

Public

RTP®* Network

Request for Return of Funds Guidelines and Suggested Practices

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Request for Return of Funds Use Case¹

RTP credit transfers (pacs.008) are irrevocable once sent to the RTP system and final when the message is accepted by the creditor FI. There is no obligation for the creditor FI to return funds once settlement has occurred, however, creditor FIs are required to reasonably cooperate with efforts to recover erroneous or unauthorized payments when they are requested to do so by a debtor FI. The Request for Return of Funds message (camt.056) is intended to facilitate recovery of funds. The camt.056 is a non-financial message that does not return funds. If a creditor FI determines to return funds (either with or without its Customer's (beneficiary's) debit authority), the return must be initiated by a new credit transfer message or alternate electronic payment method.

- The Request for Return of Funds use case describes the business scenarios where a Request for Return of Funds message (camt.056) is sent to the System by a debtor FI and subsequently transmitted by the System to the Creditor FI.
- As the camt.056 message can only be initiated by the debtor FI following a previously sent Credit Transfer message (pacs.008), the debtor FI will be responsible for referencing the original credit transfer message Instruction ID in the appropriate field of the camt.056 message. This is very important as the camt.056 message does not include account information. As such, in order for the creditor FI to be able to identify the appropriate payment and creditor customer, they will need to be able to obtain the information from the original pacs.008 message Instruction ID.

A Response to Request for Return of Funds message (camt.029) is required upon final disposition of the creditor FI's investigation into the scenario. The camt.029 is a non-financial message that informs the debtor FI of the creditor FI's intentions as to whether or not funds will be returned.

- Positive Scenario - If the payment beneficiary decides to return the funds (or the creditor FI otherwise determines that it is appropriate to return funds), the creditor FI must initiate a Response to Request for Return of Funds (camt.029) indicating that the original camt.056 has been accepted. Additionally, if a creditor FI is RTP Send enabled these operating guidelines recommend the strongly supported view among Participants that a credit transfer message be initiated to return the funds².
- Negative Scenario - If the request is not accepted (i.e. the beneficiary decides they are not returning the funds), a camt.029 rejecting the original camt.056 is sent to the debtor FI.

Notes:

1. *This use case envisions individual requests for return of funds. There are currently no messages or utilities in the RTP network that support a request for the bulk return of funds from a creditor FI. For instances that may involve duplicated files or large numbers of duplicated payments to individual creditors, direct bank to bank communication on how best to correct those errors is recommended. Please refer to the "Lessons Learned" section of this document for bank best practices.*
2. *RTP "Receive Only" banks have an option (and are encouraged) to certify against an RTP Persona that allows them to send credit transfers exclusively in response to requests for return of funds.*



RTP Request for Return of Funds - Operating Guidelines

1. RTP transfers from consumer accounts are subject to Reg. E; Sending Participants (debtor FIs) are responsible for investigating and resolving alleged errors/unauthorized transactions from consumer accounts. Sending Participants may also have liability for unauthorized RTP transactions initiated by commercial customers under UCC4A
 - I. RTP is a credit push system and as such the payer's bank will originate the financial transaction message (RTP credit transfer), upon authorization by the payer. RTP does not permit Debit "pull" transactions. RTP settles payments immediately upon acceptance by the Receiving Participant, such acceptance must occur within timeframes specified in the RTP technical specifications.
 - II. While a Receiving Participant (creditor FI) has no obligation to return funds once an RTP payment is settled, the participant is required to reasonably cooperate with a debtor FI's requests for return of funds for erroneous or unauthorized payments.

2. Resolution of RTP requests for return of funds need to involve two independent steps;
 - I. A non-financial RTP message (camt.056), requesting return of a funds from a credit transfer. This will generally require contact with, and approval from, the beneficiary of the payment and will need to be followed by a status response to the camt.056 message.
 - i. The debtor FI can offer a standard, optional indemnity to the creditor FI by properly indicating such on the camt.056 message (See Guideline #6)
 - II. If approval is obtained, a payment to return funds from the original beneficiary to the originator of the credit transfer.*
 - i. The creditor FI may submit a partial return of funds in response to the camt.056 and should not reject the camt.056 if only partial funds are available in the account.
 - ii. The debtor FI may submit a second camt.056 for remaining funds after receiving a partial return, if they have a reasonable expectation of recovering the balance

- * *Funds should be returned to the originator of the credit transfer within two business days of the beneficiary bank's positive response to the camt.056 message.*

3. All Participants on the RTP Network are required to support the receipt, acknowledgement and response to Request for Return of Funds messages (camt.056, pacs.002 and camt.029).

