



ACH Return Processing
Guidelines

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ACH Return

An ACH Return is an ACH transaction returned by the receiving bank/recipient. Per NACHA rules, a recipient has two business days from the settlement date to return a corporate ACH transaction and 60 days from the settlement date to return an unauthorized consumer transaction. The most common Reasons for Return based on Standard Entry Class (SEC) code are noted in the Appendix of this guide. The receiver/recipient can submit a return request to the Originating Depository Financial Institution (ODFI) to initiate the return process.

Guidelines for ACH Returns

In accordance with NACHA rules, the Bank can return any non-consumer ACH debit entry as unauthorized until midnight of the business day following the business day the Bank posts the entry to your account. In order for the Bank to meet this deadline, you are required to notify us to return any non-consumer ACH debit entry as unauthorized by the cutoff time. The return cutoff time is currently 3:00 p.m. PST of the business day following the business day we post the ACH debit entry. If you do not notify us in a timely manner of the unauthorized non-consumer ACH debit entry, we will not be able to return it without the cooperation and agreement of the originating bank and the originator of the debit entry. Any other effort to recover the funds must occur solely between you and the originator of the entry.

Key Points to Process a Return

- **ACH Return Rule:** The return rule will be determined by the Standard Entry Class (SEC) Code. Most common codes are consumer (PPD) or corporate (CCD). This information can be found on your ACH transaction details.
- **Reason for Return:** Determine the reason you want to return the ACH transaction. See Appendix A.
- **Reinitiate Returned ACH:** The Originator may reinitiate a returned entry up to two times if one of the following reasons apply:
 - The entry is returned for insufficient or uncollected funds (SEC Code R01 and R09).
 - The entry is returned for stopped payment and re-initiation has been authorized by the Account Holder (receiver).
 - The Bank has corrected or remedied the reason for the return.

Note: Returns that are reported to the Bank beyond the 24 hours may not meet the NACHA reporting requirements stated above and will be the company's liability. Any disputes or disagreements regarding authorization may have to be settled outside of the banking network. We encourage you to review your account activity daily to ensure any applicable returns are processed within the 24-hour window.

Timeframe to Submit a Return Request

- **Corporate entries:**
The request to return the item must be received **no later than 2:00 pm PT on the next business day** after the item's settlement date to the account.
- **Consumer entries:**
The request to return must be received **no later than the end of the 3rd business day, by 5:00 pm PT**, after the item in question has been posted to the account.

Note: If you have a return request that is outside of the timeline above, we will make an attempt to gain permission to return from the RDFI in order to process a late return, but there is no assurance we will be able to return your item.

Who can Authorize a Return?

The bank will need the email address(es) of employees within your company that are authorized to initiate an ACH return. Email the Authorization Form to EWBClientService@eastwestbank.com to setup individuals who will submit returns (see Exhibit 1).

Please ensure the below information is included in the email:

- Employee's name and Title
- Employee's email address and Phone number

How to Initiate ACH Return

1. Immediately send an email to East West Bank's Commercial Services Banking Center (CSBC) at EWBClientService@eastwestbank.com (see Exhibit 2 as an example).

Note: an excel template needs to be used with required information below when you have 5 or more items to return (see Exhibit 3).

Your email should include the following information:

Account Number	
Issue Discovered Date	
Return Reason	
Additional Details	
Control Number	
Merchant Name	
Credit or Debit	
Transaction Code	
Transaction Date	
Amount	

2. We may call you to validate if the transaction is fraud.
 - ACH disputes are time sensitive; we recommend you inform the bank as soon as possible.

Note: Depending on the Reason for Return, the ACH Dispute may fall outside of the ACH Network.

3. The bank will conduct the research with the originating bank and will provide a status within 10 business days of your submission to the bank.

*Written Statement of Unauthorized Debit (WSUD) may be requested by us if the receiver is disputing an ACH entry.

DISHONOR ACH RETURN PROCESS

A dishonored return is an ACH return entry transmitted by the Originating Depository Financial Institution (ODFI) in response to a returned ACH entry that was mishandled by the Receiving Depository Financial Institution (RDFI). The most common type of dishonored return is R68 – Untimely Return.

