

Check Services  
Overview of Image Cash/Return  
Letters & Associated Exceptions  
**Welcome!**

# Preview Check Services Basic Check Workflows

We encourage you to refer to the “*Check Services Basic Check Workflows*” webinar for a basic review of the Forward Collection and Return Item Processing to gain a better understanding of the workflows and parties involved in the Check Collections process.

# Objective

In this webinar, our goal is to provide information regarding Image Cash and Return Letters (ICL) and the possible exceptions that can occur.

After completing this webinar, you should be able to:

1. Identify your role (Sender or Receiver of the ICL)
2. Identify the entry you receive associated with the ICL (Debit or Credit)
3. Identify some of the exceptions associated with the ICL based on your role and how to respond to each error

# Image Cash/Return Letter (ICL) Deposits

## **ICL Deposit Accepted**

- Receive a Deposit Notification (Accepted) when the file has been accepted
- Once the file has been processed, you will receive a credit
  - Use Account Management Information (AMI) in FedLine® to ensure credits have been received

## **ICL Deposit Rejected**

- In the unlikely event the file rejects, you will receive a Deposit Notification (Rejected)
  - The notification will state the reason the file rejected, i.e. duplicate file or too many critical errors
- Should you receive a rejected notification it is important that you follow up
- Contact Customer Support should you need assistance

# Most Common Exceptions Associated with ICL Deposits

- While you could receive an accepted notification exceptions could occur
- Two of the most common exceptions associated with ICL deposits are *rejected items* and *duplicate files/items*

## Rejected Items

- One or more items in the file could reject. For example:
  - The routing number is not defined
  - Return item(s) in Forward cash letter

## Non-Conforming Item (NCI)

- When an item(s) rejects a debit adjustment entry is made in the amount of the rejected item(s) using the Non-Conforming Item (NCI) investigation type (ITYP)
- The NCI ITYP is **only** generated by the Federal Reserve
  - Debit for each individual item or one debit for a group of 25 or more items that rejected in the same bundle total
    - A listing of the items involved will be provided with a description of why each item rejected
    - Make the necessary correction(s), if warranted, reprocess
      - Image or paper cash letter

## NCI continued

- NCI debit adjustment entries are also made via Check Adjustments channels
- Reported by the Receiving Institution as a non-conforming item
  - **Use the Non-Cash Item (NCH) ITYP**
    - Piggy back
    - Mismatch
- The Federal Reserve would resolve the adjustment with the Sender of the ICL using the NCI ITYP
  - **Comment on the entry will generally state:** “Non-conforming item reported by receiving bank.”
  - **Your Action:** Verify and correct the item prior to redepositing it. The item may be reported again if the correction is not made.

## Duplicate Cash Letter / Duplicate Items

- As the Sending Bank, you may discover that you have deposited a duplicate file or duplicate items within a file
  - Safeguards in place to detect a duplicate file if received within five business days of the original file
- If you make a duplicate deposit or deposit duplicate items you should contact the Federal Reserve
  - You may also use the Duplicate Check Notification System to send and receive notification of duplicate incidents

# Duplicate Cash Letter / Duplicate Items continued

- Notify the Federal Reserve:
  - Contact Customer Support
  - Avoid sending an adjustment request for debit entry using the Paid Item (PAID) ITYP
- The Federal Reserve will:
  - Ask you to provide information regarding the duplicate file/items
  - Ask for your reference number
  - Open a request for information (RFI) case (where applicable)
    - Allows us to document the incident
  - As the duplicates are reported by the Receiving institutions, we will make the debit adjustment to your account
- **Important:** The Receiving institutions may not choose to report the duplicates to the Federal Reserve
  - May qualify the item and return it directly to your institution

# Duplicate Cash Letter / Duplicate Items continued

- Duplicate Check Notification System:
  - Available to Subscribers of FedMail®
- Allows you to send and receive notification of duplicate situations. For example:
  - Bank A creates a duplicate file
  - Input information into the notification system
  - Subscribers of the system will be notified
- Visit [www.FRBservices.org](http://www.FRBservices.org) to learn more about FedMail and the Duplicate Check Notification System; recommended when 50 or more items are involved

# Cash/Return Letter Errors Inclearing/Return Receipt Files

- When you receive an image cash/return letter from the Federal Reserve, your account is debited (charged)
- You may discover errors in your inclearings/returns just as you did with deposits. For example:
  - Charged incorrectly with a duplicate Paid Item(s) (PAID) - need a credit adjustment
  - Encoding Error (ENC) - need a credit or debit adjustment
- Errors should be handled via the Check Adjustments channels
- Refer to the electronic Check Adjustments Quick Reference Guide (QRG) for a listing of error types based on your role
  - Includes information on the reporting time frames and required fields (how to complete the adjustment request) for each ITYP
  - The QRG is located on [www.FRBservices.org](http://www.FRBservices.org)

# Resources

- There is a wealth of information and resources located on [www.FRBservices.org](http://www.FRBservices.org). This information can be invaluable:
  - **The electronic Check Adjustments QRG also provides:**
    - A description of each ITYP
      - Some ITYPs include a note to ensure you are using the ITYP properly
    - The Federal Reserve Bank's action steps (response) based on when the request was received
  - The Learning Center's educational tool provides:
    - Step-by-step instructions to assist you in navigating through Check Services
    - A section on Check 21 and Check Adjustments
    - The tool is located within the Fedline application; requires credentials to access

## Resources continued

- Check Adjustments webinars are live, interactive training sessions conducted by a knowledgeable member of the Federal Reserve Bank
  - Facilitated in a virtual setting
  - Use audio conference phone
    - Ask questions regarding the topic and receive a response in real time
  - Multiple participants can attend from a single connection
  - Fee-based sessions (per connection)
- Information and registration links for Federal Reserve Bank webinars can be found in the Education section of [www.FRBservices.org](http://www.FRBservices.org).

## Resources continued

- The Federal Reserve Financial Services is committed to providing the answers and information you need. Answers to many of our customers' most frequently asked questions (FAQs) can be found on [www.FRBservices.org](http://www.FRBservices.org). Refer to the Check Services Resources section for FAQs regarding Check 21 and Check Adjustments.
- If your question is not answered by the information provided on the site, you can call FedACH® and Check Services Customer Support.

# Contact Us

THE **FEDERAL RESERVE**  
FRBservices.org<sup>SM</sup>

Begin your search...

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## Contact

- ABA Lookup
- Account Executives and District Business Development Contacts
- Accounting Services
- Central Bank
- Check Services
- FedACH<sup>®</sup> Services
- FedCash<sup>®</sup> Services
- FedLine<sup>®</sup> Solutions
- Fedwire<sup>®</sup> Services
- National Settlement Service
- Treasury Services
- Webmaster

## Contact

The Federal Reserve Banks are committed to providing you with the support you need when using our services. Use "Find Your Contacts" to create a directory customized to your ABA or find contact information by service area below.

### Find Your Contacts

Enter your institution's ABA number and click "GO" for a customized list of Federal Reserve Financial Services support contacts, including your account executive.

Search by ABA

# Conclusion

We hope the information we've shared with you regarding Image Cash and Return Letters (ICL) and the possible exceptions that can occur will assist you in knowing what to expect as you deposit and/or receive image files and now that you have completed this webinar you should be able to:

1. Identify your role (Sender or Receiver of the ICL)
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# Check Services

## Overview of Image Cash/Return Letters & Associated Exceptions

Thank you!