



Electronic Payments Core of Knowledge

PARTICIPANT GUIDE

Turn Back Time: ACH Reversals

Welcome to:

Turn Back Time: ACH Reversals

Program Description

Reversals are the ACH Network's way to turn back time! But just as turning back time should only be done in the right circumstances, reversals can only be used as outlined by the *ACH Rules*. And, understanding when a reversal is appropriate is important for both RDFIs and ODFIs. Together we will walk through the standard reversal process and look at scenarios from both the ODFI and RDFI perspectives to determine if a reversal should be used, if a correcting file is necessary and whether the reversal should be posted or returned once it reaches the RDFI.

AAP/APRP Credits: 1.4

Objectives

- Definitions & Rules
- What Would Hoot-E Do?
- RDFI Responsibilities
- Unintentional Credit to Receiver

Ground Rules

Please keep the following ground rules in mind to help create a more effective learning experience for everyone. We will discuss additional participation instructions during the online session.

1. Log on to class at least 10 minutes before the scheduled start.
2. Turn off email and phones and clear other distractions away from your training area.
3. Participate and prepare to be called on by name. The online learning environment lends itself to interaction. Participation will keep you engaged and move the class along.
4. Raise your hand if you have an immediate question or comment. Asking questions helps other participants clarify or reinforce concepts.
5. Be patient in waiting for a response to your chat message.

Technical Assistance







Your course invitation email contains step-by-step instructions for logging into this event. If you are having technical difficulty, please call 800.500.0100




Turn Back Time: ACH Reversals	
Agenda	
1	Definitions & Rules
2	What Would Hoot-E Do?
3	RDFI Responsibilities
4	Unintentional Credit to Receiver

©2025, EPCOR ®. All Rights Reserved.

The Perfect Company . . . Not So Perfect!

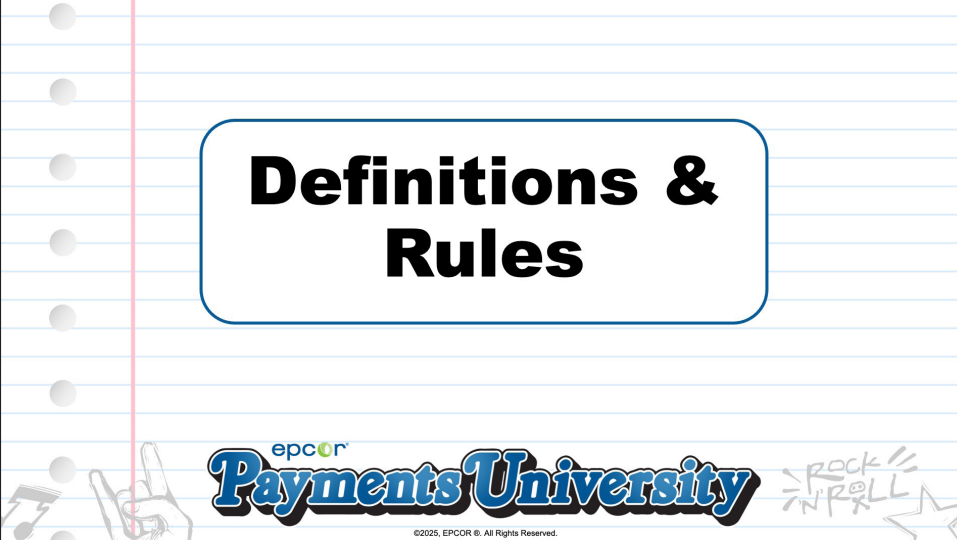
 <p>WEDNESDAY NOV 27</p>	 <p>THURSDAY NOV 28</p>	 <p>FRIDAY NOV 29 PAYDAY</p>
		
<p>SUBMIT PAYROLL FILE Effective Entry Date Friday, November 29</p>	<p>JUST ANOTHER PERFECT DAY!</p>	<p>EMPLOYEES PAID TWICE!!</p>



epcor®
Payments University

©2025, EPCOR ®. All Rights Reserved.

Definitions & Rules



epcor®
Payments University

©2025, EPCOR ®. All Rights Reserved.

Reversals

A reversal is an attempt to recover from an error

NOT a guarantee of funds!



