

# ✓ RETURN REASON CODE GUIDE

Well-written policies and procedures are valuable in providing internal teams with proper actions to take when receiving a return or Notification of Change which utilizes the Standard Entry Class Code COR. The following resource has been designed for Originators, Third-Party Senders and Nested Third-Party Senders.

MOST COMMON RETURN REASON CODES				
Return Reason Code	Description	Timeframe	Account Type	Business Originator Recommended Actions
R01 Insufficient Funds	The available and/or cash reserve balance is insufficient to cover the debit entry's dollar value.	2 Banking Days	Consumer or Non-Consumer	The entry can be originated a maximum of two times after the return of the original entry, subject to the Reinitiation requirements outlined in Article Two, Subsection 2.13.4.
R02 Account Closed	A previously active account has been closed by the action of the account holder or financial institution.	2 Banking Days	Consumer or Non-Consumer	Contact the payment recipient to obtain authorization for another account.
R03 No Account/ Unable to Locate Account	The account number structure is valid but does not correspond to the individual identified in the entry, or the account number designated is not an existing account.	2 Banking Days	Consumer or Non-Consumer	Contact the payment recipient to obtain authorization for another account.
R04 Invalid Account Number Structure	The account number structure is not valid.	2 Banking Days	Consumer or Non-Consumer	Contact the payment recipient to update the account number information.
R05 Unauthorized Debit to Consumer Account Using Corporate SEC Code	CCD or CTX debit entry was transmitted to a consumer account and was not authorized by the consumer.	60 Calendar Days	Consumer	Stop initiating further entries. Obtain authorization from their payment recipient and correct the Standard Entry Class code.
R06 Returned Per ODFI's Request	The ODFI (your) financial institution has requested the return of an erroneous entry, or a credit entry originated without your authorization.	Determined between FIs	Consumer or Non-Consumer	A valid authorization must be obtained to originate an entry.

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R07 Authorization Revoked by Customer	The payment recipient revoked the authorization previously provided to your company for the debit entry.	60 Calendar Days	Consumer	Stop initiating further entries. Obtain new authorization from the payment recipient.
R08 Payment Stopped	The payment recipient has placed a stop payment order on the debit entry.	2 Banking Days	Consumer or Non-Consumer	Contact the payment recipient to determine why the payment was stopped. A stop payment order may be placed on one or more debit entries. Stop payments are placed in advance of a specific entry or entries to prevent them from posting to the recipient's account. The entry must not be reinitiated unless the reason for the return is remedied.
R09 Uncollected Funds	A sufficient ledger balance exists to satisfy the dollar value of the transaction, but the available balance is below the dollar value of the debit entry.	2 Banking Days	Consumer or Non-Consumer	The entry can be originated a maximum of two times after the return of the original entry, subject to the Reinitiation requirements outlined in Article Two, Subsection 2.13.4.
R10 Customer advises your company is not known to the Receiver and/ or your company is not authorized by the payment Receiver to Debit the payment Receiver's Account	The Receiver does not know the identity, has no relationship, or has not authorized your company to debit their account. For ARC and BOC entries, the Receiver's signature on the source document is not authentic, valid, or authorized. The Receiver's signature on the written authorization is not authentic, valid, or authorized for POP entries.	60 Calendar Days	Consumer also Non-Consumer for ARC, BOC, IAT, or POP, Entries Refer to Article Three, 3.12	Stop the initiation of further entries and obtain new authorization to initiate a new entry.

