

Dispute Management System Buyer's Guide for Community Banks and Credit Unions

What examiners cite, what a dispute system should do, and how to resolve card disputes before they become chargebacks.

Includes a Reg E Quick Reference, case file and vendor oversight checklists, and a frontline guide

THE SHORT ANSWER

Community banks and credit unions need a dispute management system when their Reg E process depends on memory, spreadsheets, or a vendor they can't see into. Reg E error resolution is among the most cited consumer compliance violations. In FDIC examinations in 2025, the Electronic Fund Transfer Act and Reg E were the second most frequently cited area, and the most common failures were investigations not completed, reported, or corrected on time.

A dispute management system gives you the record and the clock. The better ones now also resolve eligible card disputes with the merchant before a chargeback is ever filed, which takes cost out of the process instead of just tracking it.

WHAT'S INSIDE

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Why it matters

Reg E mistakes examiners cite, how card, ACH, and P2P differ, and what disputes cost you.

2

Dispute management

What a dispute management system is and what it should do.

3

Choosing a solution

What to look for and the questions to ask every vendor.

4

How FusionDMS does it

Chargeback Intercept™ and the rest of the platform.

TOOLS TO KEEP AT YOUR DESK

- A Reg E Quick Reference.** Deadlines, notices, provisional credit, liability tiers, counting days.
- B Examiner-Ready Case File Checklist.** Check any closed file against what examiners expect.
- C Three Worked Examples.** A Friday phone report, a P2P scam, and a reversal.
- D Is This a Dispute?** A one-page guide for tellers, contact center, and chat staff.
- E Vendor Oversight Checklist.** For institutions whose core or a third party investigates.
- F FAQ and G Glossary.**

FREE TRAINING

FIntegrate Academy's role-based dispute training for frontline staff, investigators, and supervisors is free for registered users: academy.FIntegratetech.com.

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PART 1 | WHY IT MATTERS

Why dispute handling matters at banks and credit unions

KEY TAKEAWAY

Examiners rarely cite an institution for not knowing Reg E. They cite procedures, workflows, and vendors that don't carry the rule out every time.

Why Reg E is still the top dispute finding for community banks and credit unions

The failures examiners find are rarely about not knowing the rule. Written procedures, workflows, and vendor relationships don't carry the rule out every time. The Federal Reserve's guidance points to the same fixes: detailed written procedures, periodic training, compliance monitoring, and complaint review. Volume is rising at the same time.

47%

of FDIC EFTA and Reg E citations in 2024 were failures to investigate, determine, report, and correct errors under §1005.11(c)

\$34B

in card transactions disputed in 2025

75%

of disputing consumers go straight to their issuer

83%

of issuers expect dispute volumes to keep climbing

Sources: FDIC Consumer Compliance Supervisory Highlights; Javelin Strategy and Research.

What about changes at the CFPB?

They don't change this. Consumer compliance at banks under \$10 billion, and at every credit union, is examined by the prudential regulator: the FDIC, OCC, Federal Reserve, NCUA, or your state. Those examiners test Reg E on the same schedule they always have.

The 10 Reg E mistakes examiners cite most often at banks and credit unions

1

Not starting the investigation on an oral notice

The clock starts when a consumer tells anyone at the institution: a teller, the call center, a chat window. It doesn't wait for written confirmation.

Official Staff Commentary, Comment 11(c)-2

2

Putting conditions on the investigation

Requiring a police report, a notarized affidavit, a branch visit, or a prior attempt to contact the merchant before starting is a violation. You may ask for information. You may not make the investigation wait for it.

CFPB Electronic Fund Transfers FAQs, January 2025

3 Late provisional credit, or credit the consumer can't use

If the investigation won't finish within 10 business days (20 for new accounts), the consumer gets provisional credit for the full amount, including interest on interest-bearing accounts, with notice within 2 business days. A hold on credited funds is its own violation.