4. The actual movement of the monies associated with the return of the funds request should be supported by one of the following methods (the method and amount of the payment must be indicated in the camt.029 response to the camt.056 message);
 - I. RTP credit transfer to the account associated with camt.056 (recommended if the bank is send enabled for RTP credit transfers -pacs.008)
 - II. Wire transfer to the account associated with the camt.056 message (for businesses)
 - III. ACH Credit to the account associated with the camt.056 message (for consumers)
 - IV. Check is discouraged as a payment option, except in cases where electronic options are not permitted by the returning bank (i.e. reimbursement for fraud claims)
 - i. If the return is made via check the returning bank should contact the requesting bank to verify the address for the return.



RTP Request for Return of Funds - Operating Guidelines

5. To facilitate investigation, camt.056 requests should be submitted within 60 calendar days of the original credit transfer. The RTP Operating Rules require Participants to respond to the request (camt.029) with status of the investigation (accepted, or rejected with an associated code) within 10 banking days of receiving the camt.056 request (SLA requirement), except as noted below.
 - I. Camt.056 requests that are related to fraud claims or were paid in response to an RFP that is claimed not to have been for a legitimate purpose (as defined in the RTP Operating Rules) are not subject to the 60 day/10 day timeframes and should follow existing bank policies and procedures for investigation and resolution. (Note: banks should wait for notice of final disposition of ACWP by the creditor bank before submitting a camt.056)

6. Standard Optional Indemnity for RTP Request for Return of Funds. The optional, standard indemnity ([Standard Optional Indemnity Schedule](#)) can be offered by using the “with indemnity” code in a camt.056 message and agreed to by returning funds.
 - I. The indemnity can be offered for any reason, although it is expected that most would accompany TECH, DUPL or FRAD reason codes (i.e. resulting from bank error, duplicated files, account takeover)
 - II. The Sending and Receiving participants can choose to use a different indemnity
 - i. If a sending participant wants to offer a different indemnity, it would not use the “with indemnity” code in its request for return of funds message and instead contact the receiving participant outside of the RTP system to offer an indemnity.
 - III. By using a “with indemnity” code in the Request for Return of Funds, the Sending Participant
 - i. requests the Receiving Participant to block access to available funds related to the RTP Payment for which return of funds is requested
 - ii. requests that available funds be returned
 - iii. in consideration of the Receiving Participant blocking access to and returning the funds, agrees to indemnify the Receiving Participant from and against any and all claims, demands, losses, liabilities and expenses, including attorneys’ fees and costs, resulting directly or indirectly from compliance by Receiving Participant with Sending Participant’s request; and
 - iv. represents that it is legally bound by the indemnity.
 - IV. If the receiving participant receives a request for return of funds message “with indemnity,” it
 - i. has no obligation to act on the indemnity (i.e., block access to funds and return them)
 - ii. may choose to either
 - return the funds (with or without debit authorization) and thereby obligate the Sending Participant to the standard, optional indemnity
 - ❖ If the Receiving Participant determines to return funds (with or without debit authorization), it must send a positive (IPAY) response (camt.029). This positive response does not obligate the Receiving Participant to block funds or return funds without debit authorization .
 - ignore the Indemnity and follow normal process to obtain debit authority from their client and return the funds to the debtor FI.



RTP Request for Return of Funds - Operating Guidelines

7. Debtor FIs must use the FRAD code in the camt.056 for any camt.056 messages where an account takeover or other form of unauthorized payment is suspected or reported. This is how debtor FIs comply with the requirement to report unauthorized payments to TCH under the RTP Operating Rules*.

* *Additional fraud reporting requirements are described in the RTP Rules interpretation, [Fraud Reporting and Acting on Alerts](#).*

8. Following a negative response camt.029 response, Debtor FIs may resubmit a camt.056 message one additional time* under the following conditions;
- I. the reject reason in the camt.029 is a non-response or inability to contact the beneficiary of the original credit transfer (NOAS)
 - II. no camt.029 response has been received by the debtor FI within the 10 banking day SLA
 - III. if they receive a partial payment in response to the first camt.056 request (for remaining balance)
 - IV. as agreed between either the debtor and creditor or the debtor and creditor FI's

* *The Assignment ID for the camt.056 needs to be unique for each resubmission, and should always reference the original credit transfer Instruction ID*

9. RTP design and Rules envision and recommend that a debtor FI intermediate and validate any requests for return of funds before they are submitted to a creditor FI.

