



Electronic Payments Core of Knowledge

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# PARTICIPANT GUIDE

## **We Can Work it Out: Dispute Basics (Reg E, ACH, Cards)**

# Welcome to:

## *We Can Work it Out: Dispute Basics (Reg E, ACH, Cards)*

### Program Description

ACH and debit cards are at risk for fraud or misuse by participants which causes unauthorized electronic funds transfer (EFT) debits to appear on account holder statements. Together we'll discuss which parts of Regulation E, the ACH Rules and Card Network rules can be adequately utilized to assist with various types of disputes and account holders.

AAP/APRP Credits: 1.4

### Objectives

- Regulation E
- ACH Disputes with Reg E
- Debit Card Disputes with 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



Regulation E

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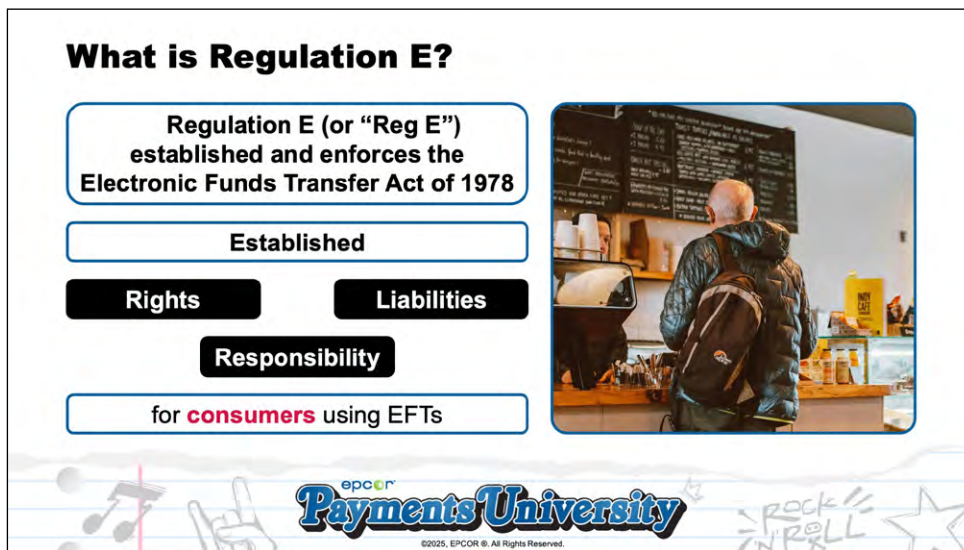
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**What is Regulation E?**


Regulation E (or “Reg E”) established and enforces the Electronic Funds Transfer Act of 1978

Established

Rights      Liabilities

Responsibility

for **consumers** using EFTs



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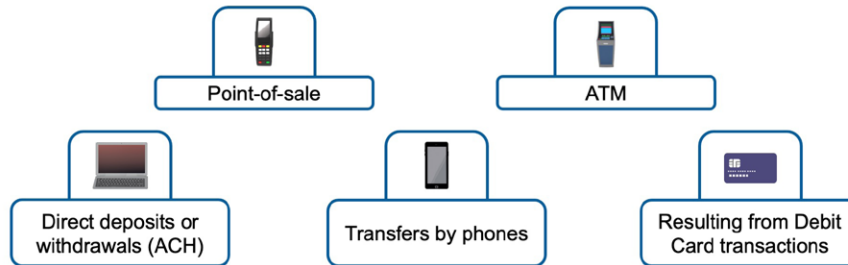
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## Electronic Funds Transfers Reg E Definition

Transfer of funds initiated through electronic terminal, computer, or magnetic tape to initiate credit or debit to **consumer's** account



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## Regulation E Primary Functions

Periodic statement requirements

Receipts at electronic terminals

Disclosures

Error resolution process



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### Reg E's Definition of Error (Section 1005.11)



Unauthorized

Incorrect EFT

Omission from statement

Error by Financial Institution

Consumer's request for info



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### Unauthorized Transactions - Examples



Account number or card information stolen

Debit Card lost/stolen

Amount different than agreement

Date different than agreement

Identity theft

Login credentials stolen

Account Number Error

Card Number Error



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### Clarification of “unauthorized”



Consumer benefits from the transaction	Not Covered	Reg E Subsection 1005.2 (2)(k)
Access device willingly provided to another individual unless reported	Not Covered	Reg E Subsection 1005.2 (2)(m)
Intent to commit fraud	Not Covered	Reg E Subsection 1005.2 (2)(m)



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### Authorized or Unauthorized?



Dave buys a PS5 with his debit card from a store. Dave ends up not liking the PS5, so then tries to return it to the store, but they do not accept it. A week later, Dave reports the \$495 purchase to his financial institution as unauthorized. Was this transaction authorized or unauthorized?