4 Using the chargeback outcome as the Reg E decision

Card network rules decide who absorbs a loss between the issuer and the merchant. They don't decide whether an error occurred under Reg E. A lost chargeback or a merchant saying "the charge was valid" is evidence. It is not an investigation.

5 Generic denial language

"Reviewed documentation, claim denied" doesn't meet §1005.11(d)(1). A denial needs a written explanation of the findings and notice of the consumer's right to request the documents relied on. A template that fills in generic language automatically produces the same finding on every denial.

See Appendix A.2 for what a denial notice must include

6 Missing or late results notices

Results are due within 3 business days of completing the investigation. A denial must be in writing. A confirmed error must be corrected within 1 business day. An oral notice with no recorded date can't be shown to be on time.

7 Improper reversal of provisional credit

When you reverse, tell the consumer the date and amount of the debit, and honor checks, drafts, and preauthorized transfers without overdraft charges for 5 business days. Once you've told the consumer a credit is final, it generally stays final.

8 Treating authentication as authorization

A correct PIN or one-time passcode shows which credential was used, not who authorized the transfer. When a consumer alleges an unauthorized EFT, the institution has to establish authorization. Consumer negligence, such as a PIN written on the card, doesn't increase liability beyond what §1005.6 allows.

Comment 6(b)-2

9 Misapplying liability after late notice

Missing the 60-day window doesn't erase every protection. The §1005.6 limits still apply to transfers that occurred before the 61st day. Unlimited liability applies only to transfers after that point, and only if the institution shows it could have prevented them.

10 Weak oversight of third-party vendors

The FDIC cited an institution whose vendor automatically denied debit card disputes on transactions processed through a particular security program, without investigating them. Outsourcing the work doesn't outsource the obligation. The institution is responsible for every notice, credit, and determination its vendor makes.

Every one of these is a process failure.

Each can be prevented with written procedures, training, deadline tracking your team doesn't have to remember, and a case file that shows the work.

How card, ACH, and P2P disputes differ

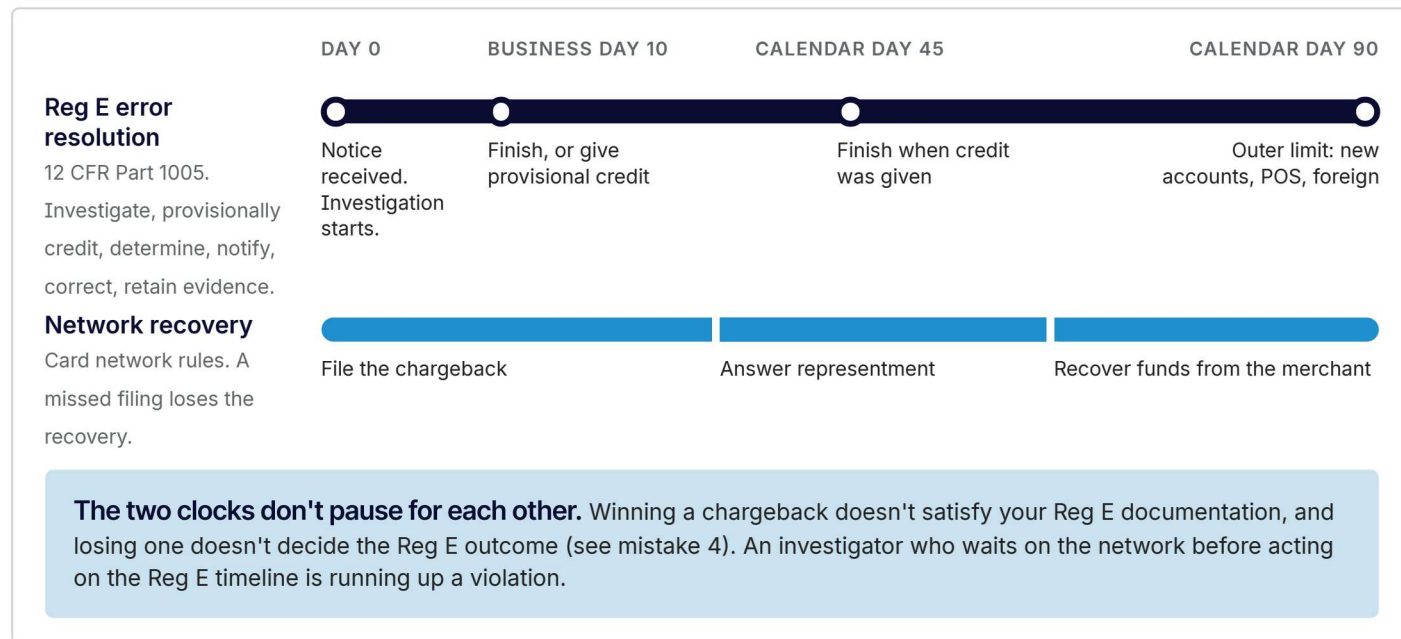
Several of the mistakes above get worse when the dispute type changes. Card, ACH, and P2P disputes follow different rules, and applying one type's procedure to another is its own category of finding.

