



# Errors, Evidence, and Expectations: A Compliance Guide to Resolution

Florida Bankers Association 39th Annual Consumer Compliance Conference  
March 10, 2026

1



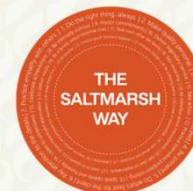
At Saltmarsh, we believe the way to *achieve success is by contributing to the success of others*, which is why we thrive in genuine relationships. Our *passion for people and excellence* is more than a shared value; it's the foundation of our work.

### What We Do

Advisory & Consulting | Audit & Assurance | Business Valuation | Client Accounting & Advisory | Employee Benefit Plan Administration | Wealth Management & Financial Planning | IT & Technology Services | Litigation & Dispute Advisory | Tax | Transaction Advisory / M&A | Trust & Estate Planning

### Who We Serve

Construction & Real Estate Development | Financial Institutions | Government & Municipalities | Healthcare | High Net Worth Individuals | Hospitality | Manufacturing & Distribution | Nonprofit | Private Equity | Professional Services | Technology



[saltmarshadvisors.com](http://saltmarshadvisors.com)

2

## Objectives



3

## Regulatory and Framework

### Key Regulations

- Regulation E (EFTA)
  - Covers Electronic Fund Transfers
- National Automated Clearing House (Nacha)
  - Nacha Operating Rules and Guidelines
  - ACH transactions



4

## Reg E Fundamentals



5

## Fundamentals: Purpose and scope

Protects **CONSUMERS** engaging in electronic fund transfers (EFTs) and remittance transfers.

- The primary objective of the act is the protection of individual consumers engaging in EFTs

Transactions include, but are not limited to:

- Point-of sale (POS) transfers;
- Automated teller machine (ATM) transfers;
- Direct deposits or withdrawals of funds;
- Transfers initiated by telephone; and
- Transfers resulting from debit card transactions, whether or not initiated through an electronic terminal
- **\*\*P2P are covered transactions\*\***



6

## Fundamentals: Definitions (1005.2)

### Consumer:

- A natural person (not an entity)

### Account:

- A demand deposit (checking), savings, or other consumer asset account (other than an occasional or incidental credit balance in a credit plan) held directly or indirectly by a financial institution and established primarily for personal, family, or household purposes
- The term includes a “payroll card account” which is an account that is directly or indirectly established through an employer and to which EFTs of the consumer’s wages/salary/or other compensation are made on a recurring basis, whether the account is operated or managed by the employer, a third-party payroll processor (TPPP), a depository institution, or any other person.
- Does NOT include an account held by a FI under a bona fide trust agreement.



7

## Fundamentals: Definitions (1005.2)

### Electronic Terminal:

- An electronic device, other than a telephone operated by a consumer, through which a consumer may initiate an electronic fund transfer. The term includes, but is not limited to, point-of-sale terminals, automated teller machines (ATMs), and cash dispensing machines.

### Unauthorized EFT:

- An EFT from a consumer’s account initiated by a person other than the consumer without actual authority to initiate the transfer and from which the consumer receives no benefit. The term does not include an EFT initiated:
  - By a person who was furnished the access device to the consumer’s account by the consumer, unless the customer has notified the FI that transfers by that person are no longer authorized;
  - With fraudulent intent by the consumer or by any person acting in concert with the consumer; or
  - By the financial institution or its employee.



8

## Fundamentals: Liability tiers for consumers (1005.6)

### Timely notice given

If the consumer notifies the FI within two business days after learning of the loss or theft of the access device, the consumer's liability shall not exceed the lesser of \$50 or the amount of the unauthorized transfers that occur before the notice to the FI

### Timely notice not given

If the consumer fails to notify the FI within two business days after learning of the loss or theft of the access device, the consumer's liability shall not exceed the lesser of \$500 or the sum of:

- \$50 or the amount of unauthorized transfers that occur within the two business days; whichever is less; and
- The amount of unauthorized transfers that occur after the close of two business days and before notice to the FI, provide the FI establishes that these transfers would not have occurred had the consumer notified the institution within that two-day period.



