

# Directory of ACH Return Codes

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The following ACH Return Codes can be associated with ACH payment processing. This is not a complete list of ACH Return Codes—those related only to government payments, ATMs, ACH credits, paper check conversion, or inter-bank communications have been omitted.

## **R01 Insufficient Funds**

**NACHA Definition:** *The available and/or cash reserve balance is not sufficient to cover the dollar value of the debit entry.*

**What it Means:** There were insufficient funds in the account.

**What to Do (Originator)** They can try the transaction again (they will need to re-enter it as a new transaction) up to two times within 30 days of the original authorization date.

You can also contact your customer for a different form of payment, or ask them for a date when the account will contain funds so that you can manually submit the transaction again.

If you have not yet shipped the goods or provided the services covered by the payment, you may want to wait to do so until you have confirmation of a settled payment.



**When you re-submit a R01 (NSF) transaction you can only re-submit for the original transaction amount—you CANNOT add in the ACH Return Fee assessed by your company. If you want to collect this fee from your customers it must be authorized as a SEPARATE ACH transaction.**

**However, you are allowed to include the following statement in your Terms & Conditions so that when your customers authorize the initial transaction, they also authorize a second transaction to collect the ACH Return Fee in the case of a R01 (NSF) transaction.**

*In the case of an ACH Transaction being rejected for Non-Sufficient Funds (NSF) I understand that {your company name} may at its discretion attempt to process the charge again within 30 days, and agree to an additional {insert \$} charge for each attempt returned NSF which will be initiated as a separate transaction from the initial authorized payment.*

### ***R02 Account Closed***

**NACHA Definition:** A previously active account has been closed by action of the customer or the RDFI.

**What it Means:** The bank account you attempted to charge is closed, and you cannot re-submit this transaction.

**What to Do:** Contact your customer for a different bank account, or for another form of payment.

If you have not yet shipped the goods or provided the services covered by the payment, you may want to wait to do so until you have confirmation of a settled payment.

### ***R03 No Account/Unable to Locate Account***

**NACHA Definition:** The account number structure is valid and it passes the check digit validation, but the account number does not correspond to the individual identified in the Entry, or the account number designated is not an existing account.

**What it Means:** When entering the transaction, the Routing Number, Bank Account Number, and/or the Customer Name was entered incorrectly. You cannot re-submit this transaction.

**What to Do:** Contact your customer and confirm the Routing Number, Bank Account Number and the exact name on the bank account. (You may want to ask your customer to fax a copy of a voided check so that you can double-check these values yourself.)

If this information does not exactly match what you initially entered, make changes and submit a NEW payment.

#### ***R04 Invalid Account Number***

**NACHA Definition:** *The account number structure is not valid. The entry may fail the check digit validation or may contain an incorrect number of digits.*

**What it Means:** When entering the transaction, the Bank Account Number entered was definitely wrong. You cannot re-submit this transaction.

**What to Do:** Contact your customer and obtain the correct bank account number. (You may want to ask your customer to fax a copy of a voided check so that you can double-check the bank account number yourself.)

Submit a NEW payment using the corrected bank account number.

#### ***R05 Unauthorized Debit to Consumer Account Using Corporate SEC Code***

**NACHA Definition:** *A CCD or CTX debit Entry was transmitted to a Consumer Account of the Receiver and was not authorized by the Receiver.*

**What it Means:** An ACH Transaction entered as "CCD" was attempted against a consumer's personal bank account, and the consumer reported the transaction to the bank as not authorized.

Ordinarily a "CCD" transaction has a 24 hour window in which the transaction can be disputed, but this code directs the bank to honor the return if it is entered within 60 days of the original transaction. This is done because the transaction was incorrectly coded as "CCD" when entered. "CCD" is used only when charging a business bank account.

You cannot re-submit this transaction. Any additional transactions you attempt to process against this account will also be returned unless your customer specifically instructs his bank to accept them.

## ***R07 Authorization Revoked by Customer***

**NACHA Definition:** *The RDFI's customer (the Receiver) has revoked the authorization previously provided to the Originator for this debit entry. This code and related Operating Rule provisions apply to Consumer entries only. (Note: This Return Reason Code may not be used for ARC, BOC, POP, or RCK Entries.)*

**What it Means:** Your customer reported to the bank that the transaction was not authorized because they revoked your authorization prior to the transaction date.