Throughout this guide: **CARD** **ACH** **P2P** **CHECK**

CARD

Card disputes: two tracks, one case

Every debit card dispute runs on two independent tracks at once: the Reg E error resolution your institution owes the account holder, and the network recovery process that decides whether the money comes back from the merchant. Most manual processes fail at the point where the two meet.



ACH

ACH disputes: a different path entirely

ACH disputes don't go through card networks. An unauthorized ACH debit is handled with a Written Statement of Unauthorized Debit (WSUD) and a Nacha return entry, on Nacha's timeframes and return reason codes, not in a chargeback cycle. Running ACH claims through a card procedure is one of the most common category errors examiners find. It produces missing WSUDs, missed return deadlines, and wrong return codes.

Two rulebooks, one claim

Nacha rules govern the return to the originating bank. Reg E still governs what you owe the account holder: the investigation, provisional credit, notices, and deadlines. Returning the entry doesn't close the Reg E case.

60 calendar days: the extended return window

These codes allow a return up to 60 calendar days after the settlement date of the original entry. Past that, the return path generally closes, though your Reg E obligations don't.

Return reason codes for consumer unauthorized claims

R05 unauthorized debit to a consumer account using a corporate SEC code

R07 authorization revoked by the customer

R10 originator not known or not authorized

R11 entry not in accordance with the terms of the authorization

The WSUD comes first

Get the account holder's signed and dated WSUD before you send the return, and keep it in the case file. Nacha requires it to be dated on or after the date the entry was presented.

Nacha updates its Operating Rules every year. Check these details against the current edition, or with your payments association, before you build them into procedures.

P2P and instant payments

P2P and instant payments from a consumer account are EFTs, and Reg E applies to them in full. Speed of settlement doesn't shorten or suspend any Reg E obligation. The hard question is authorization:

GENERALLY UNAUTHORIZED

A transfer initiated by a fraudster using credentials stolen or tricked out of the consumer is generally an unauthorized EFT under the CFPB's FAQs.

GENERALLY AUTHORIZED

A transfer the consumer sent personally, even one induced by a scam, is generally authorized under Reg E. You still have to investigate the notice of error before reaching that conclusion, and you still have to document why.

What disputes cost your bank or credit union

Reg E exposure and mismatched procedures are two reasons to care about how disputes are handled. The third is cost. Some of it shows up on an invoice every month. The rest shows up as staff time and exam risk, which is harder to see but just as real.

HARD COSTS

\$35–100

Core investigation fees, per claim

Cores bill per transaction sent for investigation, about \$25 to \$35, and one claim often carries several transactions. These are figures clients have reported to us; no core publishes its dispute pricing. The number that counts is the one on your own invoice.

Your own cost to handle a chargeback

Under \$1B in deposits

\$10.48

\$1B to \$20B

\$5.63

The smaller the institution, the more each chargeback costs: under \$1 billion, it's nearly twice as much.

