Paid Item (PAID) Tutorial: Check Adjustments Case Submission Requirements

Outlined below are several common scenarios you may encounter regarding a Paid Item. To better assist you with submitting a PAID adjustment, refer to the applicable scenario.

- Case Scenario #1 - Federal Reserve Financial Services (FRFS) is source for both items
- Case Scenario #2 - Single item, two different sources
- Case Scenario #3 - Multiple items, two different sources
- Case Scenario #4 - Single item, paid over the counter
- Case Scenario #5 - Single item, Encoding Error (ENC) on one of the items
- Case Scenario #6 - Single item, paid three or more times

As you may know, when a Federal Reserve Bank (FRFS) is the source for both items, the Receiving Institution can report either the first or the second item as already PAID. FRFS may not be the source for both items, but they must be the source for the item being refused.

The reporting time frame for a same day entry is within six calendar months, provided case submission requirements are met. Timeliness of the request will be determined by the date of the item reported as already PAID. The PAID investigation type (ITYP) does not apply when one source is an ACH item.

Refer to the Check Adjustments Quick Reference Guide for case submission requirements for all ITYPS as they may have changed in recent years. For example, did you know a copy of the item is no longer allowed for an Encoding Error (ENC) and not required for a Non-Cash Item (NCH) or a single Paid Item (PAID) adjustment?

FRFS also offer Check Adjustments webinar training on topics ranging from case submission requirements for electronic adjustments to proper usage of some of the most common ITYPS you may encounter in today’s processing environment as the Submitter or Receiver of each ITYP covered. For more information visit Federal Reserve Bank Webinars on FRBservices.org®.

Please contact the Support Center at (833) 377-7827 should you have questions.

A description of the cash/return letter information required for the already PAID (refused) item and the other (accepted) item is located at the end of this tutorial.
The Federal Reserve Banks will charge a quality fee for cases submitted with incorrect or incomplete information which resulted in the prevention of automatic resolution of the request. Refer to the General Notes section of the Check Adjustments Quick Reference Guide for more information on the Quality Improvement Initiative implemented by FRFS. Also refer to the Check Adjustments Tips, designed, in part, to increase accuracy in submitting adjustments, such as tip #9: Ensure accurate information is submitted on adjustment cases and avoid quality fees.

**Case Scenario #1 - FRFS is source for both items**

When FRFS is the source for both items, that Federal Reserve’s routing number (RTN) must appear in the From Cash Letter ABA (FCL) and the Other Item From Cash Letter ABA (FCL1) fields. The Receiving Institution’s RTN must appear in the To Cash Letter ABA (TCL) and the Other Item To Cash Letter ABA (TCL1) fields.

**Note:** The sequence number fields must correspond to the item being refused and the other (accepted) item. Both fields, Sequence Number (SEQ) and Other Item Sequence Number (SEQ1), would rarely be the same.
**Case Scenario #2 - Single item, two different sources**

When you have been charged for a single PAID from two different sources, the RTN in the From Cash Letter ABA (FCL) and the Other Item From Cash Letter ABA (FCL1) fields must be different. For example, if a paying bank receives an item in an X9.100-187 (X9.37) image file from FRB Atlanta and again from RTN 0655-5555-8, the item received from FRB Atlanta must be the item being refused. Provide information for the item being refused in the From Cash Letter ABA (FCL) and cash/return letter fields, as noted below, and information for the other (accepted) item received from 0655-5555-8 must be provided in the Other Item fields.

Supporting documentation is allowed but not required for a single paid item.

It is not necessary to upload an attachment (i.e., a copy of the item, a listing or report of the cash/return letter information, etc.) for a single PAID.

Enter source information for the item you received in a cash/return letter from FFRS; the item being refused because it is already PAID.

Enter source information for the other (accepted) item.
Case Scenario #3 - Multiple items, two different sources

When you have been charged with multiple items, consisting of six or more items from the same bundle total, they can be grouped together on a single adjustment request for the total amount. A listing of the items involved is required. Five items or less, paid in the same bundle total, must be reported separately as single paid items; refer to Scenario #2.

When the items are from two different sources, the RTN in the From Cash Letter ABA (FCL) and the Other Item From Cash Letter ABA (FCL1) fields must be different. For example, if a paying bank receives 17 duplicate items in an X9.100-187 (X9.37) image file from FRB Atlanta totaling $22,789.21 and again from RTN 0655-5555-8, the items received from FRB Atlanta must be the items being refused. Provide information for the items being refused in the From Cash Letter ABA (FCL) and cash/return letter fields, as noted below, and information for the other (accepted) items received from 0655-5555-8 must be provided in the Other Item fields.

**Example of the listing required as supporting documentation when a PAID involves multiple items.**

It must include the MICR information and sequence numbers for each item.

<table>
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<th>Amount</th>
<th>Routing #</th>
<th>Account #</th>
<th>Check #</th>
<th>Item Sequence #</th>
<th>MM/DD/YYYY</th>
<th>Item Sequence #</th>
<th>MM/DD/YYYY</th>
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</tr>
</tbody>
</table>

$ 22,789.21
Only a listing of the items is **required** for multiple paid items. It is **not necessary** to upload any additional attachments (i.e., a copy of the items, a listing or report of the cash/return letter information, etc.) for a multiple PAID.

Request credit for the total amount of the PAID (refused) items.

Enter source information for the items you received in a cash/return letter from FRFS; the items being refused because they have already PAID*.

Enter source information for the other (accepted) items**.

*In the **Sequence Number (SEQ)** field, enter the first sequence number on the listing assigned to the items by FRB Atlanta. In the **Item Before Amount (IBEF)** field, enter the dollar amount of the item listed on the bundle total before the first item involved. If the item involved is the first item, then enter .00. In the **Item After Amount (IAFT)** field, enter the dollar amount of the item listed on the bundle total after the last item involved. If the item involved is the last item, then enter .00.