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### Authorized or Unauthorized?

Jake's wallet flies out of his pocket while on a rollercoaster and can't find it. While looking at his account a few days later, Jake notices some transactions made on his debit card since he lost it and reports it to his financial institution. Are these authorized or unauthorized transactions?



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### Authorized or Unauthorized?



John gave his daughter Anna his card for her to go pick up an item for him at the store. Anna wrote down John's debit card information before returning it to him. She then went and used the debit card information to spend over \$100 online shopping. Are the online shopping transactions authorized or unauthorized?

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### Consumer Liability – Reg E Section 1005.6

**Timely** notice by Consumer

Reported **WITHIN** 60 calendar days of the statement that contains the unauthorized EFT


Consumer **NOT** liable for:

- EFT that appears on the first statement
- EFTs that happened 60 calendar days **AFTER** the EFT that appears on the first statement




**Statement Month**

+



**60 Calendar Days**



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### Consumer Liability – Reg E Section 1005.6


**Untimely** notice by Consumer

Reported **AFTER** 60 calendar days of the statement that contains the unauthorized EFT

Consumer **NOT** liable for:


- Transaction on first appearance in statement
- +60 calendar days from the first appearance

Consumer liable for **subsequent transactions**




**Statement Month**

+




**60 Calendar Days**

=



**Consumer Liability**



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### Example of Timely Notice by Consumer

On July 1 George receives his June 2025 statement, he does not review it immediately, but does see a transaction from AT&T that he did not make, since he is a Verizon customer.

What is the latest date the transaction could be reported and still be considered timely under Regulation E?

June Statement transmitted 6/30

+

60 Days

08/29/2025 is the last day to report the error timely



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### Example of Untimely Notice by Consumer

It is August 15, 2025. Dale reviews his statements that are released on the first of each month from January 2023 through July 2025. He notices there are recurring monthly payments from Comcast posting on the 8<sup>th</sup> of each month that he did not authorize. Dale immediately reports this to Independent Credit Union.

Which transactions, if any, is Dale liable for?

First transaction

+

60 Calendar Days

Consumer Liability

Jan 2023 Statement

+

(2/1/23 to 4/1/23)

4/02/23 to 8/15/25



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## Pain Points of Untimely Notices

Provisional Credit not issued

Section 1005.11  
"effect of late notice" interpretation

Outside of ACH return or Debit Card  
chargeback timeframes

Increased reliance on requests for Merchant  
info or ACH breach of warranty requests



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## Consumer Notice or Error – Section 1005.11

Error resolution process begins when  
Consumer notifies financial institution  
of an error orally or written

Financial Institution may require  
confirmation of error in writing within  
10 business days of oral notice

Could depend if Provisional Credit provided



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### Summary of Error Resolution – Section 1005.11

- 1 Promptly investigate (within 10 business days)
- 2 Issue Provisional Credit within those 10 days if more time needed
- 3 Conclude by 45<sup>th</sup> (or 90<sup>th</sup>) calendar day from error notice
- 4 Communicate Provisional Credit & investigation result to Consumer timely



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### 10 Business Days from Consumer Notice of Error

- Promptly investigate error claim 1005.11(c)
- Determine whether an error occurred
- Within 10 days if claimed on an established account
- Within 20 days if claimed on a new account



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## Error Notices and Resolutions



In May 2025, Samantha is looking at her December 2024 statement and notices an ACH transaction that was not authorized. She notifies her financial institution, but since her notice was not timely, what issues could she run into?



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## Error Notices and Resolutions

**True or False:** The Reg E clock starts when the consumer notifies the financial institution in writing.



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## Error Notices and Resolutions



In addition to notifying a consumer of provisional credit being issued within a specified timeframe, at the end of the investigation what else needs to be communicated in a specified timeframe?



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## 10 Business Days from Consumer Notice of Error



- ERROR FOUND**
- Recredit consumer in 1 business day
- Refund fees or interest
- Notify within 3 business days



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### 10 Business Days from Consumer Notice of Error



#### NO ERROR FOUND

Notify within 3 Business Days

Indicate reason for result

Retain documentation

Consumer may request documentation



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### 10 Business Days from Consumer Notice of Error



#### NEED MORE TIME

Issue Provisional Credit if timely

No Provisional Credit if not timely

Notify within 2 Business Days

Continue Investigation



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### If Provisional Credit has been issued...

