Limitation of Warranty Claims

Does this rule impact me?
Yes. Senders of electronic debit payments may receive payments back unpaid (ACH returns) under certain circumstances. Receivers of electronic payments have certain timeframes in which to make a claim that a payment is unauthorized or improper. This rule limits those timeframes.

What is the purpose of this rule?
Nacha is focused on removing friction experienced when processing electronic payments. This rule limits the amount of time that a sender of an ACH payment may have to take back a payment if it is claimed not to be authorized, providing greater certainty about payment return timeframes.

What is the rule?
This rule limits the amount of time receiving financial institutions may make breach of authorization warranty claims against a sending financial institution. In many cases, the sending financial institution will contractually charge the amount back to the original sending organization.

The limitations vary, depending on the receiving account type.

Consumer Account
For a payment to a consumer account, the limit covers two time periods, mindful of other regulatory statutes, such as federal Regulation E.

1. The first ninety-five (95) calendar days from the settlement date of the first unauthorized payment to the consumer’s account will always be covered (i.e., the first 95 days)

2. If beyond the first 95 days, then two years from the settlement date of the entry (i.e., the last two years)

Non-Consumer Account
For a payment to a non-consumer account, the time limit will be one year from the settlement date of the payment, equivalent to other time limits in Uniform Commercial Code governing business payments.

How and when do I prepare for this change?
Immediately
Contact your financial institution(s) and/or third-party providers
• Confirm any changes to procedures for accepting returned/unpaid ACH payments
Update policies, procedures, and documentation

For more information visit nacha.org/warrantyclaims