Non-Cash Item (NCH) vs. Not Our Item (NOI) Tip Sheet #5

Was the item received in a paper or image cash letter?

- Image Cash Letter (ICL)
- Paper Cash Letter

Forward ICL?

- Yes
- No

Return ICL?

- Yes
- No

Does the routing number on the image of the item match the MICR in record 25?

- Yes
- No

Has the receiving bank ever handled the item as FWD?

- Yes
- No

Is the item piggy-backed or illegible?

- No
- Yes

Will need to deal direct or charge their customer

**NOI (Rarely Occurs)**
The image of the item does match the routing number in MICR record 25; however the **Drawee's routing number is not in MICR record 25.**

**NCH Common Examples**

**MICR mismatch:** The image of the item does not match the routing number in MICR record 25 and **the Drawee's routing number is in MICR record 25.**

**Piggy back:** Another image superimposed on the item. The Drawee's routing number is in MICR record 25.

**NOI Common Causes**
The item was qualified to the incorrect BOFD. More than likely the Receiver never handled the item as a Forward Collection item; their routing number is not in the Forward presentment endorsement record 26 (if so the item is considered their item). Also, they do **not** have a banking relationship with the Payee. Their routing number was placed in record 32 in error.

**Note:** When the item is converted/reconverted, their routing number will print out showing the Receiver as the endorsing bank; all as a result of the error in record 32.

**NCH Common Examples**

Piggy backed item or poor/bad image charged (returned) to the Bank of First Deposit (BOFD).
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**Was the item received in a paper or image cash letter?**

- **Paper Cash Letter**
  - **Forward CL?**
    - Yes
    - No
    - This is considered their item (see note below)
  - **Is the item piggybacked or illegible?**
    - Yes
    - No
    - This is considered their item (see note below)

- **Image Cash Letter (ICL)**
  - **Return CL?**
    - Yes
    - No
    - Will need to deal direct or charge their customer
  - **Is the item piggybacked or illegible?**
    - Yes
    - No

**NCH Common Examples**

**Empty Carrier:**
Photo in Lieu (PIL) or partially mutilated item is processed in a document carrier but becomes separated from the carrier. The Drawee is charged but only receives the carrier.

The Drawee is charged with a control ticket or other item of zero-value.

**NOI Common Example**

The Drawee is charged with an item that does not have their routing number in the MICR line. Commonly charged as a result of the item having a strip on the bottom or being placed in a document carrier and the strip/carrier is MICR encoded with their routing number in error.

*Note:* If their routing number is on the MICR of the item, it is considered their item. They may have a fraudulent item and it should be handled through return or legal channels.

**NCH Common Examples**

A piggy backed item on a substitute check or poor/bad image of a substitute check is charged (returned) to the BOFD.

**NOI Common Causes**

The item was qualified to the incorrect BOFD. More than likely the Receiver never handled the item as a Forward Collection item; their routing number is not in the endorsement section of the item (if so the item is considered their item). Also, they do not have a banking relationship with the Payee. Their routing number was placed on a strip/carrier in error.

*Note:* If they handled the item during Forward Collection but didn’t endorse the item, i.e., processor, it is considered their item (they are the Fed’s source).