2 banking days to notify Consumer of provisional credit & full use of funds

#### Investigation Timeframes

90 calendar days

45 calendar days

New Account

All other transactions

Debit Card transactions

ACH and ATM

"Point of Sale"



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### Concluding the Investigation

Must notify consumer of result within 3 business days

#### If error found or unable to refute claim:

Refund within 1 business day

Refund fees or accrued interest

#### If no error was found:

Written explanation of findings in the notification

Notify consumer of their right to request documents



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### If “No Error Found” but Provisional Credit Issued

Regulation E 1005.11(d)(2)

Notify consumer of date & amount of the debit

Honor payments to Consumer’s account for 5 business days without charge after notification



Can be difficult for consumer

Ensure result is sound

Easily proven through documentation



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### Investigation Timelines



Sarah reports an unauthorized debit card transaction where a local retailer treated her card like a credit card to her financial institution (no PIN used). They issued her provisional credit after deciding more time was needed to investigate. How many days does her financial institution get to conclude their investigation?



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### Investigation Timelines

XYZ Bank is conducting an investigation for ACH transactions identified as unauthorized by the consumer. XYZ Bank needs more time to contact the ODFI for proof of authorization to help with their investigation. After provisional credit was issued, how long does XYZ bank have to complete its investigation?



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### Investigation Timelines



Julie gave her financial institution timely notice of an unauthorized transaction on her account. While conducting the investigation, her financial institution issued her provisional credit. Not long after, the investigation was concluded as "no error". What does the financial institution have to do to withdraw the provisional credit out of Julie's account?

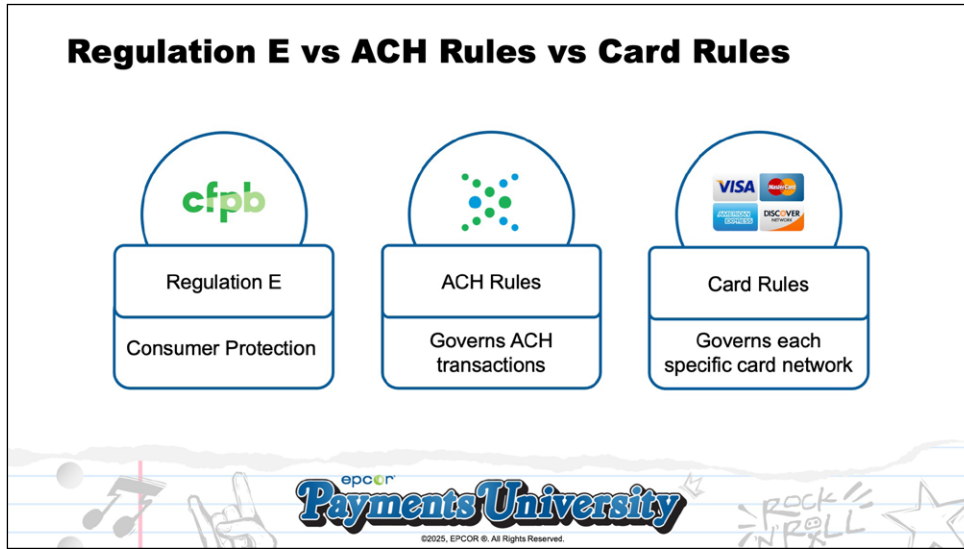


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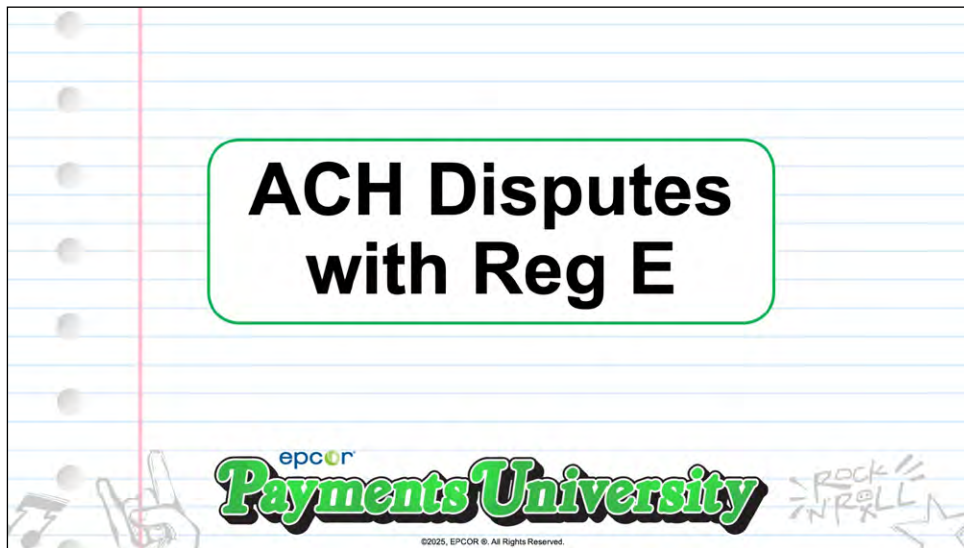


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## RDFI response to unauthorized transaction

### Written Statement of Unauthorized Debit (WSUD)

Legal document that allows the RDFI to return a debit through the ACH Network without investigation

Must be for a transaction within 60 calendar days from transaction date

RDFI required to retain for 1 year from the settlement date.