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R11 Customer Advises Entry Not in Accordance with the Terms of the Authorization	<p>The payment recipient acknowledges that a debit authorization exists, but there is an error within the payment such that the entry does not conform to the terms of the authorization. For example, the entry is for an amount different than authorized; the entry was initiated for settlement earlier than authorized; the entry is part of an incomplete transaction; the debit entry was improperly reinitiated; for an ARC, BOC, or POP entry, the source document was ineligible, notice was not provided, the amount of the entry was not accurately obtained from a source document.</p> <p>The reversing entry was improperly initiated.</p> <p>The payment recipient didn't affirmatively initiate a subsequent entry in accordance with the terms of the standing authorization.</p>	60 Calendar Days	Consumer also for Non-Consumer ARC, BOC, POP, and IAT Entries	<p>Contact the payment recipient to determine proper origination terms (frequency, date, or amount) prior to initiating subsequent entries. May initiate a new entry to correct the underlying error without obtaining a new authorization.</p> <p>Not to be used for the following:</p> <ul style="list-style-type: none"> <li>• To return CCD or CTX entries. For CCD or CTX to consumer accounts, see R05. For CCD or CTX Entries to Non-Consumer Accounts see R29.</li> <li>• When a relationship does not exist between the parties.</li> <li>• ARC and BOC entries for which the payment recipient has notified their financial institution that the signature on the source document is not authentic or authorized.</li> <li>• Pop entries for which the payment recipient has notified their financial institution that the signature on the written authorization is not authentic or authorized.</li> </ul>
R14 Representative Payee Deceased or Unable to Continue in that Capacity	The beneficiary's representative (Known as a representative payee) is deceased or no longer able to act in that capacity.	2 Banking Days	Consumer or Non-Consumer	Must not reinitiate entry.

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R15 Beneficiary or Account Holder (other than Representative Payee) Deceased	The beneficiary or the account holder is deceased.	2 Banking Days	Consumer	Must not reinitiate entry.
R16 Account Frozen/Entry Returned Per OFAC request	Accounts may be frozen for a variety of reasons, including but not limited to the following: Actions taken by Receiving Financial Institution Court order OFAC instructions	2 Banking Days	Consumer or Non-Consumer	<ul style="list-style-type: none"> <li>• Ensure that the account is not frozen as a result of OFAC. If the Receiver is on SDN, follow your OFAC procedures.</li> <li>• Contact the Receiver to obtain an alternate account.</li> <li>• Account freezes are generally not permanent but, in most cases, will require specific action on the part of the Payment Receiver.</li> </ul>
R38 Stop Payment on Source Document	The checkwriter has placed a stop payment order on the check, which has been converted to an ARC or BOC entry.	60 Calendar Days	Consumer or Non-Consumer	Contact the checkwriter to resolve this. Do not reinitiate entry.
R39 Improper Source Document/Document Presented for Payment	Receiver's financial institution determines that the check used for an ARC, BOC, or POP entry to its Receiver's account is improper.  An ARC, BOC, or POP entry and the check to which the entry relates have been presented for payment and posted to the recipient's account.	2 Banking Days	Consumer or Non-Consumer	<p>Must not reinitiate entry. The check "may" be presented for payment if the reason for the return is improper.</p> <p>Refer to Article Three, Subsection 3.12 – Improper ARC, BOC, POP, and RCK Debit Entries. Article Eight, Section 8.36 Eligible Source Document.</p>

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CHANGE CODES FOR NOTIFICATION OF CHANGE ENTRIES						
Return Reason Code	Initiated By	Corrected Data provided by RDFI	Timeframe	Possible Cause	Actions Required	
C01 Incorrect DFI Account Number	RDFI	<ul style="list-style-type: none"> <li>Correct DFI Account Number in the first 17 positions.</li> </ul>	2 Banking Days from the original Entry Settlement Date	It may also be used when the account number is “incorrectly” formatted.	<p>The Originator and/or Third-Party Sender* <b>MUST</b> make changes specified in the Notification of Change (NOC) <b>within six Banking</b> days of receipt of the corrected NOC information or prior to initiating another entry to the payment Receiver’s account, whichever is later.</p>	
C02 Incorrect Routing Number	RDFI	<ul style="list-style-type: none"> <li>Correct Routing Number (including Check Digit) appears in first 9 positions.</li> </ul>	2 Banking Days from the original Entry Settlement Date	As a result of a merger or RT consolidation, the once-valid RT has changed.		
C03 Incorrect Routing Number and Incorrect DFI Account Number	RDFI	<ul style="list-style-type: none"> <li>Correct Routing Number (including Check Digit) appears in the first 9 positions.</li> <li>Correct DFI account Number appears in the 13th – 29th position with a space in the 10th, 11th, and 12th positions.</li> </ul>	2 Banking Days from the original Entry Settlement Date	As a result of a merger or RT consolidation, the once-valid RT has changed, impacting the account number structure.		
C04	After March 20, 2015, the Change Code C04 will no longer be available for use.					
C05 Incorrect Transaction Code	RDFI	<ul style="list-style-type: none"> <li>Correct Transaction Code appears in first 2 positions.</li> </ul>	2 Banking Days from the original Entry Settlement Date	The entry contains a Transaction code for a savings account when it should be a checking account or vice versa.		