9

## Fundamentals: Liability tiers for consumers (1005.6)

### Periodic statement: timely notice not given

A consumer must report an unauthorized EFT that appears on a periodic statement within 60 days of the financial institution's transmittal of the statement to avoid liability for subsequent transfers. If the consumer fails to do so, the consumer's liability shall not exceed the amount of the unauthorized transfer that occur after the close of 60 days and before notice to the FI, and that the FI establishes would not have occurred had the consumer notified the FI within the 60-day period.

### Extension of time limits

If the consumer's delay in notifying the FI was due to extenuating circumstances, the FI shall extend the times specified above to a reasonable period.



10

## Fundamentals: Liability tiers for consumers (1005.6)

### Notice to financial institution

1. Notice to a FI is given when a consumer takes steps reasonably necessary to provide the institution with the pertinent information, whether or not a particular employee or agent of the institution actually receives the information
2. The consumer may notify the FI in person, by telephone, or in writing.
3. Written notice is considered given at the time the consumer mails the notice or delivers it for transmission to the FI by any other usual means. Notice may be considered constructively given when the FI becomes aware of circumstances leading to the reasonable belief that an unauthorized transfer to or from the consumer's account has been or may be made.

### Liability under state law or agreement

If state law or an agreement between the consumer and the FI imposes less liability than is provided in this section of the regulation, the consumer's liability shall not exceed the amount imposed under the state law or agreement.



11

## Reg E Error Resolution



12

## Reg E Error Resolution

### Types of transactions covered (1005.11)

An unauthorized EFT

An incorrect EFT to or from the consumer's account

The omission of an EFT from a periodic statement

A computational or bookkeeping error made by the FI relating to an EFT

The consumer's receipt of an incorrect amount of money from an electronic terminal

An EFT not identified on an electronic terminal receipt, periodic statement, or in connection with a preauthorized transfer to the consumer's account as required by regulation

The consumer's request for documentation required by § 1005.9 or § 1005.10(a) or for additional information or clarification concerning an electronic fund transfer, including a request the consumer makes to determine whether an error exists under paragraphs (a)(1)(i) through (vi) of this section.



13

## Reg E Error Resolution

### Types of transactions **NOT** covered (1005.11)



A routine inquiry about the consumer's account balance



A request for information for tax or other recordkeeping purposes



A request for duplicate copies of documentation.



14

## Reg E Error Resolution

### Receiving a Notice of Error (1005.11(b))

- A FI shall comply with the requirements with respect to any oral or written notice of error from the consumer that:
  - Is received by the FI no later than 60 days after the institution sends the periodic statement or provides the passbook documentation on which the alleged error is first reflected
  - Enables the institution to identify the consumer's name and account number
  - Indicates why the consumer believes an error exists and includes to the extent possible the type, date, and amount of the error
- A FI may require the consumer to give written confirmation of an error within 10 business days of an oral notice.
  - A FI that requires written confirmation shall inform the requirement and provide the address where confirmation must be sent when the consumer gives the oral notice.
- When a notice of error is based on documentation or clarification that the consumer requested under 1005.11(a)(1)(vii), the consumer's notice of error is timely if received by the FI no later than 60 days after the FI sends the information requested.



15

## Reg E Error Resolution

### Time limits and investigation (1005.11(c))

#### 10-day period:

- The FI shall determine whether an error occurred within 10 business days of receiving a notice of error and report the results to the consumer within 3 business days after completing its investigation. The FI shall correct the error within 1 (one) business day after determining that an error occurred.