Reinitiated Entry vs. Reversing Entry

On Wednesday, Quality Water District sends its monthly debit file

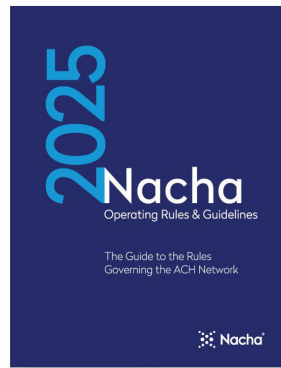
On Friday, they receive an entry back because the account has been closed

What can they do?

REINITIATE OR **REVERSAL**



Reinitiated Entry



SUBSECTION 2.13.4.1 General Rule for Reinitiated Entries

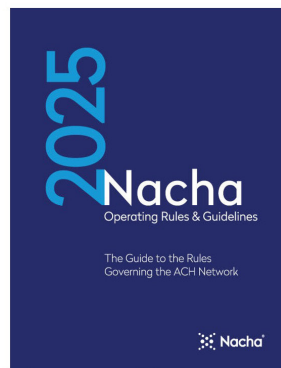
An Originator or ODFI may Reinitiate an Entry, other than an RCK Entry, that was previously returned, only if:

- (a) the Entry was returned for insufficient or uncollected funds;
- (b) the Entry was Returned for stopped payment and Reinitiation has been separately authorized by the Receiver after the Originator or ODFI receives the Return Entry; or
- (c) the Originator or ODFI has taken corrective action to remedy the reason for the return.



©2025, EPCOR®. All Rights Reserved.

Reversing Entry



SUBSECTION 2.10.1 General Rule for Reversing Entries

An Originator or ODFI may initiate a Reversing Entry to correct an Erroneous Entry previously initiated to a Receiver's account. The Reversing Entry must be Transmitted to the ACH Operator in such time as to be Transmitted or made available to the RDFI within five Banking Days following the Settlement Date of the Erroneous Entry.

A debit Reversing Entry must not contain an Effective Entry Date that is earlier than the Effective Entry Date of the credit Entry to which it relates.



©2025, EPCOR®. All Rights Reserved.



When to Send a Reversal

Duplicate file or entry ✓	Reasons other than explicitly defined in Subsection 2.9.1 ✗
Payment in wrong amount	Failed to fund entry
Payment destined to wrong Receiver	Originator
Error in Effective Entry Date	Third-Party Sender
Employee receives both	Outside 5 banking days of Settlement Date of erroneous entry
Separation check &	Subsection 2.9.5
Direct Deposit	
Subsection 2.9.1	

epcor Payments University

©2025, EPCOR ®. All Rights Reserved.

Timeframe

Reversals must be transmitted within 5 banking days of the Settlement Date

							1
2	3	4	5	6	7	8	8
9	10	11	12 Settlement Day	13	14	15	15
16	17	18	19	20	21	22	22
23	24						

epcor Payments University
©2025, EPCOR ®. All Rights Reserved.

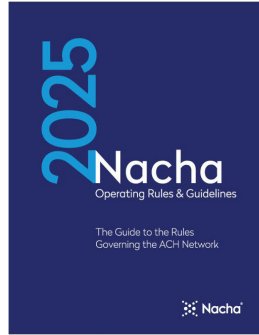
Who Can Send a Reversing File?

SUBSECTION 2.9.1 General Rule for Reversing Files
An Originator or an ODFI may initiate a Reversing File to reverse all Entries of an Erroneous File.

2025 NACHA Operating Rules & Guidelines
The Guide to the Rules Governing the ACH Network
NACHA

epcor Payments University
©2025, EPCOR ®. All Rights Reserved.

Who Can Send a Reversing Entry?



SUBSECTION 2.10.1 General Rule for Reversing Entries

An Originator or ODFI may initiate a Reversing Entry to correct an Erroneous Entry previously initiated to a Receiver's account. The Reversing Entry must be Transmitted to the ACH Operator in such time as to be Transmitted or made available to the RDFI within five Banking Days following the Settlement Date of the Erroneous Entry.



