Notification of Change: Removal of Change Code C04 (Incorrect Individual Name/Receiving Company Name)

Previously, RDFIs used Change Code C04 to request a correction to the Receiver's name indicated in an ACH entry, obligating the Originator to make the requested change. Unfortunately, a problem sometimes arose if a Receiving Depository Financial Institution (RDFI) instructed an Originator to change the Receiver's name on future Entries: in some cases, the billing company was unable to make that change, leading to the Originator then being unwilling or unable to adjust the name. That could lead to filing a *Rules* violation report, creating challenges and conflict for both the RDFI and Originating Depository Financial Institution (ODFI).

To address the risk created by C04– essentially, that an RDFI warrants an accurate name change, while the Originator's copy of the Receiver's authorization reflects a different name– this Rule will eliminate C04 from the *Rules*.

Removing the Notification of Change Code C04
ODFI, RDFI, Originator
Impact for ODFIs/Originators

- Rely on contracts and records to properly identify the name of the Receiver being credited or debited, without relying on a Notification of Change (NOC) from the RDFI.

Impact for RDFIs

- Refrain from transmitting a NOC using Change Code C04.
- When the RDFI discovers a name mismatch, choose one of the following courses of action:
    - o Post the Entry based solely on account number.
    - o Return the Entry as R03.
    - o Assist the Receiver by communicating directly with the ODFI/Originator.
- Foster clear communication between the Receiver and Originator to ensure that the Originator's authorization is accurate.

Friday, March 20, 2015

- Modifies Appendix Five, Part 5.3 (Table of Change Codes) by removing C04 (Incorrect Individual Name/Receiving Company Name).