16

## Reg E Error Resolution

### Time limits and investigation (1005.11(c))

**45-day period** – If the FI is unable to complete its investigation within 10 business days, the FI may take up to 45 days from the notice to investigate and determine if an error occurred, provided the FI:

- Provisionally credits the consumer’s account in the amount of the alleged error (including interest where applicable) within 10 business days of receiving the error notice
  - No provisional credit is required if:
    - The FI requires but does not receive written confirmation within 10 business days of an oral notice, or
    - The alleged error involves an account that is subject to Reg T of the Board of Governors of the Fed Reserve System (Securities Credit by Brokers and Dealers)
- Informs the consumers within 2 business days after the provisional credit of the amount and date and gives the consumer full use of the funds during the investigation;
- Corrects the error, if any, within 1 business day after determining that an error occurred; and
- Reports the results to the consumer within 3 business days after completing its investigation (including, if applicable, notice that a provisional credit has been made final).



17

## Reg E Error Resolution

### Time limits and investigation (1005.11(c))

Extension of Time periods:

- For errors involving EFTs to or from a new account (30 days after the first deposit was made), the applicable time is 20 business days in place of 10 business days
- For the following EFTs, the applicable time is 90 days instead of 45 days:
  - EFT was not initiated within a state (foreign transaction)
  - Resulted in a POS debit card transaction; or
  - Occurred within 30-days after the first deposit was made to the account (new account)



18

## Reg E Error Resolution Time limits and investigation (1005.11(c))

Investigation – with some exceptions, a FI's review of its own records regarding an alleged error satisfies the requirements of this section if:


The alleged error concerns a transfer to or from a 3<sup>rd</sup> party; and


There is no agreement between the FI and the 3<sup>rd</sup> party for the type of EFT involved.





19


## Reg E Error Resolution Time limits and investigation summary

 The FI has 10 **business** days after notification to either complete the investigation or provide provisional credit

 The FI may request the notification be provided in writing or provisional credit may be denied – *the FI must still resolve the error*

 ATM/ACH disputes time frame to complete is 45 calendar days

 POS disputes time frame to complete is 90 calendar days

 For new customers (within the first 30 days) the FI has 20 business days to provide provisional credit and 90 calendar days to complete the investigation



20

## Reg E Error Resolution

### No error or different error occurred (1005.11(d))

If the FI determines no error occurred, or that an error occurred in a manner or amount different than described by the consumer, the FI shall:

- Provide a written explanation that includes the FI's findings and note the consumer's right to request documents the FI relied on in making its determination. The FI shall promptly provide copies of the documents upon request.
- Debit the provisional credit and:
  - Notify the consumer of the date and amount of the debiting
  - Notify the consumer that the FI will honor checks, drafts, or similar instruments payable to 3<sup>rd</sup> parties and preauthorized transfers from the consumer's account (without charge to the consumer as a result of an overdraft) for 5 business days after the notification. The FI shall honor items as specified in the notice, but need honor only items that it would have paid if the provisional credited funds had not been debited



21

## Reg E Error Resolution

### Reassertion of error (1005.11(e))

A financial institution that has fully complied with the error resolution requirements has no further responsibilities under this section should the consumer later reassert the same error, except in the case of an error asserted by the consumer following receipt of information under 1005.11(a)(1)(vii)



22

## Best Practices and Common Pitfalls



23

## Reg E Errors Workflow considerations

Build scripts or checklists that guide staff questions

- **\*\*cannot require a police report\*\***

Templates for investigators to document:

- Facts gathered
- Evidence that support/does not support the claim
- Calculation for consumer liability
- Notification(s) sent to customer

Shared calendars to prevent untimely resolutions

Reliance on 3<sup>rd</sup> party vendors

- Oversight of the 3<sup>rd</sup> party's processes



24

## Reg E Errors Workflow considerations

- Logs
  - Type of dispute (ACH or debit card)
  - How notice was given (oral or written)
  - Date **oral** notice was given
  - Date written notice provided (if required)
  - Date 10-day provisional credit
  - Date final resolution is due
  - Date final resolution is determined
  - Date(s) notification are given
    - For provisional credit and final determination