Formatting Facts About Reversals

Company ID → **Company ID**

SEC Code → **SEC Code**

Amount → **Amount
Company Entry
Description
REVERSAL**

If Tran Code → **Then Tran Code**
Credit to checking account → **Debit to checking account**



Other Facts About Reversals

A signed authorization or agreement by the Receiver is **NOT** required!



Other Facts About Reversals

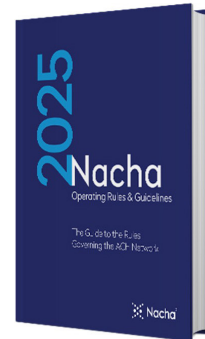
Reversing debit may **not** contain an Effective Entry Date that is earlier than the Effective Entry Date of the credit to which it relates



Correcting File

SUBSECTION 2.9.2 *Obligation to Initiate Correcting Files Corresponding to Reversing Files*

An Originator or ODFI initiating a Reversing File to correct an Erroneous File must concurrently initiate a Correcting File corresponding to the Erroneous File, unless the Erroneous File was a duplicate.



Is a Correcting File Required?

The Perfect Company



Previous payroll \$486.50

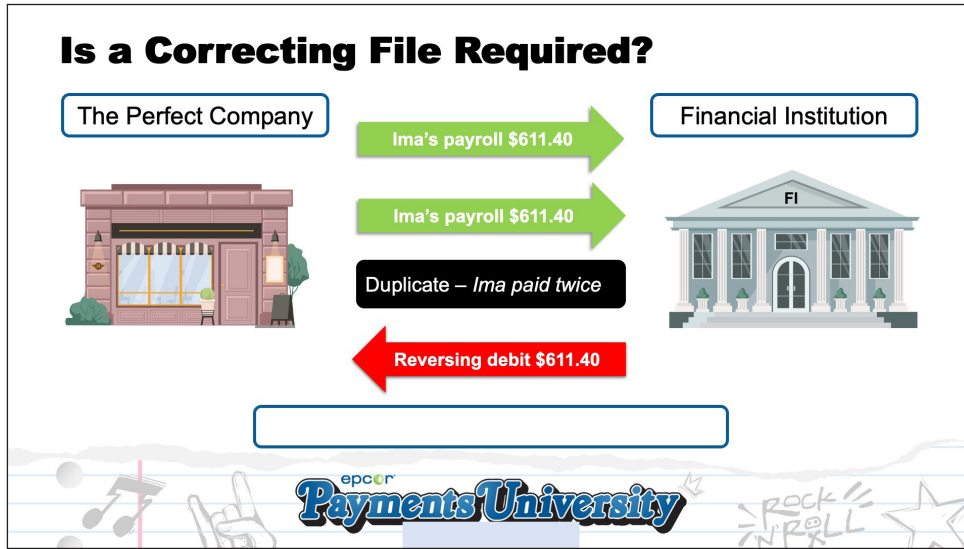
Wrong amount - *Ima* wasn't paid fully for her time

Reversing debit \$486.50

Current payroll \$611.40

Financial Institution





What Would Hoot-E Do?

epcor Payments University

rock n' roll

©2025, EPCOR®. All Rights Reserved.

WWHD #1

Quality Water District initiates a PPD debit to Joe Drinkwater's account for his monthly bill

Joe's account is closed & his financial institution returns the debit as R02 (Account Closed)



WWHD #2

Fanatics Fitness Club sends its monthly membership dues file

The next day, they realize the payments are for the wrong amount



WWHD #3

On Thursday, November 17th The Greens Pro Shop sent a credit to Groovy Grips with an Effective Entry Date of Friday, November 18th

Three weeks later when they receive a past-due notice from Golfing Pros, they realize they paid the wrong vendor



WWHD #4

On Thursday, November 3rd Good Brakes Insurance sends a monthly premium with an Effective Entry Date of Friday, November 4th

Three days later, they realize the Receiver authorized the monthly payment to be debited on the 15th of each month



WWHD #5

On Tuesday, November 8th Sew It Seams sent a credit to Button Designs with an Effective Entry Date of Wednesday, November 9th

On Wednesday, November 9th they send a reversing debit for the payment because their account is overdrawn



What Would Hoot-E Do?

