

Category:

- ACH Quality and Risk

Attention Required:

- Administrative
- Operations

**Nacha**[®]**Date Effective: June 30, 2021**

Date Approved: September 30, 2020

End-user Briefing

Issue Date: May 4, 2021

Reversals

Does this rule impact me?

Yes. Senders of ACH (electronic) payments have the right and obligation to reverse, or correct, payment errors ONLY under certain circumstances. It is important for payment senders to understand these circumstances and potential outcomes. Organizations that receive electronic payments should also be aware of proper practices and their rights, should they have a payment reversed.

What is the purpose of this rule?

Nacha is updating the rule related to reversing payments to provide better clarity on what is allowed and what is not. Enhancements include conditions on when a reversal may be sent, information requirements and further clarification on improper reversals. Additionally, a permissible reason was added related to certain date errors in payment processing.



For more information visit nacha.org/reversals

What is the rule?

This rule explicitly addresses the proper use of ACH Reversals to correct certain payment processing errors.

Permitted Reasons

Reversing payments may be initiated for the following reasons:

- A duplicate payment
- Payment sent to a receiving account that was different than the intended account
- Incorrect payment amount
- A debit payment processed earlier than intended, or a credit payment processed later than intended

The rules also address further requirements for timing and party notification, as well as formatting requirements. The information in the reversing payment must be identical to the original erroneous payment, except for where necessary for proper processing.

Improperly Initiated Reversing Payments

The updated rule provides a non-exclusive listing of unacceptable reasons to attempt to reverse an ACH payment. These include:

- Lack of funding from a sender or third party involved in transaction processing
- Beyond permissible timeframes
- Any reason other than those explicitly listed as permissible

Note: Improper reversing payments may be returned by the receiving financial institution.

How and when do I prepare for this change?

Immediately

Contact your financial institution(s) and/or payments and technology vendors:

- Confirm reversing payment/formatting capabilities
- Understand rule enforcement provisions in payment processing contracts

Update policies, procedures, and documentation:

- Understand permissible reversal reasons and update policies to mitigate risks
- Include operational, credit (funding) and compliance risks.