25

## Reg E Errors Common Pitfalls



Not notifying the customer ACH credit is final

Automatically denying because the merchant denies

Timely resolution

Denying disputes after 60-days of statement

Debiting provisional credit but not monitoring for overdrafts

Remember card sponsor rules (Visa/Mastercard)

For FI's that provide automatic credit under a threshold: Monitoring for consumer's that may be abusing this threshold



26

## National Automated Clearing House



27

## National Automated Clearing House

Nacha:

- Governs the ACH network;
- Advances interoperability and innovation in the payments system;
- Develops rules and standard practices;
- Delivers education and accreditation services.



In 2024, there were 33.6 billion ACH Network payments valued at \$86.2 trillion.



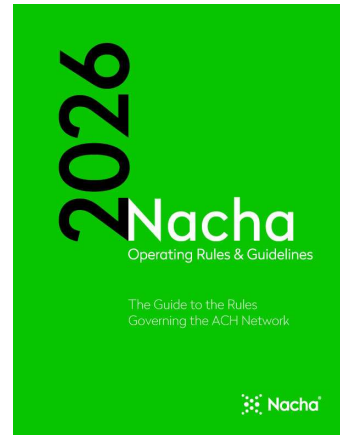
28

28

## National Automated Clearing House, Cont.

### “The Rules Book”:

- Annual publication of the Nacha Operating Rules & Guidelines;
- “The Rules” provide users with the legal framework for the ACH network;
- “The Guidelines” serve as sources of information governing the exchange and settlement of electronic funds transfers through the ACH Network;
- Available in print or online at: <https://www.nacha.org/products/2026-nacha-operating-rules-guidelines>



29



29

## National Automated Clearing House, Cont.

### Consumer Protections from Errors Under Nacha Rules:

- Nacha Rules focus primarily on protections for consumers from errors resulting from debit transactions.
- While error resolution procedures exist for debit transactions to consumer accounts, no such procedures under Nacha exist for credit push transactions from consumer accounts. **In these instances, an FI would have to rely on Reg. E for unauthorized credit push transactions. For example:**
  - Instances in which a consumer’s online banking or mobile banking account was hacked and a fraudster initiated a credit entry.
- However, instances in which a fraudster hacked a consumer’s P2P app (ex., Venmo) and initiated a credit transaction funded by a debit to a consumer’s checking or savings account, FI could follow Nacha Rules for returning unauthorized debit transaction.



30

## National Automated Clearing House, Cont.

### Nacha Error Resolution Overview

- Written Statement of Unauthorized Debit (WSUD)
  - Most commonly used tool by FIs to document reasons for extended ACH debit return entries;
  - Unauthorized entries;
  - Entries where authorization was revoked;
  - Entries where terms of authorization were not adhered to:
    - Wrong amount; wrong date;
    - An improperly initiated RCK entry.
  - Timeframe: 60 calendar days from the settlement date of the entry
  - FIs should retain the original or reproducible copy of the completed WSUD for at least one year from the settlement date of the extended return entry.
- RDFI receives funds from the ODFI through the ACH Network to their settlement account.
- No other documentation or evidence is needed by the FI to return entries within the defined timeframe.



31

## National Automated Clearing House, Cont.

### Common Extended Return Entries include:

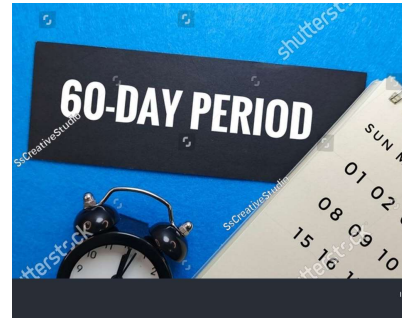
- R05 - Unauthorized Debit to a Consumer Account Using Corporate SEC Code
- R07 - Authorization Revoked by Customer
- R10 - Customer Advises Originator is Not Known to Receiver and/or Originator is Not Authorized by Receiver to Debit Receiver's Account
- R11 - Customer Advises Entry Not in Accordance with the Terms of the Authorization
- R33 - Return of XCK Entry\*
- R37 - Source Document Presented for Payment\*
- R38 - Stop Payment on Source Document\*
- \* = Written Statement of Unauthorized Debit not required.