- I. Before submitting a camt.056 to the system, a Participant should
 - i. Ensure that each request for return of funds relates to an RTP payment made by the requesting customer.
 - ii. In the interface/bank portal used by customers to request return
 - Remind the customer that RTP is an irrevocable payment system that does not provide charge back or return rights if the customer is dissatisfied with goods or services purchased via RTP or has a personal dispute with the Receiver.
 - Ask the customer why he or she is requesting return. If the reason is not (1) an erroneous/mistaken payment, (2) an unauthorized payment, or (3) an authorized payment where Sender claims fraudulent inducement, someone from the bank should speak to the customer and determine whether a request for return of the funds should be sent. If, notwithstanding the reminder about no chargeback rights, etc., the customer is saying they want their money back because they are unhappy with something they paid for or have some disagreement with the receiver, the bank should direct the customer to work directly with the receiver to resolve the matter.

Note: Banks that allow their retail clients to enter a Request for Return of Funds that will be passed directly into the Network should ensure that the client is aware of and adheres to the points noted above before initiating the camt.056 message.

Only a Request for Return of Funds that relates to an erroneous or misdirected payment should be eligible to be passed directly into the Network by a retail client.



RTP Request for Return of Funds - Operating Guidelines

10. Creditor banks may return partial payments in response to a camt.056 message. The following guidelines should be adhered to with respect to partial returns:
 - I. If a partial return of funds is being requested by the debtor, it should be noted in the Transaction Information and Status field of the camt.056
 - II. A status confirmation code “PECR” should be used on the camt.029 to indicate when a partial return is going to be made, along with the amount being returned
 - III. If the partial return of funds is going to be made through a different payment channel (ACH, FedWire, CHIPS), the Cancellation Status ID on the camt.029 should indicate the channel that will be used.
 - IV. A creditor bank may remit multiple, partial payments in response to a camt.056. In these instances:
 - i. Only one camt.029 is required in response to the camt.056 message.
 - ii. The additional payments will need to carry all of the identified information related to the original credit transfer.

11. The creditor bank should include the following information in their payment
 - I. For Credit Transfer Send enabled banks: Funds should be sent in form of PACS.008 (except as previously noted for situations where the bank can only remit a check, i.e. fraud cases) and should include the Instruction ID of the original PACS.008 in the Referred Document Information tag. The returning bank must also address the payment to the original debtor’s account to enable the PACS.008 to be applied directly to the original debtor’s account.
 - II. For Receive-Only banks: Funds should be sent as individual electronic payments (wire or ACH), and should include the original Assignment ID of the CAMT.056 and the Instruction ID of the original PACS.008. *The payment must be addressed to the original debtor account and be clearly identified as a returned RTP payment*



RTP Return of Funds – Lessons Learned/ Suggested Practices

- Debtor banks should have controls in all of their channels to prevent the origination of duplicated payments into the RTP Network. In the event that a large number of duplicated payments are erroneously released into the network, Debtor Banks should immediately advise TCH and work directly with the impacted creditor banks to determine the best course of action for rapid resolution and recovery of funds.
- Since RTP transactions are instantaneous and cannot be recalled or cancelled once sent to the network, banks should have standard client and operating protocols in place for dealing with duplicated files or large scale replication of individual transactions into the Network.
- Creditor banks should take reasonable measures to contact their beneficiary to obtain debit authority in order to facilitate a return: Phone calls to retail beneficiaries will probably not be answered so creditor banks are encouraged to try to reach their beneficiaries via other means such as: automatically mailed letters, text messages, or emails requesting contact, or alerts in online banking and other self-service applications.
- To optimize recovery rates, Banks should consider using on line banking channels to obtain client authority to return funds in response to a request for return of funds message.
- If a beneficiary is concerned about its receipt of funds from a RTP payment (don't know why, what it's for), their bank should make an attempt to educate the customer on what RTP payments are and where they may be coming from. Experience has shown that once the customer understands what an RTP payment is they were happy to have it.
- If a beneficiary requests that funds they have received be returned to the debtor (an unsolicited return), their bank should first contact the client to validate the request. If the funds have been erroneously received by the client, the bank should open a case to immediately move the funds out of the client's account and return those funds to the debtor using an RTP credit transfer (pacs.008) referencing the original transaction ID.
- Banks that are on the Network as Send/Receive or Receive ++ (Receive only with the ability to originate credit transfers for the return of funds) should build the ability to originate a pacs.008 for Return of Funds, with appropriate Referred Doc Info, WITHOUT having received a camt.056 to trigger it.
- Banks requesting return of funds should use the additional information field in the camt.056 to include any detail that may assist a creditor bank's investigation of the request.

