



Electronic Payments Core of Knowledge

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# PARTICIPANT GUIDE

## **Oops! I Did It Again: Check Adjustments**

# Welcome to:

## *Oops! I Did It Again: Check Adjustments*

### Program Description

What are you to do when you miss the deadline to return a check? Depending on the issue at hand, an adjustment may be necessary. Join us for a guided tour of five of the most commonly misused check adjustments as we define who makes the warranty and what must accompany each type of adjustment. Learn what NOT to do and how to use adjustments properly.

AAP/APRP/NCP Credits: 1.4

### Objectives

- Return Review
- Five Adjustment Types
- Which is Which?

### 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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**Oops! I Did It Again: Check Adjustments**

Agenda

- 1 Return Review
- 2 Five Adjustment Types
- 3 Which is Which?

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**Return Review**

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### Banking vs Business Day

Banking Day = Any day the bank is open

Business Day = Any day the Federal Reserve is open



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### UCC Return Timeframe

Midnight deadline following receipt of:

Item

Notice

Settlement



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## Regulation CC, Subpart C: Return Timeframe

Must return checks expeditiously

Monday	Tuesday	Wednesday	Thursday	Friday
Item deposited at Bank of First Deposit (BOFD)	Item presented to the Paying Bank	Item appears on NSF report and Paying Bank returns by the Midnight Deadline	Item back to the BOFD on 2 <sup>nd</sup> Day following presentment	

Item returned by midnight deadline ensuring arrival back at the Bank of First Deposit on the 2<sup>nd</sup> day after presentment




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## Exceeded the Return Timeframe

What happens when you exceed the return timeframe?




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**Five Adjustment Types**

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**Late Return (LC)**

Who can file it?

Depository Bank

What is it used for?

To request a credit entry for an item, \$100 or more, returned late by the Paying Bank



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## Late Return (LC): Timeframe for Filing

Timing	What Happens
If filed within two calendar months	A same-day entry will be made to the Depository Bank's Fed account
After two calendar months but within one calendar year	Federal Reserve Bank will provide a same-day acknowledgement of the claim; however, an entry to the Depository Bank's Fed account will <u>not</u> occur. The FRB would provide the name of the Paying Bank in which the Depository Bank would have to work with directly. The FRB has up to 20 business days to provide the name of the Paying Bank.




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## Late Return (LC): Documentation

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### Late Return (LC) Adjustment: Correct or Incorrect?

Small Bank presents a check in the amount of \$2,500 to Huge Credit Union on June 18, 2025. The account at Huge Credit Union has insufficient funds and therefore, Huge Credit Union returns the check to Small Bank for NSF on June 20, 2025. Small Bank receives the return on June 23, 2025. On June 24, 2025, Small Bank submits a Late Return claim to the Fed.

Did Small Bank file the Late Return correctly?



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### Late Return (LC) Adjustment: Filed Correctly

Small Bank presents a check in the amount of \$2,500 to Huge Credit Union on June 18, 2025. The account at Huge Credit Union has insufficient funds and therefore, Huge Credit Union returns the check to Small Bank for NSF on June 24, 2025. On June 25, 2025, Small Bank submits a Late Return claim to the Fed.



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### Late Return Disclaimer (LR)

**Who can file it?**

Paying Bank

**What is it used for?**

To request a credit entry to dispute a Late Return claim filed by a Depository Bank

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### Late Return Disclaimer (LR): Timeframe for Filing

Timing	What Happens
If filed within twenty business days of the Late Return Claim (LC)	A same-day entry will be made to the Paying Bank's Fed account
After twenty business days of the Late Return Claim (LC)	Federal Reserve Bank would provide a same-day acknowledgement of the claim; however, an entry to the Paying Bank's Fed account will <u>not</u> occur. The FRB will provide the name of the Depository Bank in which the Paying Bank would have to work with directly. The FRB has up to 20 business days to provide the name of the Paying Bank.