32

32

## What if the ACH entries settled greater than 60 days from consumer notification?



33

## National Automated Clearing House, Cont.

### Additional Nacha Error Resolution Procedures

- Breach of Warranty Claim (Article One, Section 1.15)
  - Less than **two years after the settlement date** of an Entry to a consumer account;
  - Less than **one year after the settlement date** of an Entry to a non-consumer account.
  - Unauthorized debit entries to a consumer account that **settle within 95 calendar days** of the settlement date of the first such unauthorized entry to the **consumer's** account.



34

## National Automated Clearing House, Cont.

### Initiating a warranty claim against the ODFI

- Contact the ODFI:
  - Request authorization (if consumer SEC Code).
  - If the ODFI is unable to provide the authorization, or if the consumer still states unauthorized: Contact the ODFI and file a breach of warranty.
  - **For Non-Consumer Accounts**, you may start the warranty claim process since no authorization is required for CCD/CTX entries.

\*Note: There is no form to fill out a breach of warranty claim. The RDFI contacts the ODFI to begin this process.

\*Helpful Hint: Utilize the Nacha Contact Registry to locate the correct individual with the ODFI's ACH Department.

35



35

## National Automated Clearing House, Cont.

### Consumer Breach of Warranty Scenario

On December 2, 2025, Suzie contacted her financial institution (RDFI) to report three years of monthly, unauthorized, recurring electronic payments of \$50.00 for the gym membership she canceled in 2022. The unauthorized payments began on January 1, 2023, and continued to be withdrawn from her account on the 1<sup>st</sup> of each month.

Suzie, understandably, wants her money back.



36



36

## National Automated Clearing House, Cont.

### Consumer Breach of Warranty Scenario

The FI should utilize the following:

- **WSUD** – covers all transactions sixty days (October 4, 2025) from the date of notification to the FI. The FI can return the transactions for November and December 2025 (\$50.00 x 2 months = \$100.00);
- **Breach of Warranty Claim** – The FI can file a breach of warranty claim with the ODFI requesting payment for 2 years (2024 and 2025) minus the November and December 2025 payments requested via the WSUD (\$50.00 x 22 months = \$1,100.00)
- **Breach of Warranty Claim** – Claim will permit the FI to recover the costs from the ODFI for payments made within the first 95 days of the settlement date of the original error entry if the claim is filed within two years of the settlement date; (up to April 5, 2023) - \$50.00 x 4 payments = \$200.00