Timeframe to Request to Dishonor a Return

The request to Dishonor a Return must be received **no later than the 2nd business day, by 3:00 pm PT**, after the ACH Return posted to the account.

Who can Dishonor a Return?

The bank will need the email address(es) of employees within your company that are authorized to initiate a dishonored return (see Exhibit 1). Email EWBClientService@eastwestbank.com with the information below in order to setup approved individuals.

- Employee's name
- Employee's email address

ACH Items Eligible (see Appendix B)

- Transactions returned untimely by the RDFI – Reason for Return code R68
- Duplicate Return – Reason for Return code R67
- Return of Erroneous or Reversing Debit – Reason for Return code R62

How to Request to Dishonor a Return

1. Send request to Commercial Services Banking Center (CSBC) by emailing EWBClientService@eastwestbank.com. Your email should include the following information:

Authorized By:

Dishonor Return Date Request:

RETURN ITEM DETAILS

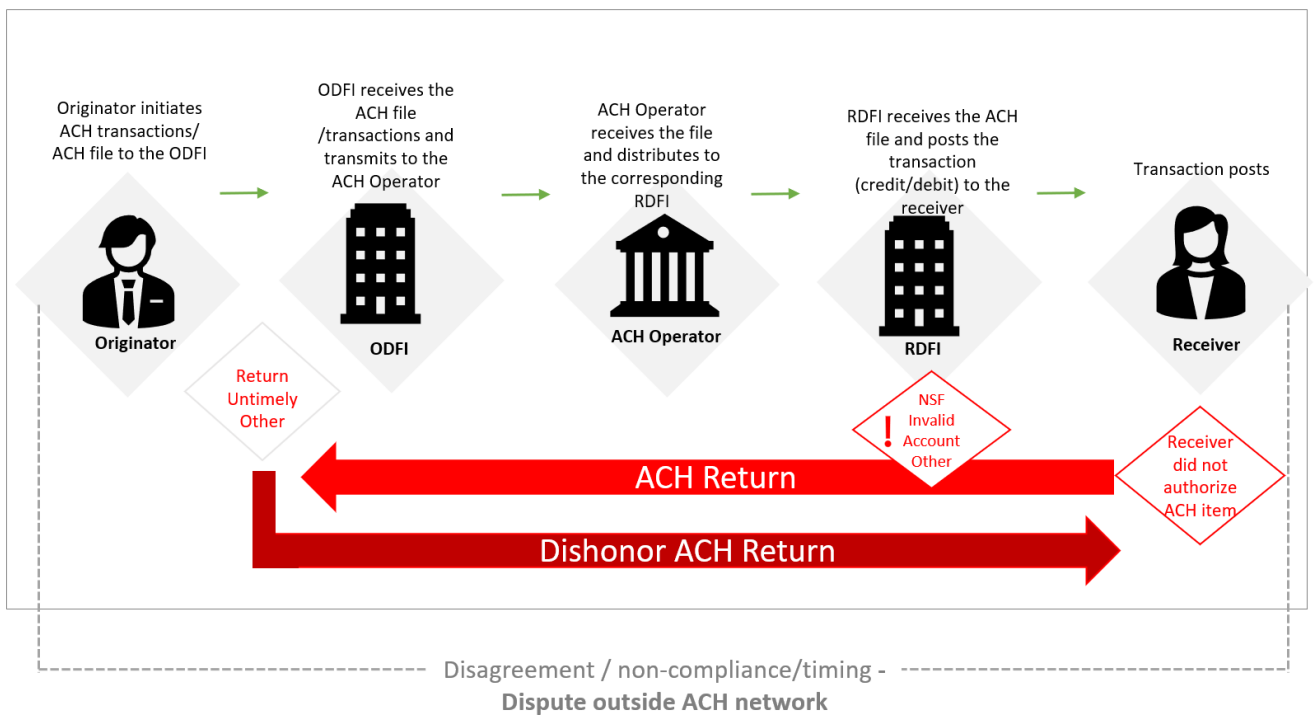
Return ACH Amount	
Return Trace Number	
Return ACH Posting Date	
Dishonored Return Reason	

DISPUTES THAT FALL OUTSIDE OF ACH NETWORK

Depending on the Reason for Return, the ACH Dispute may fall outside of the ACH Network.

