



Electronic Payments Core of Knowledge

PARTICIPANT GUIDE

Come Together: Reg E vs *ACH Rules*

Welcome to:

Come Together: Reg E vs ACH Rules

Program Description

When an account holder disputes an ACH transaction that is within 60 days of the Settlement Date, determining how to apply the *ACH Rules* AND Regulation E can feel like a clash. Join us to look at the basics of Regulation E and the *ACH Rules* and how they can work together to help you win the error resolution process. This session will cover key definitions, time frames, covered transactions and necessary steps to effectively conduct the error resolution process. Together, we will walk through ACH dispute scenarios to appropriately apply the *ACH Rules* and Regulation E.

AAP/APRP Credits: 1.4

Objectives

- *ACH Rules* Requirements
- Regulation E Requirements
- What Happens When They Collide?
- You Tell Me About Reg E

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



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ROCK N' ROLL

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Come Together: Reg E vs ACH Rules

Agenda

- 1 ACH Rules Requirements
- 2 Regulation E Requirements
- 3 What Happens When They Collide?
- 4 You Tell Me About Reg E

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ACH Rules Requirements



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Extended Returns

Section 3.13

Details return timeframe, warranty, and indemnity

ACH = 60 days from Settlement Date



Written Statement of Unauthorized Debit



Section 3.12

Defines acceptable reasons for completing a WSUD as well as what must be reflected on the WSUD form

Review Subsections 3.12.1, 3.12.2, and 3.12.3

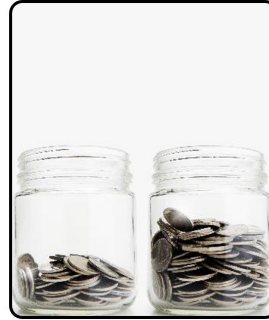


Obligation to Recredit

Section 3.11

Defines obligation of RDFI to recredit Receiver

RDFI must promptly recredit the Receiver



Extended Returns & WSUDs

RDFI should accept a WSUD signed and dated on or after the debit is **presented** to the Receiver

Return available to the ODFI by the opening of business on the 6th Banking Day following the RDFI's review of the consumer's signed WSUD

RDFI must promptly recredit



Music Streaming Trial

Hoot E signs up for a streaming trial with Beatle Verses.

Cancel by April 1, 2025 before trial ends

Notices on June 7th a \$95 ACH Debit posts to his account and he notifies his bank immediately



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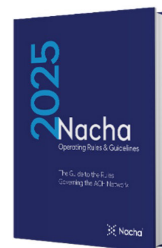
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Applying the ACH Rules

Obtain WSUD

Return the debit using R07

Recredit



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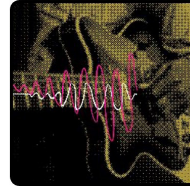
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Music Streaming Trial: Another Look

Hoot E signs up for gaming trial with Rockin' Streams

Cancels by April 1, 2025 before trial ends

Notices on June 7th there is a pending \$95 ACH Debit on his account and he notifies his bank immediately

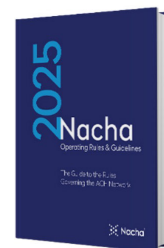


Applying the Rules

Obtain WSUD

Return the debit using R07

Recredit



Regulation E Requirements




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Consumer Protection

- Unauthorized EFTs
- ACH
- Debit Cards
- ATM Transactions



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Consumer Notification & Liability

Regulation E 1005.6(b)(3)

Timely Notice: "Consumer must report an unauthorized electronic fund transfer that appears on a periodic statement **within 60 days** of the financial institution's **transmittal of the statement** to **avoid liability** for **subsequent transfers**"

Consumer Financial Protection Bureau



Timely Notice Provided

Consumer reports error

Send final disposition letter

Begin investigation

Reg E = 60 days from
Statement Date

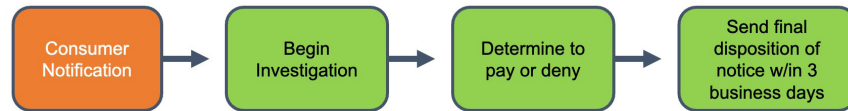
Provide provisional credit IF investigation NOT completed within 10 business days