Javelin Strategy and Research,
published by Mastercard,
January 2026

18%

Write-offs

Issuers write off about 18% of disputes instead of pursuing a chargeback, at an average fraud-related write-off of \$17.90.

SOFT COSTS

Staff time

Every dispute takes intake, provisional credit, letters, follow-up, and a close. Javelin and Mastercard put industry staffing at about one full-time employee for every 13,000 to 14,000 disputes a year. When the process runs on spreadsheets and email, more of that time goes to chasing documents and deadlines than to deciding claims.

Exam findings

A Reg E finding brings remediation work, look-back reviews, and sometimes restitution to account holders, plus the attention of your board and your examiner at the next exam.

Account holder experience

Slow provisional credit and unclear notices turn a routine dispute into a complaint.

The one question to take to your finance team

What does our core charge us per dispute investigation? You can answer it from last month's invoice, and it gives you a baseline to hold every solution to in Part 3.

2

PART 2 | DISPUTE MANAGEMENT

What dispute management is and what a system should do

KEY TAKEAWAY

A dispute management system doesn't replace your team's judgment. It gives every claim the same process, so the outcome doesn't depend on who took the call.

A dispute management system is the software a bank or credit union uses to manage a dispute from the moment an account holder reports a problem until the case is closed and documented. It captures the notice, starts the Reg E clock, routes the case to the right person, tracks provisional and final credit, generates the required notices, and keeps one time-stamped record an examiner can review. It doesn't replace your team's judgment. It gives every claim the same process, so the outcome doesn't depend on who took the call or who is out that week.

Manual tracking can't deliver that consistency across the branch, contact center, online banking, and mobile, and consistency is what examiners test.

Core functions of a dispute management system

- ✔ Case intake from every channel, including oral notices, with the notice date captured
- ✔ Routing by dispute type at intake, so card, ACH, check, and P2P claims each follow their own procedure and investigators don't pick it from memory
- ✔ Deadline timers for the 10, 20, 45, and 90-day windows, with alerts before they're missed
- ✔ A provisional and final credit ledger, including fee and interest refunds
- ✔ Forms and workflows that change by dispute type
- ✔ Letters and notices generated from templates your compliance team approves
- ✔ A time-stamped audit trail on every action, attachment, and note
- ✔ Duplicate claim alerts
- ✔ Reporting for compliance, operations, and management, including time to provisional credit and denial rates
- ✔ One case record that holds everything an examiner asks for, including both the Reg E track and the network track on a card dispute

Know where the investigation happens

Some institutions investigate in house using network tools. Many send the investigation to their core processor and pay a per-transaction fee. Either way, the institution carries the Reg E liability. When the case history is split between your records and your core's, an examiner asking for the full file gets part of an answer. Keep the record in house, whoever does the investigating.

Resolving card disputes before they become chargebacks

Each one means an investigation, a network filing, often a per-transaction fee from your core, and a case sitting open against your Reg E clock.

Some dispute systems now add a step before the chargeback. The merchant is notified of an eligible dispute and given a short window, up to 72 hours, to refund the cardholder directly. If the merchant refunds, no chargeback is filed. If not, the dispute continues exactly as it would have. Done right, the step runs inside the Reg E window, not around it: your investigation obligation doesn't change, and provisional credit isn't due for 10 business days.

73.6%

of card disputes turn into chargebacks

Mastercard and
Datos Insights

Merchants take the offer because a chargeback costs them more than a refund. Their bank charges \$20 to \$100 per chargeback, and a rising chargeback ratio brings monitoring, higher reserves, and eventually the loss of card processing. Part 4 describes how FusionDMS does this with Chargeback Intercept.

SELF-CHECK

How to know if your bank or credit union needs a dispute management system

Most community banks and credit unions don't set out to buy a dispute system. Something forces the question: an exam finding, a key person leaving, a jump in card or P2P volume, a core conversion. The warning signs usually show up well before that. Work through the questions below with the people who handle disputes every day, not only the manager who oversees them.