Duplicated file contains payments to **5 employees** who bank at **2 RDFIs**

Their chances of recovering the funds may be increased by **contacting** the **2 RDFIs** to request the funds be returned **R06** (Returned per ODFI's Request)

Duplicated file contains payments to **500 employees** who bank at **25 RDFIs**



RDFI Responsibilities

epcor®
Payments University

©2025, EPCOR ®. All Rights Reserved.

Decorative elements include musical notes, a hand making a peace sign, and the text 'ROCK & ROLL' with stars.

Receipt of Reversals

RDFI may:



- Post the entry based solely on account number
- Return the entry for a valid reason other than unauthorized


epcor®
Payments University

©2025, EPCOR ®. All Rights Reserved.

Decorative elements include musical notes, a hand making a peace sign, and the text 'ROCK & ROLL' with stars.

Return of Improperly Initiated Reversal

<p>Consumer Account Non-Consumer Account</p>  <p>No paperwork required</p> <p>2 banking days</p>	<p>Consumer Account Only</p>  <p>60 days</p>
---	---



©2025, EPCOR ®. All Rights Reserved.

RDFI Scenario #1

The Perfect Company duplicated Ima's weekly payroll

Realizing this, they sent a reversing debit entry the following day

When Ima's financial institution receives the reversing debit, her account is overdrawn


©2025, EPCOR ®. All Rights Reserved.

RDFI Scenario #2

On Friday, November 18th Button Designs receives a credit from Sew It Seams

Two weeks later a reversing debit from Sew It Seams is processed to its account

Button Designs contacts its financial institution the following day to dispute the reversing debit



RDFI Scenario #3

On Tuesday, November 9th Ima's payroll from October 28th is reversed because her company filed for bankruptcy

Ima contacts her financial institution on November 21st to dispute the reversing debit



RDFI Scenario #4

The Perfect Company duplicated Ima's weekly payroll

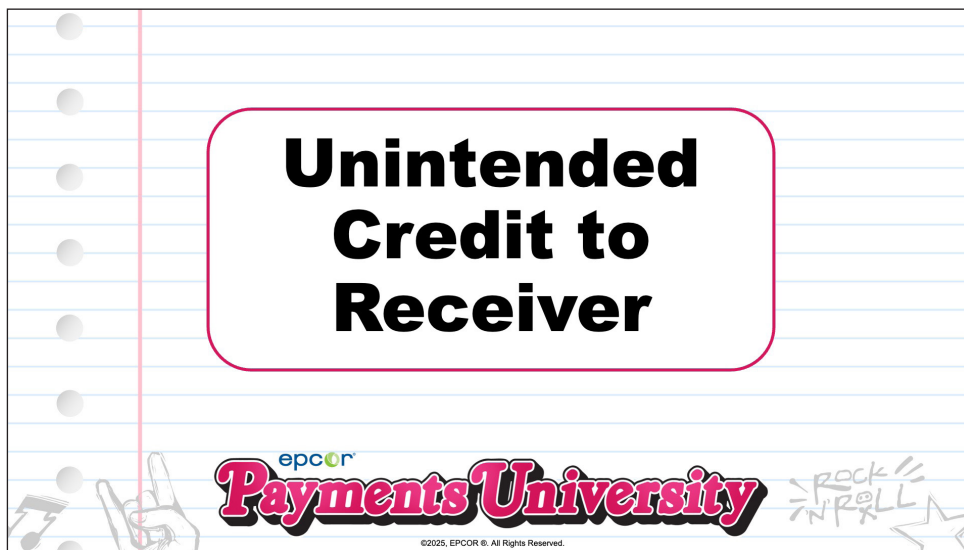
Realizing this, they sent a reversing debit the following day

