Non-Cash Item (NCH) vs. Not Our Item (NOI)

This resource is designed to guide you through a series of questions to help determine the correct ITYP when submitting a check adjustment.

- **ICL**
  - **Forward (FWD) ICL?**
    - Yes: Will need to deal direct or charge their customer
    - No: Does the routing number on the image of the item match the MICR in record 25?
  - **Return (RTN) ICL?**
    - Yes: Has the receiving bank ever handled the FWD item?
    - No: Is the item piggy-backed or illegible?

- **Paper**
  - See page 2

**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.
- **Piggyback:** 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).
Was the item received in a paper or image cash letter (ICL)?

- **Paper**
  - **FWD ICL?**
    - **Is the item piggy-backed or illegible?**
      - No
      - Yes: This is considered their item (see note below)
    - Yes
      - Is the receiving bank's routing number on the MICR line?
        - Yes
        - No
      - Is the item piggy-backed or illegible?
        - No
        - Yes
  - No
    - Is the receiving bank ever handled the FWD item?
      - No
      - Yes: Will need to deal direct or charge their customer

- **ICL**
  - **RTN ICL?**
    - **Is the receiving bank's routing number on the MICR line?**
      - Yes
      - No
    - **Is the item piggy-backed or illegible?**
      - No
      - Yes

**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, then it is considered their item. They may have a fraudulent item and it should be handled through return or legal channels.

- 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, then it is considered their item (they are the Fed’s source).