



# IBAT Insights

*(Ask IBAT Anything)*

*An Exclusive Benefit for Members of:*

The Independent Community Bankers Association of New Mexico

## **Question:**

Our customer wrote a check and later placed a stop payment on that check. It was converted to an ACH (ARC) and inadvertently paid. Since the check had a valid stop payment order, is the bank stuck taking a loss?

## **Answer:**

No. The easiest way to explain this, is the stop payment order carries over from the source document (the check) to the ACH entry. The right to stop the check is valid against ARC entries. NACHA rules specifically permit stop orders on these items.

“A stop payment order was placed on the source document (check) to which the ARC or BOC entry relates; however, the item cleared as an ACH and the RDFI’s system did not catch it.”

Return code R38 works as a safety net when stop payment orders are placed on their check systems rather than their ACH systems. If these systems are not connected, the RDFI may not find the stop order until the customer receives their statement.

The return timeframe would be 60 calendar days using R38 ‘Stop Payment on Source Document.’

A resource has been added to Compliance Pathways identifying valid ACH reasons and the timeframes to do so for RDFIs.