ACH Payment FAQ

Last Modified on 02/28/2024 4:09 pm PST

General Questions

I want to process ACH Payments through my Qualpay merchant account; how do I turn it on?

If you already process credit cards with Qualpay, send a request to your Qualpay Sale Representative or contact Qualpay Support. Adding ACH payments follows a process similar to that of credit cards, albeit much shorter. We will ask you questions about your expected ACH payments and have you review and agree to pricing. Underwriting will review the request, and if approved, ACH payments will be added to your account.

If you are new to Qualpay, you can request to process ACH payments in addition to credit cards when you fill out your merchant application.

What is an authorization for ACH Payments, and why must I collect them?

Unlike credit card payments, where authorization is given by the issuing bank electronically during the sale process, you must collect ACH authorizations directly from your customers and store them for two years.

In the case of an incoming ACH Return for Not Authorized (similar to a credit card dispute), your customer's bank may request proof of the authorization you collected from your customer. If you do not collect authorizations, your ACH return rate may become unacceptably high, and you may incur fees and fines for debiting customer accounts without authorization.

The type of authorization you must collect depends on whether the payments are one-time or recurring:

- One-time payments have different authorization requirements based on the Internet, telephone, or mail payment channels.
- Recurring payments should have written authorizations, particularly if you accept ACH payments in person. You can also use written authorizations for one-time payments in the abovementioned channels.

Aren't ACH and debit card payments the same?

While ACH and debit card payments allow customers to pay you from their bank accounts, they run through different networks with different rules and timelines. They are two very different payment types.

Transactions

I processed an ACH payment by mistake; how do I stop my customer's account from being debited?

If you just processed the payment and the day's batch has not yet been closed, you or your account administrator should be able to void the transaction. Voiding will stop the payment from being sent through the ACH network.

Once a batch is closed and sent through the ACH network, Qualpay cannot stop the payment. You must wait for the payment to be deposited before refunding the customer.

Why am I receiving a 119 error code when I try to run an ACH payment?

You may be receiving a 119 error code for one of three reasons. The reasons are each explained in the ACH Payment Failure Code 119 article.

Why can't I void an ACH transaction?

Your transaction may have been held for review, and we will reach out to you to ask if the transaction was intended. A held transaction will have the status *Held*. If the held transaction was unintended, we can void it for you.

If there was no hold on the transaction, the batch was already closed and sent through the ACH network. Once the transaction is sent, it cannot be voided.

Why does my transaction status say "Held"? What do I need to do about it?

Some transactions, such as duplicate payments, are held for review before they are sent through the ACH network. When a transaction is held, we will reach out to you to ask whether you would like us to send the transaction on or void it.

Can I refund an ACH transaction?

Yes! You can certainly refund an ACH transaction; however, we recommend that you wait at least 5 days after the original ACH transaction was processed to ensure that you have been funded for the original transaction. This will prevent the original payment from potentially being returned due to insufficient funds.

Funding

Why don't I receive my money from ACH Payments on the same day that I receive money from credit card payments?

The ACH network and credit card brands are separate and have different rules, transmission times, and funding timelines. They function on different days of the week and take different holidays. Therefore, the calculation to determine when you will receive funds from ACH payments differs from that for cards. Qualpay Support can assist you with calculating funding times.

Why aren't financial adjustments from ACH Returns taken immediately

from my account?

ACH Returns can occur before you receive funding for the ACH payment. In these instances, Qualpay waits until you receive the funding before debiting your account to fund an ACH Return.

For example, if a customer pays you $100 on a Monday and then an ACH Return on that payment occurs that Tuesday, Qualpay will not take the $100 to fund the ACH Return on Tuesday; it will wait until you receive your $100 on Thursday.

Suppose another customer makes another $100 payment to you on a Monday, and you receive the funding on Thursday. Then, an ACH Return on that payment occurs the following Monday. In this scenario, Qualpay would take the $100 immediately because you received the funds the previous Thursday.

ACH Returns

How do I know what to do about an ACH Return?

Each ACH Return has advice about how to handle it. Review the advice by going to Reports, selecting ACH Returns, and then selecting an ACH Return listed on the report to see its details. One of the details is the Return Type, which contains advice about handling the ACH Return. You can also see them listed in our ACH Payment Return Types article.

Unlike credit card payments, ACH payments have no "Disputes" process. Instead, you will usually be asked to contact your customer for one or more of the following: corrected account information, a new authorization, a new payment method, or to ensure that they have sufficient funds in their bank account. Then, you would try a new transaction.

Why did I receive an ACH Return for No Bank Account / Incorrect Bank Account on a validated bank account?

When your customers make an ACH payment to you over the Internet (a WEB transaction), your customer's bank account information must be screened for fraud. ACH payments that do not meet the validation standards set by NACHA will receive a failure with a reason code of 119 / Bank routing/account combo is invalid: Auth Reject (<4-digit Response Validation Code>).

Some banks do not fully participate in the validation program and only provide minimal information. The validation standard will be met because the routing number is valid. However, the bank account number or other account information may still be invalid. For this reason, bank account validation is neither a guarantee of payment nor a guarantee that the payment will not be returned.

What do I need to do if I receive an ACH Return for No Bank Account / Incorrect Bank Account?

An ACH Return for No Bank Account / Incorrect Bank Account has a Return Type of Invalid Account. For all Invalid Account Return Types, we advise you to contact your customer for new bank account information; the account number was likely miskeyed.

What do I need to do about Not Authorized Returns?

Everything you need to know about handling Returns for “Not Authorized” is in our ACH Payment "Not Authorized" Returns article.

I received an ACH Return for R29 even though I collected authorization from my customer; what do I do?

Some business bank accounts have controls that will Return payments from any unrecognized company ID. Sometimes, the person making the payment from the business bank account does not realize the payment will be/was returned.

You will still need to obtain new authorization from your customer. We suggest that you request that your customer contact their bank and ensure that the bank will allow payments to your business name/DBA and the Company ID 1464094083.

Notifications of Change

What are Notifications of Change?

Notifications of Change, or NOCs, occur when a bank approves an ACH transaction but wants any subsequent transactions between your account and your customer's account to contain updated payment information. That updated information is contained within the NOC.

You may need to take action to update your customer's information. You can review the actions available on an NOC in our Review NOCs article.

Was money taken from my account when I received a NOC?

No, NOCs are non-financial.

I don't store customer payment information, and/or my customers type in their payment information on every transaction; what do I do with NOCs?

You may wish to contact your customers to request that they use updated bank account information.