



The Problems with Duplicate Share Drafts

First, the bad news. Merchants and financial institutions submit duplicate member share draft files almost every day. With the transition from paper to image processing, substitute checks, and ACH check conversion, the likelihood of duplicate presentments has increased. When paper checks were processed only as original paper items, it was more likely that the paper would be lost or misplaced. Paper checks could not duplicate themselves, so financial institutions had to really work at making duplicates. But with introduction of all the new check processing methods, one mouse click can send off a duplicate file. The Federal Reserve and others may send notifications about possible duplicates, but they do nothing to correct the problem. So it's much easier for merchants and their financial institutions to send duplicates now, and create problems for your credit union and your members.

Now the good news. Our credit unions seldom receive duplicate share drafts because SunCorp's staff discovers them and handles the associated adjustment with the presenting financial institution before the duplicates are sent to your credit union. We perform duplicate item scans using software that is independent of the Federal Reserve and other presenting financial institution systems. All drafts received each day, in many file transmissions, are scanned and compared to several previous days' files for matching information. Key indicators for duplicates are routing number, account number, check serial number, and amount. As matches or "hits" are identified, SunCorp staff manually review each matching item to establish a true duplicate presentment. Once we identify items or entire files to be a duplicate, we remove those items or files from our share draft transmissions to credit unions and submit adjustments to the presenting institutions. Therefore, credit unions are not impacted or even aware of these duplicates.

Even with all our duplicate detection measures, occasionally a credit union will receive a duplicate share draft. To reverse a duplicate image posting, we strongly recommend that you submit an adjustment request to our staff – rather than just returning the item along with your other share draft returns. Merchants and depository banks may handle a regular share draft return with negative consequences for your member. The return may cause your member to be designated as a bad check writer in the merchant's or check verification service's database. The adjustment process avoids these potential problems. Most duplicate share draft adjustments are processed quickly, and your account is credited within a couple days.

When the share draft presentment is made both via the check clearing system and as an ACH check conversion, it is best to return the ACH entry as the duplicate. If you discover the duplicate entry immediately, use Return Reason Code R39. If your member reports the duplicate more than one day after posting, NACHA rules allow credit unions to return these entries up to 60 days after the original posting date using Return Reason Code R37. For these extended return deadlines, have your member complete the Written Statement of Unauthorized ACH Debit before submitting the return.

If you have questions about share draft duplicates, please contact our Member Services Department at 1-877-786-2677, Option 1.