** In the **Other Item Sequence Number (SEQ1)** field, enter one of the sequence numbers on the listing assigned to the items by the other source.

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Case Scenario #4 - Single item, paid over the counter

When you have a PAID in which one item was received over the counter (within your institution) and one item was received via a cash/return letter from FRFS, your RTN must be provided in the Other Item From Cash Letter ABA (FCL1) and Other Item To Cash Letter ABA (TCL1) fields as well as the To Cash Letter ABA (TCL) field.

The item you received in a cash/return letter from FRFS must be the item being refused. Provide information for the item being refused in the From Cash Letter ABA (FCL) and cash/return letter fields as noted below:

Enter source information for the item you received in a cash/return letter from FRFS; the item being refused because it is already PAID.

Enter your RTN in both other item ABA fields. Enter the date the item was received internally (over the counter) in the other item date field and enter a single digit in the other item sequence field.
Case Scenario #5 - Single item, Encoding Error (ENC) on one of the items

When an encoding error (ENC) occurs on one of the items, the amount for which to submit the PAID request depends on whether or not the ENC has been adjusted. If the ENC has not been corrected, submit a PAID request for the amount of the incorrectly encoded item.

For example, assume one of the presentment/return items was charged to you incorrectly as $1,359.60 and should have been $2,359.60. However, at some point you were also charged for the correct amount of the item, $2,359.60 and you have not been adjusted for the ENC. Submit a PAID request for $1,359.60.

When an ENC occurs on one of the items and an ENC adjustment was made, the PAID request should be submitted for the correct amount of the item. Additionally, the ENC adjustment should be referenced in the Case Comments (COM1) field.

For example, assume one of the presentment/return items was charged to you incorrectly as $627.50 and should have been $1,627.50. An ENC adjustment entry was made to you for $1,000.00. However, at some point you were also charged for the correct amount of the item, $1,627.50. Submit a PAID request for $1,627.50 referencing the ENC in the Case Comments (COM1) field.
Enter information regarding the PAID situation; include FRFS's Sender's Reference (SREF) Number from the ENC.

Request credit for the correctly encoded amount.

Enter source information for the **correctly encoded** item you received in a cash/return letter from FRFS; the item being refused because it is already PAID.

Enter source information for the **incorrectly encoded** (accepted) item.
Case Scenario #6 - Single item, paid three or more times

When an item PAID three or more times, you can submit one request for the net amount of the outage referencing in the **Case Comments (COM1)** field the number of times you were charged. The item being refused (reported already PAID) **must** be the item you received from FRFS.

For example, if you were charged three times for a $1,200.00 item where FRB Atlanta (0610-0014-6) was the source for two of the items and RTN 0655-5522-8 was the source for one of the items, submit a request for $2,400.00 and note in the **Case Comments (COM1)** that you were charged three times, twice by FRB Atlanta and once by 0655-5522-8.

One of the items received from FRB Atlanta **must** be the item being refused. Provide information for the item being refused in the **From Cash Letter ABA (FCL)** and cash/return letter fields as noted below:

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You **must** make sure information for each item is provided in the comment and cash/return letter fields; include all dates and sequence numbers.
Request credit for the net amount.

Enter source information for the item you received in a cash/return letter from FRFS; the item being refused because it is already PAID.

Enter source information for the other (accepted) item.
Cash/Return Letter Field Descriptions

As previously noted, FRFS may not be the source for both items but they must be the source for the item being refused because it is already PAID. Information for the item(s) being refused must always appear in the fields noted below:

- **From Cash Letter ABA (FCL)** - The RTN of the Originator of the cash/return letter; this would always be FRFS (0610-0014-6).
- **To Cash Letter ABA (TCL)** - The RTN of the Receiver of the cash/return letter; this would always be your RTN.
- **Cash Letter or Entry Date (CLED)** - The cash/return letter date the item(s) was received from FRFS; this date determines the timeliness of the case. In an X9.100-187 (X9.37) image file, this information is located in record 10, field 5.
- **Sequence Number (SEQ)** - The sequence number assigned to the item by FRFS. In an X9.100-187 (X9.37) image file, this information is located in a forward cash letter in record 25, field 8 and in a return letter in record 31, field 10.
- **Cash Letter Total (CLT)** - The cash/return letter total in which the item(s) involved is contained. In an X9.100-187 (X9.37) image file, this information is located in record 90, field 5.
- **Tape Total (TT)** - The tape total in which the item(s) involved is contained. In an X9.100-187 (X9.37) image file, this information is located in record 70, field 3.
- **Item Before Amount (IBEF)** - The dollar amount of the item listed on the bundle total before the (first) item(s) involved. If the item involved is the first item, then enter .00.
- **Item After Amount (IAFT)** - The dollar amount of the item listed on the bundle total after the (last) item(s) involved. If the item involved is the last item, then enter .00.

Source information for the other (accepted) item(s) must be provided in the following Other Item fields:

- **Other Item From Cash Letter ABA (FCL1)** - The RTN of the Originator of the other cash/return letter.
- **Other Item To Cash Letter ABA (TCL1)** - The RTN of the Receiver of the other cash/return letter; this would always be your RTN.
- **Other Item Cash Letter Date (CLD1)** - The cash/return letter date the other item(s) was received. In an X9.100-187 (X9.37) image file, this information is located in record 10, field 5.
- **Other Item Sequence Number (SEQ1)** - The sequence number assigned to the other item(s). In an X9.100-187 (X9.37) image file, this information is located in a forward cash letter in record 25, field 8 and in a return letter in record 31, field 10.

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