Typically you will see this return code when a customer revokes authorization for a recurring payment schedule, and you continue to process payments as part of that schedule.

You cannot re-submit this transaction. Any additional transactions you attempt to process against this account will also be returned unless your customer specifically instructs his bank to accept them.

**What to Do:** Immediately suspend any recurring payment schedules entered for this bank account. This will prevent additional transactions from being returned while you address the issue with your customer. Then contact your customer and resolve any issues that caused the transaction to be disputed or the schedule to be cancelled.

You can ask the customer for a different form of payment, or ask to debit a different bank account. Be certain to get proper authorization from your customer to debit the new account.

If you need to debit the same bank account, instruct your customer to call the bank and remove the block on transactions your company initiates.

Unfortunately, there is no dispute resolution available to you within the ACH Network. If your customer continues to claim the transaction was not authorized, but you have proof that it was properly authorized, you will need to sue your customer in Small Claims Court to collect. If you decide to take this course of action, please contact Cash Management Support to obtain a copy of the statement your customer submitted to the bank—you will need this document to pursue your case.

## **R08 Payment Stopped**

**NACHA Definition:** *The Receiver has placed a stop payment order on this Entry.*

**What it Means:** Your customer instructed its bank not to honor a specific transaction (or transactions) they previously authorized you to process. This instruction to the bank must be made BEFORE the transaction is actually processed.

You cannot re-submit this transaction, and your processor will reject all future transactions against this account until you provide proof of a new authorization from the customer.

**What to Do:** Contact your customer and resolve any issues that caused the transaction to be stopped. To minimize the risk of additional returned transactions, it is a good idea to make certain that your customer understands your billing procedures, and agrees not to stop future payments.

You can re-enter the returned transaction again with proper authorization from your customer. You can also ask your customer for a different form of payment.

## **R09 Uncollected Funds**

**NACHA Definition:** *Sufficient book or ledger balance exists to satisfy the dollar value of the transaction, but the available balance is below the dollar value of the debit Entry.*

**What it Means:** There were insufficient funds in your customer's account to complete the transaction.

**What to Do:** You can try the transaction again (you will need to re-enter it as a new transaction) up to two times within 30 days of the original authorization date.

You can also contact your customer for a different form of payment, or ask them for a date when the account will contain funds so that you can manually submit the transaction again.

If you have not yet shipped the goods or provided the services covered by the payment, you may want to wait to do so until you have confirmation of a settled payment.

## ***R10 Customer Advises Unauthorized, Improper, Ineligible, or part of an Incomplete Transaction***

**NACHA Definition:** The RDFI has been notified by the Receiver that the Entry is unauthorized, improper, ineligible, or part of an Incomplete Transaction.

Return Type: Extended Return, with 60 Calendar Day Return Time frame.

Can only be used for Consumer accounts. May also be used to return an unauthorized debit Entry to a non-consumer account if the debit Entry contains a consumer SEC code.

**What it Means:** Your customer submitted a signed document to the bank stating that the transaction was not authorized, or that the transaction was entered for an amount different than the authorized amount, or was submitted before the authorized date.

You cannot re-submit this transaction. Any additional transactions you attempt to process against this account will also be returned unless your customer specifically instructs his bank to accept them.

**What to Do:** Immediately suspend any recurring payment schedules entered for this bank account. This will prevent additional transactions from being returned while you address the issue with your customer.

Contact your customer and resolve any issues that caused the transaction to be disputed.

You can ask the customer for a different form of payment, or ask to debit a different bank account. Be certain to get proper authorization from your customer to debit the new account.

Unfortunately, there is no dispute resolution available to you within the ACH Network. If your customer continues to claim the transaction was not authorized, but you have proof that it was properly authorized, you will need to sue your customer in Small Claims Court to collect. If you decide to take this course of action, please contact Cash Management Support to obtain a copy of the statement your customer submitted to the bank-- you will need this document to pursue your case.

