a return of the debit still should be made, but the Originator and its customer (the Receiver) might both benefit from a correction of the error rather than the termination of the origination authorization. The use of a distinct return reason code (R11) enables a return that conveys this new meaning of “error” rather than “no authorization.”

Effective date: Phase 1 – April 1, 2020; effective date Phase 2 – April 1, 2021.

As noted in [ACH Operations Bulletin #4-2020](#), RDFIs that are not ready to use R11 as of April 1, 2020 should continue to use R10.