Check Clearing for the 21st Century Act (Check 21)



Check Clearing for the 21st Century Act (Check 21) is a federal law enacted on October 28, 2004 making it easier for financial institutions to electronically transfer check images, called *substitute checks,* instead of physically transferring paper checks.

How does Check 21 affect you?

Check 21 and other check-system improvements, allows checks to be processed faster - which means money may be debited from your checking account faster. Before your write a check, make sure your checking account has enough money to cover the check.

Check 21 permits FORUM Credit Union to provide you with a substitute check if you request a check copy to prove proof of payment. Substitute checks are similar in size to original checks with a slightly reduced image of the front and back of the original check. The front of a substitute check states: *"This is a legal copy of your check. You can use it the same way you would use the original check."* Substitute checks can be used as proof of payment just like an original check.

How will Check 21 make check processing more efficient?

Check 21 allows for checks to process electronically instead of physically moving paper checks from one financial institution to another utilizing secure and reliable technology. Financial institutions capture a picture of the front and back of the check, along with the payment information to transmit information. If the receiving financial institutions or its customer requires a paper check, the financial intuitions can use the electronic picture and payment information to create a substitute check.

What is a substitute check?

A substitute check is a special paper copy of the front and back of an original check. The substitute check may be slightly larger than the original check. Substitute checks are specially formatted so they can be processed as if they were original checks. The front of a substitute check should state: "*This is a legal copy of your check. You can use it the same way you would use the original check."*

The following samples show what a substitute check looks like:



Front of a substitute check



Back of a substitute check



Not all check copies are substitute checks. For example, multiple checks printed on a page returned in an account statement (image statements) are not substitute checks. Online check images and photocopies of original checks are not substitute checks either. You can use image statements and other photocopies of checks to verify FORUM Credit Union has paid a check.

Why are substitute checks created?

Financial institutions find exchanging electronic check images with other financial institutions to be faster and more efficient than transporting paper check.

Can I require my financial institution to return my original check?

No. Check 21 does not require FORUM Credit union to return your original check. Check 21 ensures you have the same legal protections when you receive a substitute check from as you do when you receive an original check.

What if a substitute check causes an error on my account?

Check 21 provides a special process allowing you to claim a refund, known as an expedited recredit, when you receive a substitute check from a financial intuition and you believe there is an error. For example, your account was debited twice for the same check.

You may use expedited recredit to get a refund of the money you lost. The amount of your refund is limited to the amount of your loss or the amount of the substitute check you received, whichever is less, plus interest on that amount if your account earns interest. If your loss is more than the amount of the substitute check, you may have rights under other laws to recover additional amounts of money.

FORUM Credit Union has ten (10) business day after receiving your claim to complete an investigation and recredit your account for up to $2,500 per check, plus interest if your account earns interest, pending completion of the investigation. Exceptions are made for new accounts, accounts with repeated overdrafts and suspicion of fraudulent activity. All funds will be recredited within 45 calendar days after receiving your claim. If FORUM Credit Union finds your claim is not valid, a notice will be sent to you with an explanation.

FORUM Credit Union reserve the right to reverse the refund, including any interest on the refund, if we can show the substitute check did not cause an error in your account.

How do I file a claim related to a substitute check?

If you notice an error with a substitute check, notify FORUM Credit Union as soon as possible. To use expedited refund for substitute checks, you must contact us within 40 calendar days of the date we mailed or otherwise delivered by means to which you agreed the substitute check in question or the account statement showing the substitute check was posted to your account, whichever is later.

If you believe you have suffered a loss relating to a substitute check that you requested and received and was posted to your account, please contact us at; FORUM Credit Union, P.O. Box 50738, Indianapolis, Indiana 46250

At a minimum, your claim must include the following;

- Description of why you have suffered a loss (Examples: amount withdrawn incorrect, amount withdrawn twice)
- Estimate of the amount of your loss. Include any fees and/or interest, if your account earns interest, you were charged as a result of the substitute check.
- Explanation of why the substitute check is insufficient to confirm you suffered a loss. (You believe the original check or a better version is needed to determine whether the substitute check should have been deducted)
- Provide a copy of the substitute check, and/or, the following information to help us identify the substitute check and investigate your claim.
    - Identifying information examples; the check number, the name of the person the check is payable to, the amount of the check.

What if I have more questions about substitute checks?

- Contact FORUM Credit Union at 317.558.6000 or 1.800.382.5414
- Visit the following online resources;
    - https://www.mycreditunion.gov/life-events/checking-credit-cards/checking/check-21
    - https://www.federalreserve.gov/paymentsystems/regcc-faq-check21.htm

Friendly Reminders

- When FORUM Credit Union uses substitute checks, your checks may be processed faster. Be sure you have enough money in your account to cover the checks you write.
- Always review your account statement to ensure the transactions are correct.
- Contact FORUM Credit Union right away if you notice an error in your account.