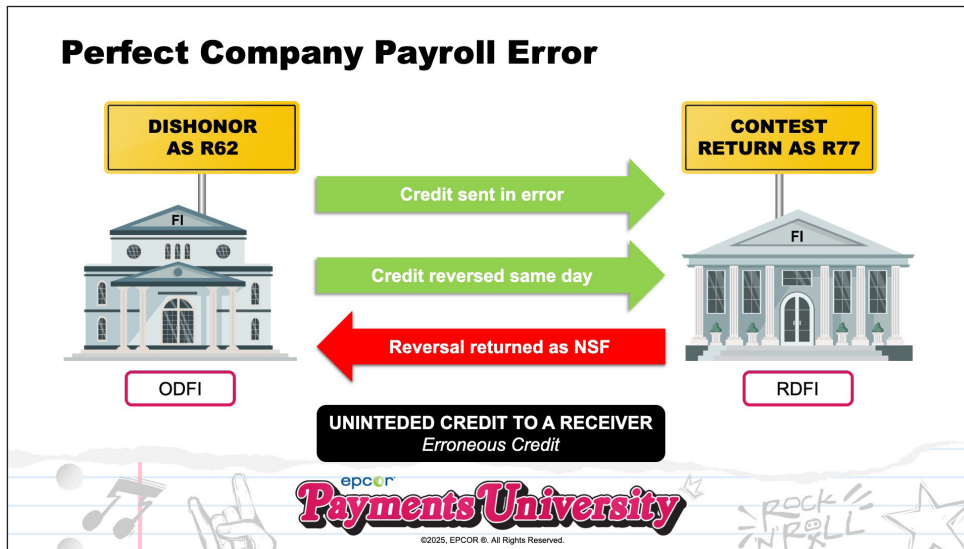
When Ima's institution received the reversing debit, they posted it to her account

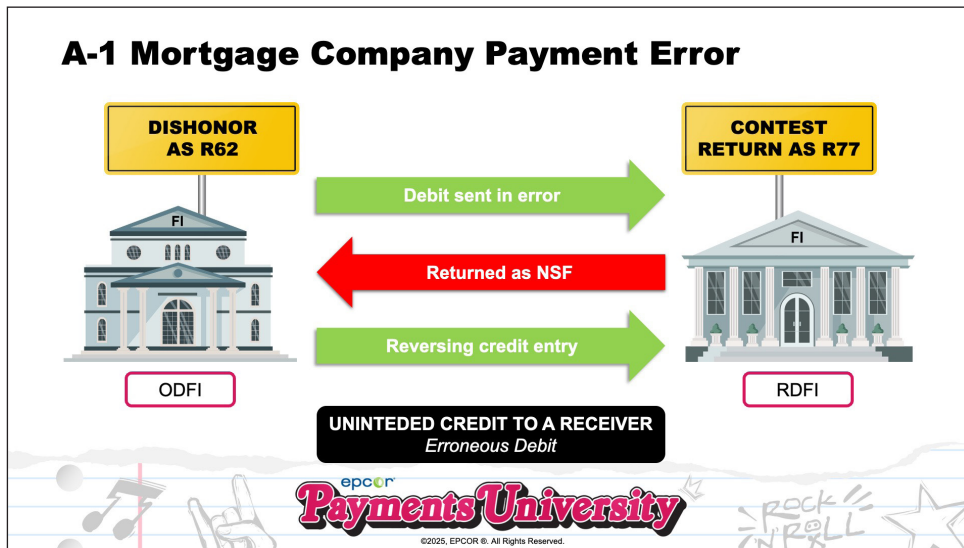
Three days later, Ima contacts her institution to dispute the reversing debit as unauthorized



Unintended Credit to Receiver














Thank you!

EPCOR Member Support:
www.epcor.org • memserve@epcor.org
800.500.0100

EPCOR Knowledge Community:
community.epcor.org

epcor
Payments University 

©2025, EPCOR ®. All Rights Reserved.

Thank You for Attending!

EPCOR is your best resource for:

Expertise—

Payments professionals are just a phone call away to help you resolve issues and understand the complex rules and regulations regarding all types of electronic payments.

Diverse Programs—

More than just the *ACH Rules*, you get a variety of programs on fraud, risk, audits and more to protect your organization against loss and penalty.

Keeping Pace with the Evolving Payment Landscape—

You have a voice in industry issues through EPCOR and you stay connected with industry initiatives that influence policy.

Visit epcor.org for a complete list of classroom and online learning events.

CERTIFICATE OF COMPLETION

This certificate is awarded to:

on

In completion of:
**Turn Back Time:
ACH Reversals**

This course is worth 1.4 AAP/APRP
continuing education credits.



A handwritten signature in black ink, appearing to read "James Carrick".

James Carrick
Vice President, Education, EPCOR