## ***R11 Customer Advises Entry Not in Accordance with the Terms of Authorization***

**NACHA Definition:** The RDFI has been notified by the Receiver that there is a relationship, and an authorization to debit exists, however there is an error or defect in the payment such that the entry does not conform to the terms of authorization.

Technical –

- The debit Entry is for an incorrect amount
- The debit Entry was debited earlier than authorized
- The debit Entry is part of an incomplete Transaction
- The debit Entry was improperly reinitiated

Return Type: Extended Return, with 60 Calendar Day Return Time frame

**What it Means:** Your customer submitted a signed document to the bank stating that the transaction was authorized but incorrect.

You can correct the underlying error and resubmit the corrected entry as a new entry. No new authorization is needed from the customer. The new corrected entry must be submitted and originated within 60 days of the Settlement Date of the R11 Return Entry.

If a correction and a new entry submission is not possible, the resolution would be similar to receive a return with the R10 code. See "What to do" for R10 code

## **R16 Account Frozen**

**NACHA Definition:** 1) Access to the account is restricted due to specific action taken by the RDFI or by legal action; or 2) OFAC has instructed the RDFI or Gateway to return the Entry.

**What it Means:** The payment cannot be honored because the account has been frozen and no transactions can be processed against it.

**What to Do:** Contact your customer to obtain a different form of payment. You will not be able to process transactions using this bank account until it is un-frozen.

There are several common reasons why a bank account may be frozen, such as a civil legal dispute over an unpaid debt. However, you may also see this code if OFAC has frozen the account or the individual payment due to suspicion of terrorism-related activity. (OFAC stands for the Office of Foreign Assets Control, which is an agency of the United States Department of the Treasury under the auspices of the Under Secretary of the Treasury for Terrorism and Financial Intelligence.)

This return code should be a red-flag for your business. If you see this code, be certain to do your due diligence around verifying the identity of your customer.

## **R20 Non-Transaction Account**

**NACHA Definition:** *ACH Entry to a non-transaction account.*

**What it Means:** The bank account you entered cannot be used for ACH Payments.

**What to Do:** Contact your customer to obtain authorization to charge a different bank account. (Be certain that your customer confirms the account is enabled for ACH transactions.) Or, ask for a different form of payment.



## ***R23 Credit Entry Refused by Receiver***

**NACHA Definition:** Any credit Entry that is refused by the Receiver may be returned by the RDFI.

Examples: (1) a minimum amount required by the Receiver has not been remitted; (2) the exact amount required has not been remitted; (3) the account is subject to litigation and the Receiver will not accept the transaction; (4) acceptance of the transaction results in a n overpayment; (5) the Originator is not known by the Receiver; or (6) the Receiver has not authorized this credit Entry to this account.

**What it Means:** A credit (refund) you processed has been rejected by your customer or your customer's bank.

**What to Do:** Contact your customer to work out the problem, or ask them to work the problem out with their bank. Have your customer confirm that the refund will be accepted, then attempt to refund the transaction again.

Alternately, you can send your customer a paper check for the refund amount.

## ***R29 Corporate Customer Advises Not Authorized***

**NACHA Definition:** *The RDFI has been notified by the Receiver (non-consumer) that a specific Entry has not been authorized by the Receiver.*

**What it Means:** The company you attempted to debit has notified the bank that the transaction was not authorized. Or, you attempted to debit a business bank account that is not enabled for ACH transactions.

You cannot re-submit this transaction. Any additional transactions you attempt to process against this account will also be returned unless your business customer specifically instructs his bank to enable the account for ACH transactions.

**What to Do:** Immediately suspend any recurring payment schedules entered for this bank account. This will prevent additional transactions from being returned while you address the issue with your customer.

**NOTE:** In some cases the bank will unilaterally use this code to return a CCD payment, without your customer's knowledge or consent, if the business bank account is not configured to accept ACH transactions.

Alternately, you can ask the customer for a different form of payment, or ask to debit a different bank account. Be certain to get proper authorization from your customer to debit the new account.

Unfortunately, there is no dispute resolution available to you within the ACH Network. If your customer continues to claim the transaction was not authorized, but you have proof that it was properly authorized, you will need to sue your customer in Small Claims Court to collect.