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Return Reason Code	Initiated By	Corrected Data provided by RDFI	Timeframe	Possible Cause	Actions Required
C06 Incorrect DFI Account Number and Incorrect Transaction Codes	RDFI	<ul style="list-style-type: none"> <li>Correct DFI Account Number appears in the first 17 positions.</li> <li>Correct Transaction Code appears in the 21st and 22nd positions with spaces in the 18th, 19th, and 20th positions.</li> </ul>	2 Banking Days from the original Entry Settlement Date	The account number is incorrect, and the Transaction code for a savings account when it should be a checking account or vice versa.	The Originator and/or Third-Party Sender* <b>MUST</b> make changes specified in the Notification of Change (NOC) <b>within six Banking</b> days of receipt of the corrected NOC information or prior to initiating another entry to the payment Receiver's account, whichever is later.
C07 Incorrect Routing Number, Incorrect DFI Account Number, and Incorrect Transaction Code	RDFI	<ul style="list-style-type: none"> <li>Correct Routing Number appears in the first 9 positions.</li> <li>Account Number appears in the 10th – 26th positions.</li> <li>Transaction Code appears on the 27th and 28th positions.</li> </ul>	2 Banking Days from the original Entry Settlement Date	Multiple errors were detected. See C02, C03, C05, and C06.	
C08 Incorrect Receiving DFI Identification (IAT Only)	RDFI	<ul style="list-style-type: none"> <li>Correct Receiving DFI appears in the first 34 positions.</li> </ul>	2 Banking Days from the original Entry Settlement Date		
C09 Incorrect Individual Identification Number/ Incorrect Receiver Identification Number	RDFI	<ul style="list-style-type: none"> <li>Correct number appears in the first 22 positions.</li> </ul>	2 Banking Days from the original Entry Settlement Date		

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Return Reason Code	Initiated By	Corrected Data provided by RDFI	Timeframe	Possible Cause	Actions Required
C13 Addenda Format Error	RDFI	Information in the Entry Detail Record was correct, and the Entry was able to be processed and posted by the RDFI. However, the information found in the Addenda record was unclear or formatted incorrectly.	2 Banking Days from the original Entry Settlement Date		The Originator and/or Third-Party Sender* <b>MUST</b> make changes specified in the Notification of Change (NOC) <b>within six Banking</b> days of receipt of the corrected NOC information or prior to initiating another entry to the payment Receiver's account, whichever is later.
C14 Incorrect SEC Code for Outbound International Payment	Gateway or RDFI	The RDFI/Gateway has identified the Entry as an Outbound international payment and is requesting that future Entries be identified as IAT Entries and convey the information required by the Gateway for OFAC compliance. The value "IAT" must appear within the first 3 positions.	2 Banking Days from the original Entry Settlement Date	When the RDFI receives a PPD or a CCD Entry with instructions "for further credit to" or identifies international funds flow. Refer to Section V of the Nacha Operating Guidelines.	

\* In some scenarios, the Third-Party Sender may elect to make all NOC changes on behalf of the Originator. Article Two, Subsection 2.16 outlines the obligations of the Third-Party Sender and Nested Third-Party Senders.

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