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## Late Return Disclaimer (LR): Documentation



With your advice of debit, you forwarded to us a claim of late return with respect to a returned check:

Date of advice of debit	
Amount of returned check	

We certify that our records indicate that this item was received by us or our processor from:

Bank Name	
Received Date	
Cash Letter Date	
Cash Letter Total	
Tape total	
Listed between items	

We returned the check to:

Bank Name	
Return Letter Date	
Return Letter Total	
Tape total	
Listed between items	

and

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Notice of non-payment for this check was given to: (Enter "none" if no notice was given. If notice was given, enter the method and date)

Institution name	
Method	
Date	

If the Depositor Bank does not receive all of the information requested within 30 business days after the date the Reserve Bank sent the Bank's Claim of Late Return to the paying bank, the provisional credit given the claimant and the debit to the paying bank's account will become final. In that case, the paying bank may be able to recover the amount of the item from the claimant if the return of the item was in fact timely, but the paying bank must deal directly with the claimant. Knowingly making false statements to influence the action of a Federal Reserve Bank may subject the signing party to criminal penalties under Federal and/or state law.  
Last Updated: October 2021 Page 1 of 2




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## Late Return Disclaimer (LR) Adjustment: Correct or Incorrect?

Small Bank presents a check in the amount of \$2,500 to Huge Credit Union on June 18, 2025. The account at Huge Credit Union is NSF and therefore, Huge Credit Union returns the check to Small Bank for insufficient funds on June 24, 2025. On June 25, 2025, Small Bank submits a Late Return claim to the Fed. However, on June 27, 2025, Huge Credit Union submits a Late Return Disclaimer.

**Did Huge Credit Union file the Late Return Disclaimer correctly?**




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### Late Return Disclaimer (LR) Adjustment: Filed Correctly

Small Bank presents a check in the amount of \$2,500 to Huge Credit Union on June 18, 2025. The account at Huge Credit Union is NSF and therefore, Huge Credit Union returns the check to Small Bank for insufficient funds on June 20, 2025. On June 24, 2025, Small Bank submits a Late Return claim to the Fed. However, on June 26, 2025, Huge Credit Union submits a Late Return Disclaimer.



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### Encoding Error (ENC): Timeframe for Filing

Who can file it?

Depository or Paying Bank

What is it used for?

To request either a credit or debit when an encoding error occurred based on different amounts written on the item or not matching the image cash/return letter



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### Encoding Error (ENC): Timeframe for Filing

Timing	What Happens
If filed within six calendar months	A same-day entry will be made to the filing bank's Fed account
After six calendar months but within one calendar year	Federal Reserve Bank will provide a same-day acknowledgement of the claim; however, an entry to the filing bank's Fed account will <u>not</u> occur. The FRB would provide the name of the offsetting bank in which the filing bank would have to work directly. The FRB has up to 20 business days to provide the name of the offsetting bank.




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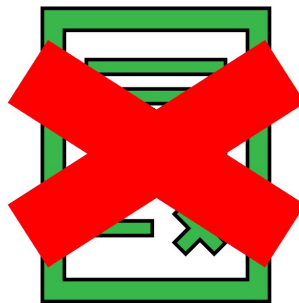


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### Encoding Error (ENC): Documentation




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### Encoding Error (ENC) Adjustment: Correct or Incorrect?

Casey places a stop payment with Huge CU on June 20<sup>th</sup> for check #1225 written to Hair by Britney for \$54.95. The check posts to Casey's account on June 25<sup>th</sup> and she contacts her credit union on June 27<sup>th</sup> asking why the check posted. The credit union notices that the stop payment didn't catch the check because it posted with a check number of 122. They do an ENC adjustment to correct the issue for Casey.

Did Huge Credit Union file the Encoding Error correctly?



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### Encoding Error (ENC) Adjustment: Filed Correctly

Casey places a stop payment with Huge CU on June 20<sup>th</sup> for check #1225 written to Hair by Britney for \$54.95. The check posts to Casey's account on June 25<sup>th</sup> and she contacts her credit union on June 27<sup>th</sup> asking why the check posted. The credit union notices that the stop payment didn't catch the check because it posted with check #1225 for \$59.95. They do an ENC adjustment to correct the issue for Casey.