Determine to pay or deny

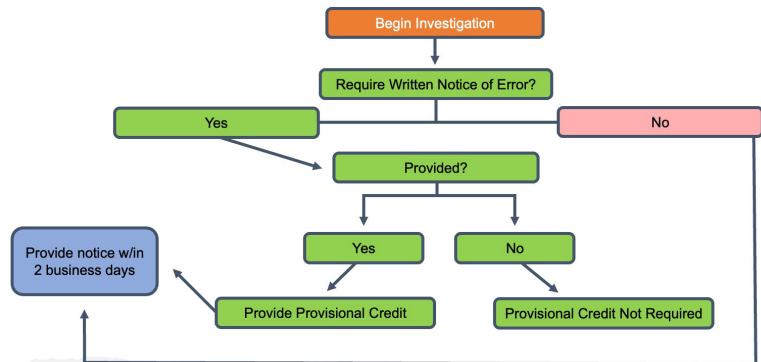
CFPB: Timely Notice

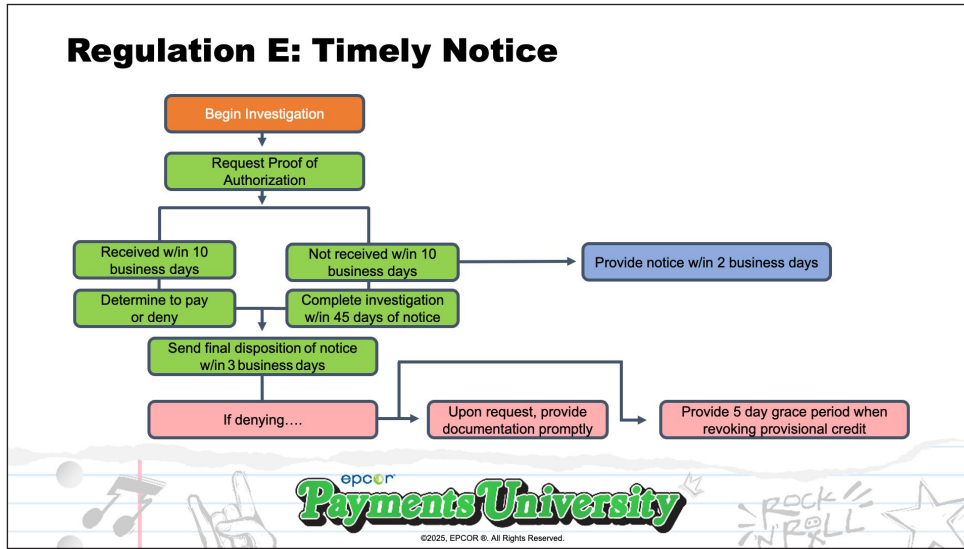


Regulation Error Resolution Process



Regulation E: Timely Notice






Consumer Notification & Liability

Regulation E 1005.6(b)(3)

Timely Notice NOT provided: "If consumer fails to do so, consumer's liability shall not exceed the amount of the unauthorized transfers that occur after the close of the 60 days and before notice to the institution..."

Consumer Financial Protection Bureau 

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Timely Notice Not Provided

Consumer reports error

Send final disposition letter

Begin investigation

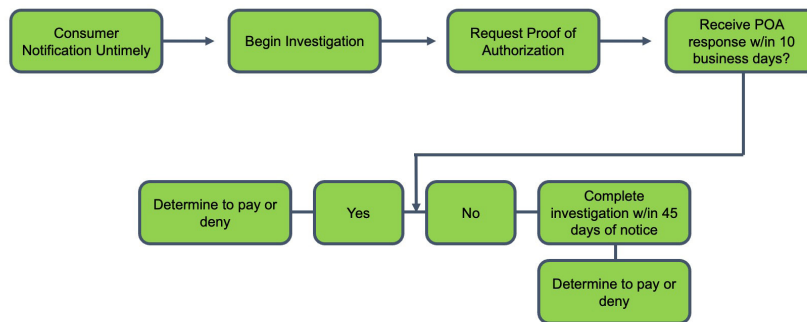
CFPB: NOT Timely Notice 

If investigation not completed within 10 business days, provisional credit NOT required since timely notice not provided

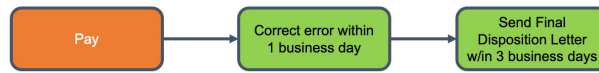
Determine to pay or deny



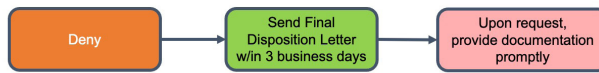
Regulation E: Not Timely Notice



Regulation E: Not Timely Notice



OR



Hoot E goes to the Gym

Joined Atlantic Gym in March 2023
6-month contract, no auto renew
\$175 monthly

Quit in September 2023

Debits posted until March 2024

Hoot E finally notices in June 2024 & contacts his credit union upon discovery



Hoot E goes to the Gym: Applying Reg E

Begin investigation

Provisional credit not required

Timely notice not provided

Pay or Deny

Send final disposition



What Happens When They Come Together?