Suzie and the FI stand to recover \$1,400.00 of \$1,800.00 payments

**FI IS STILL RESPONSIBLE FOR REQUIREMENTS UNDER REG. E WHILE PROCESSING THE BREACH OF WARRANTY CLAIM!**

37



37

## Consumer Breach of Warranty Scenario Using Nacha Rules- Visual

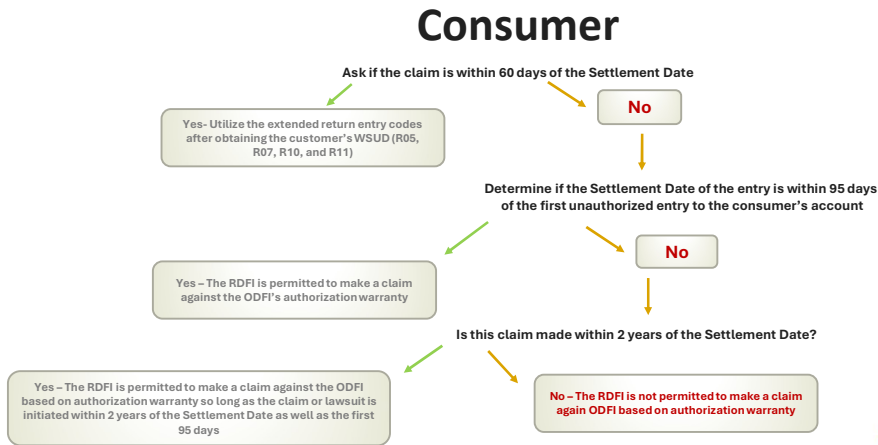


38



38

## Warranty Claim – Flow Chart



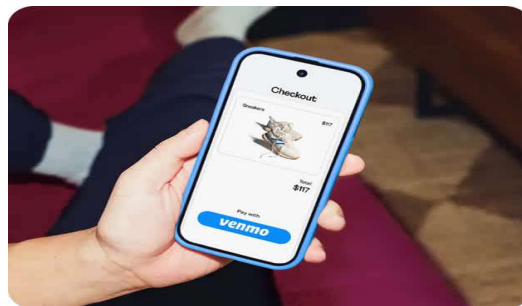
39



39

## Digital Wallets & Payment Apps

**But what about digital wallets & payment apps?**



40

## Digital Wallets & Payment Apps, cont.

### P2P Payments:

- Peer-to-peer/person-to-person payment
- Financial transaction between individuals or peers that is facilitated by electronic or digital technology.
- Allow consumers to transfer money directly from their bank accounts, credit cards, or digital wallets to another individual's account without the need for traditional intermediaries like banks, credit unions, or payment processors.



### Sending/Receiving P2P Transactions:

- Transactions are typically initiated and completed through digital platforms and mobile apps provided by financial institutions or dedicated P2P payment services.
- Commonly used P2P payment apps include Zelle, Venmo, PayPal, Cash App, Google Pay, and Apple Pay.



41

## Digital Wallets & Payment Apps, cont.

### Flow of funds:

- Bank-linked P2P
  - Directly connects your P2P account to your Bank account
  - Consumer initiates a payment from their Bank account through the P2P app.
  - Funds are debited from the consumer's Bank account and directly credited to the recipient's Bank account via the P2P platform.
  - Zelle: connected to U.S. Banks via their own rails. Facilitates instant transfers between Bank accounts.
- Stored Value P2P
  - The P2P app has a "stored value" account where the consumer can keep funds.
  - Consumer can deposit funds into their P2P account from their linked Bank account or debit/credit card.
  - When the consumer sends money, the P2P app debits the in-app stored value balance.
  - The recipient receives funds into their P2P app account where they can either:
    - Store the value: Keep the funds in the app for future P2P payments.
    - Transfer to Bank account: Withdraw the funds to their linked Bank account.
  - Examples include Venmo, Cash App, and Apple Pay.



42

## Digital Wallets & Payment Apps, cont.

### CFPB's 2019 Prepaid Rule

- Effective April 1, 2019
- Expanded Reg. E to include protections for a wider variety of prepaid accounts (e.g., digital wallets under certain circumstances)
- Digital wallets fall under the Prepaid Rule if they can store funds and be used to make electronic fund transfers
- Digital wallets, person-to-person (P2P) payment apps like Venmo and PayPal, and other stored-value products that can hold funds accessible through a mobile device or online are covered under consumer Reg. E protections.

### Nacha

- Consumer protections under the Nacha Rules depend primarily on whether the transaction at issue was a debit or credit. Credit transactions will more than likely have to be investigated and resolved in accordance with Reg E.
- Consumer disputes of debit transactions to within 60 days of settlement can be resolved through the WSUD process. Transactions older than 60 days from settlement would need to follow Nacha's breach of warranty protocol.