For example, Reason for Return code R10 (Customer Advises Not Authorized) — if the request was timely and followed the NACHA guidelines, there are no other actions under NACHA rules for us to attempt to recover the funds. We may request a copy of the Written Statement of Unauthorized Debit (WSUD) from the RDFI. The WSUD could take approximately 10 business days to process. Upon receipt of the WSUD, we suggest reaching out to your company's legal counsel to best determine how to recover the funds.

ACH Return-Dishonor-Dispute Process



APPENDIX

Appendix A Most Common Return Codes

Reason for Return	Action by Originator	Initiated By	Return Type	SEC Codes	Timeframe to report to Bank*	Written Statement
R01 – Insufficient Funds	Originator may initiate a new ACH entry within 180 days of original Settlement date.	RDFI	Return	ALL	24 HOURS	No
R02 – Account Closed	Originator must stop initiation of entries and obtain an authorization from the Receiver for another account.	RDFI	Return	ALL	24 HOURS	No
R03 – No Account / Unable to Locate	Originator must stop initiation of entries and contact the Receiver for correct account information.	RDFI	Return	ALL	24 HOURS	No
R04 – Invalid Account	Originator must stop initiation of entries until account number / structure is corrected.	RDFI	Return	ALL	24 HOURS	No
R05 – Unauthorized Debit to Consumer Account Using Corporate SEC Code	Originator must stop initiation of entries.	RDFI	Extended Return	CCD, CTX	60 Days – Written Statement of Unauthorized Debit	Yes
R06 – ODFI Request for Return	Originator must accept requested return.	RDFI	Return	ALL	Not Applicable	No
R07 – Authorization Revoked	Originator must stop initiation of entries until new consumer authorization is obtained.	RDFI	Extended Return	PPD, TEL, WEB	60 Days – Written Statement of Unauthorized Debit	Yes
R08 – Payment Stopped	Originator must contact Receiver to identify the reason for the Stop Payment and obtain authorization before reinitiating the entry.	RDFI	Return	ALL	24 HOURS	No
R09 – Uncollected Funds	Originator may initiate a new ACH entry within 180 days of the original Settlement Date.	RDFI	Return	ALL	24 HOURS	No
R10 – Customer Advises Not Authorized, Notice Not Provided, Improper Source Document, or Amount of Entry Not Accurately Obtained from Source Document	Originator must stop initiation of entries.	RDFI	Extended Return	ARC, BOC, POP, PPD, TEL, WEB	60 Days – Written Statement of Unauthorized Debit	Yes
R11 – Customer Advises Entry Not in Accordance with the Terms of the Authorization	Used to return a debit in which there is an error, but for which there is an authorization in file.	RDFI	Extended Return	ARC, BOC, POP, PPD, TEL, WEB	60 Days – Written Statement of Unauthorized Debit	Yes
R16 – Account Frozen	Originator must stop initiation of entries.	RDFI	Return	ALL	24 HOURS	No
R20 – Non-Transaction Account	Originator must stop initiation of entries.	RDFI	Return	ALL	24 HOURS	No
R24 – Duplicate Entry	Originator should accept the return. If the entry has already been reversed, Originator should contact the RDFI to determine a solution. An Originator may reverse an erroneous or duplicate ACH entry/file up to 5 business days after the Settlement Date of the entry/file. OR it may request the RDFI to send a return.			ALL	24 HOURS	No
R29 – Corporate Customer Advises Not Authorized	Originator must stop initiation of entries until subsequent authorization has been obtained.			CCD, CTX	24 HOURS	No

* Each return entry must be received by the RDFI within the above timeframe, for the return entry to be made available to the ODFI no later than the opening of business on the second banking day following the settlement date of the original entry.

Note: Please refer to the NACHA Operating Rules & Guidelines for detailed rules and guidelines.

Appendix B

OFDI Dishonored Return Reason Codes

Reason for Return	Action by Originator	Initiated By	Return Type	SEC Codes	Timeframe to report to Bank*
R62 – Return of Erroneous or Reversing Entry	The originators/ODFI's use of the reversal process has resulted in, or failed to correct, an unintended credit to the receiver.	ODFI		All, except IAT	Within 2 banking days after settlement of return.
R67 – Duplicate Return	The ODFI has received more than 1 return for the same entry.	ODFI		All, except IAT	Within 2 banking days after settlement of return.
R68 – Untimely Return	The return entry has not been sent within the timeframe established by the NACHA rules.	ODFI		All, except IAT	Within 2 banking days after settlement of return.