Section 3.12



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## RDFI ACH response to unauthorized transactions

ODFI guarantees all entries are authorized

Subsection 2.4.1.1

RDFI may request proof of authorization of Originator from ODFI

Subsection 3.1.4

Upon written request by RDFI, ODFI must provide copy of authorization within 10 banking days

Subsection 2.3.2.7

Originator must retain copies for 2 years from revocation/termination

Subsection 2.3.2.7

Beyond 60 calendar days from settlement of the original entry a warranty claim can be used

Section 1.15



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### Consumer Reg E Dispute with ACH Debit

Error notice filed by Consumer

Investigate promptly within 10 Business Days

Review ACH Rules

Within 60 calendar days obtain WSUD promptly return

If investigation time is needed, issue Provisional Credit & notify Consumer within 2 business days


Review ACH Rules

If returned, notify within 3 business days

Complete investigation by 45<sup>th</sup> calendar day from error dispute, notify Consumer within 3 business days

Send written request to ODFI for authorizations

If return(s) performed, obtain WSUD



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### ACH Disputes with Reg E



On 8/7/25, Ted reviews his statement and sees a \$245.44 ACH debit from Lasso Industries in his account that settled on 8/1/25 which he considers unauthorized. He promptly contacts Richmond Savings Bank by phone.

Do you think Reg E or ACH will provide better consumer protection?

●
●



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### ACH Disputes with Reg E

Keith keeps close track of his account. He notices an ACH debit from Toby's Auto Loans for his normal account came out twice. He notifies his FI, Solo Credit Union the day after the transaction posts.

● What is Solo CU's first step after they are notified?

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### ACH Disputes with Reg E

● On 8/8/25, Elvis files ACH disputes for \$75 debits that post on the 7<sup>th</sup> of every month dating back to January 2024 from Hound Dog Broadband and claims that he never used the service. How should the RDFI respond?



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**Debit Card Disputes with Reg E**

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**Card Network Rules**

**Financial Institution issuing Debit Cards must abide by card network rules**

**VISA: 5 business day rule for issuing provisional credit**



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## Card Network Rules

**Merchants have rights and chargeback protections**

**Card Present or Not Present?**

**Chip read? PIN used?**

**Timely? ID Verification? Fallback?**



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## Card Network Rules

**Card Networks allow for Good/Service chargebacks**

**Card Networks recommend "good faith" effort to contact merchant**



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### Consumer Reg E Dispute with Debit Card

Error notice filed by Consumer

Investigate promptly within 10 Business Days


If investigation time is needed, issue Provisional Credit & notify Consumer within 2 business days

Complete investigation by 45<sup>th</sup> or 90<sup>th</sup> calendar day from error dispute, notify Consumer within 3 business days



Review Card Rules


VISA: 5 business days for provisional credit



Review Card Rules

Chargeback

Contact merchant



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### Debit Disputes with Reg E



While vacationing in Montana on 7/15/25, Hannah noticed that her wallet was missing. As she was reporting her lost card to her FI, she noticed several online transactions made that day for \$150 and \$250 which she claimed were unauthorized.

How long does the Financial institution have to require written notice if they need to issue provisional credit? ●

What happens if this is a VISA card? ●



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## Debit Disputes with Reg E

Isaac doesn't review his statements and just now realizes on 8/6/25 that Apple Music has been debiting his account for \$10.99 at the beginning of each month since January 2023. He files disputes on all transactions. Per Reg E, what is consumer's liability and how should the financial institution respond?

Consumer is liable for transactions beyond January 2023 statement + 60 days

If an error is found, the transactions from January 2023 + 60 days will be write-off losses



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## Debit Disputes with Reg E - Continued

Isaac doesn't review his statements and just now realizes on 8/6/25 that Apple Music has been debiting his account for \$10.99 at the beginning of each month since January 2023. He files disputes on all transactions. Per Card Network rules, what could the Issuing FI do for the cardholder dispute?



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## What about Non-Consumer Disputes?



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# 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.

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# CERTIFICATE OF COMPLETION

This certificate is awarded to:

on

In completion of:

**We Can Work it Out:  
Dispute Basics (Reg E, ACH, Cards)**

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



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

James Carrick  
Vice President, Education, EPCOR