43

## Digital Wallets & Payment Apps, cont.

### What is Covered:

- Unauthorized P2P transfers: Fraudster initiates a transfer without the consumer's authority and consumer received no benefit.
- Unauthorized transactions: Fraudster hacks into consumer's phone or third-party's system and uses a P2P payment app to transfer funds from the consumer's linked account.
- Errors in amount, recipient (due to outdated information in a digital payment network), or duplicate payments.



### What is Not Covered:

- Transactions authorized by the consumer under false pretenses (e.g., scams).
- Business/commercial account transfers.



44

## And Now...



45

## Scenarios

**Scenario 1 (P2P-Scam):** James sells Jamie a guitar for \$1,000.00. Because Jamie lives out of state, she mails James a check to purchase the guitar with the understanding that James will ship the guitar to her once he receives the check. James receives the check; however, it is made payable in the amount of \$1,500.00. James contacts Jamie who requests James ship the guitar and “venmo” the difference (\$500.00) to her. James mails the guitar and sends a P2P credit to Jamie for \$500.00. A few days later, James is notified by his Bank that the check Jamie gave him was returned for insufficient funds.

James is now:

1. Out of guitar;
2. Out the \$1,000.00 he requested for payment. He will have to clear up any negative balance in his bank account;
3. Out \$500.00 he sent via Venmo to Jamie

James was scammed. He authorized the Venmo \$500.00 P2P and has to recourse under Reg E or Nacha.



46

## Scenarios, cont.

**Scenario 2 (P2P-Unauthorized):** James's cell phone was stolen on Monday. That same day, the thief used the phone to access the Venmo app and initiate a \$600.00 transaction. The transaction was funded by \$400.00 in the stored value Venmo account **and** \$200.00 from his bank account that was debited via ACH. On Tuesday Justin contacts his Bank and Venmo to report the stolen access device and dispute the transactions.

Venmo:

- Venmo will have an obligation to investigate the error under Reg E error resolution procedures.
- The total amount to be considered an error is the full \$600.00 since that is the amount that was transferred from the Venmo account.

Bank

- The Bank has an obligation under Reg E and Nacha to investigate the \$200.00 debit transaction.
- Because this was reported to the Bank within 60 **calendar days** of the settlement date of the \$200.00 transaction, the simplest course of action will be to complete a Written Statement of Unauthorized Debit (WSUD) and return the \$200 ACH entry as R10 (Unauthorized). Both the Bank and the customer will be made whole for the \$200.00.



47



# Thank You!




Receive Insights from Saltmarsh  
[saltmarshadvisors.com/subscribe](https://saltmarshadvisors.com/subscribe)




Saltmarsh is the brand name under which Saltmarsh CPAs, Inc. and Saltmarsh, Cleaveland & Gund provide professional services. Saltmarsh CPAs, Inc. and Saltmarsh, Cleaveland & Gund practice as an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. Saltmarsh CPAs, Inc. is a licensed independent CPA firm that provides attest services to its clients. Saltmarsh, Cleaveland & Gund and its subsidiary entities, which are not licensed CPA firms, provide tax, advisory, and other non-attest services to its clients. The entities falling under the Saltmarsh brand are independently owned and are not liable for the services provided by any other entity providing the services under the Saltmarsh brand. Our use of the terms "our firm" and "we" and "us" and terms of similar import, denote the alternative practice structure conducted by Saltmarsh CPAs, Inc. and Saltmarsh, Cleaveland & Gund.


48

# Contact




J. Michael Maricelli, CIA, CISA, AAP  
**Senior Consultant, Financial Institutions**

 michael.maricelli@saltmarshadvisors.com  
 (800)-477-7458  
 <https://www.linkedin.com/in/michael-maricelli-cia-cisa-aap-a4a2451a2/>







49

# Contact



Mariana Sawh, CAFP  
**Senior Consultant, Financial Institutions**

 mariana.sawh@saltmarshadvisors.com  
 (800)-477-7458  
 <https://www.linkedin.com/in/marianasawh>



50