Note: Please refer to the NACHA Operating Rules & Guidelines for detailed rules and guidelines.

Exhibit 1

Authorization

To East West Bank:

I, as the authorized signer of _____ ("Company") on the Company bank account(s) ("Accounts") at East West Bank ("Bank"), hereby authorize the Bank to act upon instructions of the below-designated users- to send instruction(s) on behalf of the Company with respect to ACH Credit or Debit returns ("ACH Returns") on the Accounts.

The following are the designated user(s) ("Users") who are authorized to instruct, provide information and make inquiries about the ACH Returns on the Accounts:

Name	Title	Email	Phone Number

The Users may, from time to time, include persons designated by Company ("Designated Persons") who are not authorized signer(s) ("Authorized Signers") on the Accounts.

Company acknowledges that the Bank generally requires Authorized Signers to give instructions regarding transactions on the Accounts but Bank is willing to accept instructions from Designated Persons, other than or in addition to the Authorized Signers, with respect to instructions regarding ACH Returns, including but not limited to whether to re-present or reject an ACH Return (collectively "Instructions"), at the request of Company and in reliance on this Authorization.

By this Authorization, Company is willing to accept the inherent risks in designating a person other than the Signers for Instructions on the Accounts. Company is fully responsible to take all actions to protect its Accounts including monitoring transactions and Instructions by Designated Persons. The Bank has no duty to investigate or question the Instructions by a person purporting to be a User and/or Designated Person. Company ratifies any such Instructions, and indemnifies the Bank from any loss resulting from Bank relying on the Instructions of Users including Designated Persons

The Bank has the right to rely on the Instructions of all Users including Designated Persons, even if Company later disputes the Instructions, until such time as Company provides Bank a written notice of removal of one or more Users, and a replacement if desired by Company, received by Bank with a reasonable time to make such removal, and replacement if applicable, on the records of the Bank. Company is responsible to confirm any such removal or replacement with Bank within a reasonable time of the notice.

The terms of this Authorization will supersede any inconsistent terms in the agreements of the Accounts. The authorization is in addition to any other authorizations in effect and will remain in force until the Bank receives written notice of its revocation by Company or Bank gives written notice of termination to Company at its address of record for the Accounts.

Signature: _____

Printed name/Title:

Date: _____

Exhibit 2

To: EWB Team

We, have authority to act, on the account(s) identified in this statement, hereby attest that we have reviewed the circumstances of the below electronic ACH debit(s) or credit(s) to our account(s) and the debit(s) and/or credit(s) was/were not authorized:

- **Account Number**
- **Merchant Name**
- **Issue Discovered Date**
- **Credit or Debit**
- **Return Reason**
- **Transaction Code**
- **Additional Details**
- **Transaction Date**
- **Control Number**
- **Amount**

From: _____ (authorized person/teams*) from _____ (Company)

**The email is required to be sent by authorized person(s)/team(s) to the designated email group at EWB using an agreed-upon email format.*

Exhibit 3

ACH Return Template

Account Number	Issue Discovered	Return Reason	Additional Details	Bank Reference/Control Number	Merchant Name	Credit/Debit	Transaction Date	Amount
123456788	4/30/2023	Corporate Customer Advises Not Authorized		112233445566	ABC Company	Debit	4/30/2023	76.00
123456789	4/30/2023	Corporate Customer Advises Not Authorized		112243445567	DEF Company	Credit	4/30/2023	76.00
123456790	4/30/2023	Corporate Customer Advises Not Authorized		118833445544	GHI Company	Debit	4/30/2023	76.00
123456791	4/30/2023	Corporate Customer Advises Not Authorized		198453445566	JKL Company	Credit	4/30/2023	76.00
123456792	4/30/2023	Corporate Customer Advises Not Authorized		117733424545	MNO Company	Debit	4/30/2023	76.00
123456793	4/30/2023	Corporate Customer Advises Not Authorized		773333445147	PQR Company	Credit	4/30/2023	76.00