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### PAID Item (PAID): Timeframe for Filing


**Who can file it?**

Paying Bank

**What is it used for?**

Filed when an item has paid twice; the Federal Reserve must be the source for the item reported as PAID





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### PAID Item (PAID): Timeframe for Filing

Timing	What Happens
If filed within six calendar months	A same-day entry will be made to the Paying Bank's Fed account
After six calendar months but within one calendar year	Federal Reserve Bank will provide a same-day acknowledgement of the claim; however, an entry to the Paying Bank's Fed account will <u>not</u> occur. The FRB would provide the name of the Depository Bank in which the Paying Bank is seeking repayment from and the Paying Bank would have to work with them directly. The FRB has up to 20 business days to provide the name of the Depository Banks that processed the item(s).



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### PAID Item (PAID): Documentation

By requesting this adjustment, your FI certifies that:

Account holder charged with duplicate has been re-credited

It has not otherwise obtained credit for this duplicate item

Duplicate has been destroyed to ensure it will not be charged again to a customer or re-introduced into processing



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### PAID Item (PAID): Documentation

Attachments for a single paid item are not required

Six or more from same bundle, a listing must include:

Amount

Routing number

Account number

Check number

Item sequence number



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### PAID Item (PAID) Adjustment: Correct or Incorrect?

Hair by Britney issues check #2525 to Christine Aguilar for \$596.50 and it clears Hair by Britney's account on June 3<sup>rd</sup>. On June 16, 2025, another check #2525 for the same amount clears Hair by Britney's account but this time the payee shows as Justin Timbers. Hair by Britney contacts their financial institution, the Paying Bank, stating the same check cleared twice. The Paying Bank files a PAID adjustment for the issue.

Did the Paying Bank file the PAID Item correctly?



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### PAID Item (PAID) Adjustment: Filed Correctly

Hair by Britney issues check #2525 to Christine Aguilar for \$596.50 and it clears Hair by Britney's account on June 3<sup>rd</sup>. On June 16, 2025, another check #2525 for the same amount and same Payee clears Hair by Britney's account. Hair by Britney contacts their financial institution, the Paying Bank, stating the same check cleared twice. The Paying Bank files a PAID adjustment for the issue.



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**Wrong Payee Credited (WPC):  
Timeframe for Filing**

Who can file it?

Depository Bank

What is it used for?

Request a debit for an item incorrectly processed, credited and paid to the wrong payee by the Depository Bank



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ROCK & ROLL

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**Wrong Payee Credited (WPC):  
Timeframe for Filing**

Timing	What Happens
If filed within six calendar months	A same-day debit entry will be made to the Depository Bank's Fed account
After six calendar months but within one calendar year	Federal Reserve Bank will provide a same-day acknowledgement of the claim; however, an entry to either institution's Fed account will not occur. The FRB will provide the name of the Paying Bank in which the Depository Bank would have to work with directly. The FRB has up to 20 business days to provide the name of the Paying Bank.

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ROCK & ROLL

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### Wrong Payee Credited (WPC): Documentation

Attachments are not required

Depository Bank Certifies:

- Wrong Payee was credited
- Item has not been adjusted
- Item has not been returned
- You promptly debited anyone credited in error
- Requesting a credit be made to the Paying Bank
- You indemnify the Federal Reserve Bank



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### Wrong Payee Credited (WPC) Adjustment: Correct or Incorrect?

Jessica Sampson sees that check #2424 cleared her account on May 14, 2025, but the intended payee, Ashley, states she never cashed the check. Jessica contacts Big Records Bank on June 18, 2025, and informs them of the situation. Big Records Bank finds that the payee on the item shows as Mandy Morison. Big Records Bank files a Wrong Payee Credited adjustment with the FRB.

Did Big Records Bank file the Wrong Payee Credited adjustment correctly?