Together, Not Versus

Arthur signs a 6-month contract with The Gym

No auto renew
\$225 monthly ACH Debit
Contract expiration September 2024

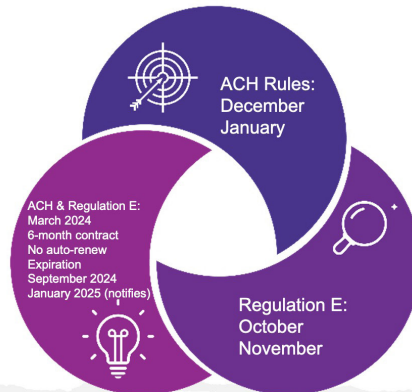
Debits still posting as of January 2025

- October
- November
- December
- January

Arthur notices
January 2025
& notifies
his institution



Together, Not Versus



Together, Not Versus: Results

ACH (December & January)	Reg E (October & November)
Obtain completed WSUD	Obtain copy of authorization
Transmit extended return	Pay or Deny
Recredit, within 1 business day	Recredit if valid claim (correct error within 1 business day)
Final disposition, within 3 business days	Final disposition, within 3 business days



Final Disposition

- Must provide per Regulation E
- Applies to ACH Entries
- Within 3 business days
- Serves as notice of investigation results



Investigation: Reg E



Error Resolution Process

Ask for proof of authorization

Determine to pay or deny

Final disposition



Investigation: ACH Rules

ACH Rules

Obtain WSUD

Return the Entry(ies)

Recredit the Receiver

Final disposition



Documentation: Reg E

Regulation E

Accept notice & request proof of authorization

Notice of provisional credit, if applicable

Retain copies of information related to investigation

Final disposition



Documentation: ACH Rules

Obtain WSUD

Send final disposition



When Do You Provide Documentation?

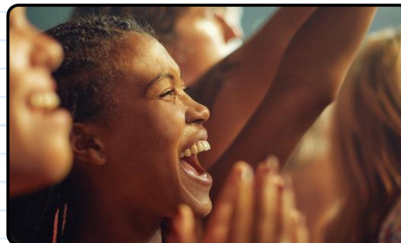
Upon request by consumer

Must provide promptly

May provide at denial of claim



You Tell Me



Hedwig

Unauthorized transaction posts on August 3, 2024 which is noticed by Hedwig on December 2, 2024 and she notifies her institution.

Hedwig's institution requires written notice within 10 business days of verbal notification which is disclosed within the account agreement and at the time of error notice

Written notice was NOT provided by Catie by December 16, 2024.



Hedwig: What's Next?

Was Hedwig's verbal notification timely?

Yes

No



Hedwig: What's Next?

Did Hedwig provide written notice timely?

Yes

No



Hedwig: What's Next?

Would Hedwig's institution be required to provide provisional recredit?

Yes

No



Hedwig: What's Next?

When would the investigation clock start ticking?

December 2

December 16

December 14



Hedwig: What's Next?

How long does Hedwig's institution have, from her notification, to determine if an error occurred?

Within 3 business days

Within 45 calendar days

Within 10 business days



Hedwig: What's Next?

Hedwig's institution is unable to complete the investigation within 10 business days. How long does the institution get to complete the investigation?

Within 20 days from notice

Within 30 days from notice

Within 45 days from notice



Nimbus

Joins Get Flight Gym on January 3, 2025, with a one-year contract with auto renew. Nimbus stops going in April 2025 and revokes authorization

On July 7, 2025, Nimbus notices transactions posted on May 5, June 5, and July 7 of 2025 from the gym

Nimbus contacts her financial institution to dispute it



Nimbus: What's Next?

Should Nimbus' institution follow Regulation E or the ACH Rules?

Regulation E

Both

ACH Rules



Nimbus: What's Next?

Did Nimbus provide timely notification to her financial institution for the May 5th transaction?

Yes

No



Nimbus: What's Next?

Assuming Nimbus' notification was timely AND her institution is unable to complete its investigation within 10 business days, are they required to provide her provisional credit for the May 5th transaction?

Yes

No



Nimbus: What's Next?

According to Regulation E, when is Nimbus' institution required to provide her notice of the provisional credit?

3 business days

10 business days

2 business days



Nimbus: What's Next?

How should Nimbus' institution begin their investigation?

[Redacted answer box]



Nimbus: What's Next?

What documentation might Nimbus' institution use in its investigation to determine to pay or deny her claim?

[Redacted answer box]



Nimbus: What's Next?

According to Regulation E, when must Nimbus' institution provide notice of final disposition to her?

Within 3 business days

Within 10 business days

Within 5 business days



Nimbus: What's Next?

According to the ACH Rules, what documentation must Nimbus' institution obtain before transmitting returns of the June 5th & July 7th transactions?

Proof of authorization

WSUD

Copy of revoked authorization



Nimbus: What's Next?

After obtaining the WSUD, what steps will Nimbus' institution take next? Select ALL that apply.

Transmit Returns

Provide final disposition

Recredit Debbie



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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.

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Vice President, Education, EPCOR