COMPLIANCE SIGNALS

- ☐ Have you missed a Reg E deadline in the past year, or can you not say for sure?
- ☐ Have examiners, auditors, or your compliance team flagged dispute documentation?
- ☐ Would it take more than a few minutes to produce the full case history for a dispute an examiner picks at random?
- ☐ Do your denial letters say "no error found" instead of explaining what you reviewed and why?

PROCESS SIGNALS

- ☐ Are disputes tracked in spreadsheets, email, or paper files?
- ☐ Do staff re-key the same dispute data into more than one system?
- ☐ Do investigators rely on memory, not system prompts, to pick the right procedure for card, ACH, and P2P claims?
- ☐ Would your dispute process stall if your most experienced person were out for two weeks?
- ☐ Could you show an examiner dated training records for everyone who takes dispute calls, including tellers and chat staff?

VOLUME AND STAFFING SIGNALS

- ☐ Is dispute volume growing faster than the team that handles it?
- ☐ Are you adding P2P, instant payments, or new digital channels, or planning a core conversion or merger?
- ☐ Is overtime or temporary help going to dispute backlogs?

COST SIGNALS

- ☐ Does your core bill you per transaction to investigate disputes?
- ☐ Do you know what you paid last year in investigation fees and write-offs?
- ☐ Are small disputes written off without review because working them costs more than they're worth?

READING YOUR ANSWERS

One or two checked

A process tune-up may be enough. Start by running five closed files through the Appendix B checklist.

Three to five checked

Manual handling is likely costing you staff time and exam risk today. Use the cost section in Part 1 to put numbers to it.

Six or more, or any compliance signal

Treat this as a priority. Those are the areas examiners test, and a dispute management system is the control that gives you a consistent answer.

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PART 3 | CHOOSING A SOLUTION

What banks and credit unions should look for in a solution

KEY TAKEAWAY

Hold every vendor to the same list, and ask how each capability works in your process, not whether it exists.

What to look for in a dispute management system

- ✓ **Reg E deadline tracking** with timers, alerts, and escalations
- ✓ **A complete audit trail** with every action recorded automatically
- ✓ **Forms and workflows by dispute type** (card, ACH, check, P2P) that operations staff can change without IT
- ✓ **A credit ledger** for provisional and final credits that doesn't depend on your core
- ✓ **Pre-chargeback resolution** that settles eligible card disputes with the merchant before a chargeback is filed
- ✓ **Notice templates your compliance team controls**, so you can review and approve every word that goes to an account holder
- ✓ **Reporting included**, including custom reports, without a per-report fee
- ✓ **A deployment choice**: hosted by the vendor, or on your own infrastructure
- ✓ **Unlimited users and unlimited disputes**, so growth doesn't reprice the contract

Questions to ask every dispute management vendor

COMPLIANCE

- How do you capture an oral notice and its date from every channel?
- How do you calculate and alert on the provisional credit deadline for new accounts, POS debit, and foreign-initiated transfers?
- Can our compliance team edit and approve every notice template?
- How do you document the 5-day honor period after a provisional credit reversal?

COST

- Can your system resolve eligible card disputes with the merchant before a chargeback is filed, and can that step run automatically?
- What happens to a dispute the merchant declines?
- Can we hold a claim before it goes to our core, so an intercepted dispute never incurs the core's fee?
- What reporting do we get on fees avoided, and is it an extra charge?

OPERATIONS

- Can operations staff change forms and workflows without IT or a change order?
- Where does our data live, and can we choose?
- How long does implementation take, and what does user acceptance testing look like?
- What support and training come after go-live, and where is your support team based?

VENDOR OVERSIGHT

- What logs do you give us of investigation start dates, credit dates, and notice delivery dates?
- If our core does the investigating, how does the outcome get back into our case record?