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## Wrong Payee Credited (WPC) Adjustment: Filed Correctly

Jessica Sampson sees that check #2424 cleared her account on May 14, 2025, but the intended payee, Ashley Morison, states she never cashed the check. Jessica contacts Big Records Bank on June 18, 2025, and informs them of the situation. Big Records Bank finds that the item cleared, but contacts the Depository Bank to find out if Ashley received credit. The Depository Bank shows that Mandy Morrison received credit rather than Ashley Morison. The Depository Bank agrees to file the Wrong Payee Credited adjustment.



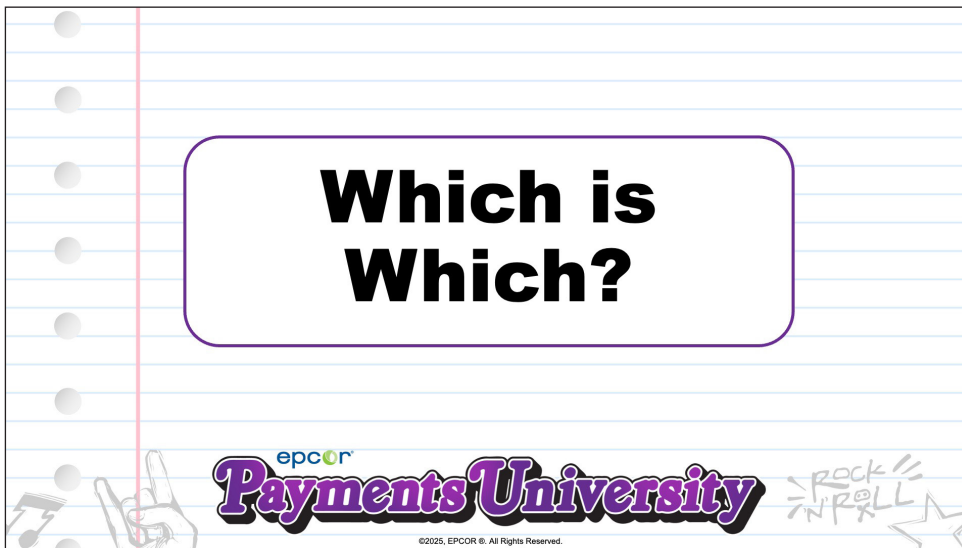
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**Which is  
Which?**



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### Which is Which?

Lance Bassin contacts his financial institution on July 9, 2025, stating he wrote check #1515 to Joey Futon for \$440. However, Lance notices the check cleared his account for \$4,400.

Which adjustment type should be filed?



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### Which is Which?

Blue Suede Credit Union receives a check returned due to insufficient funds on May 29, 2025. Blue Suede Credit Union originally presented the item for collection on May 23, 2025.

Which adjustment type should be filed?



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### Which is Which?

AJ mails his gas bill every month to the city. However, AJ also has a water bill with the city. A month passes when AJ receives notice from the city in regards to his gas bill having never been paid. AJ contacts his bank to find out if the check cleared and it had, however, AJ's bank is able to see it cleared for City Water not City Gas.

Which adjustment type should be filed?



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### Which is Which?

Nick Latchkey contacts his financial institution on July 15, 2025, stating that check #3333 has cleared his account twice. Once on May 28, 2025, for \$545 and again on June 4, 2025, for \$545. Nick's financial institution does some research to find that both items also cleared with the same payee name.

Which adjustment type should be filed?



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### Which is Which?

Blue Suede Credit Union receives a check returned due to insufficient funds on May 28, 2025. Blue Suede Credit Union originally presented the item for collection on May 23, 2025. The credit union decides to transmit a Late Return Claim to Achey Breaky Bank, the Paying Bank, on May 29, 2025. Upon receiving the Late Return Claim, Achey Breaky Bank notices that May 26, 2025, was a holiday.

Which adjustment type should be filed?



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### Oops! I Did It Again: Check Adjustments

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EPCOR Knowledge Community:  
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# Thank You for Attending!

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## Expertise—

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This certificate is awarded to:

on

In completion of:

## Oops! I Did It Again: Check Adjustments

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



A handwritten signature in black ink, reading "James Carrick".

James Carrick  
Vice President, Education, EPCOR