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PART 4 | HOW FUSIONDMS DOES IT

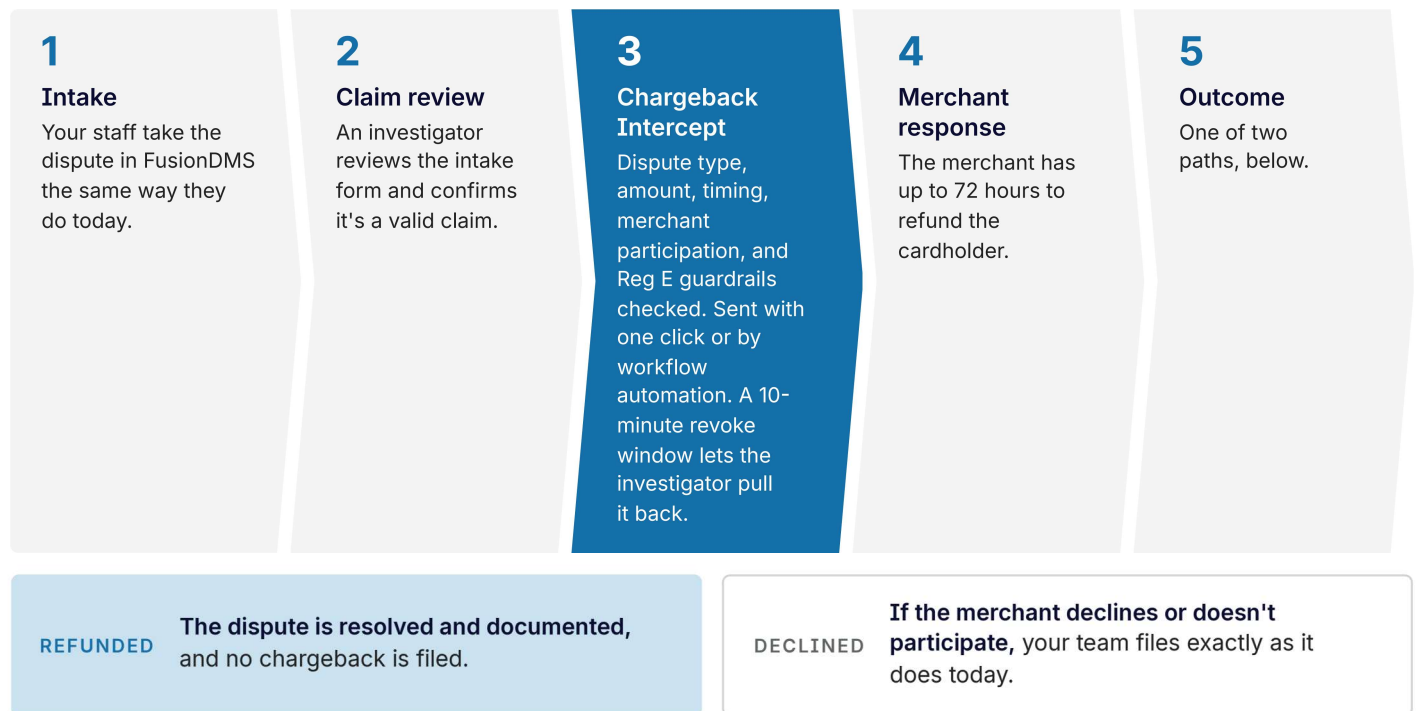
Chargeback Intercept™: how FusionDMS resolves card disputes before they become chargebacks

KEY TAKEAWAY

The merchant gets up to 72 hours to refund an eligible card dispute before any chargeback is filed. If it declines, your team files exactly as it does today.

Everything in Parts 1 through 3 applies to any system you evaluate. This part describes how FusionDMS, FIntegrate's dispute management system for community banks and credit unions, meets those criteria, starting with the capability that sets it apart. Chargeback Intercept is FusionDMS's version of the pre-chargeback step described in Part 2. It gives the merchant a chance to settle an eligible card dispute directly, before any chargeback is filed.

HOW IT WORKS: THE FIRST STEP OF THE INVESTIGATION WORKFLOW YOUR TEAM ALREADY FOLLOWS, RIGHT AFTER THE CLAIM IS CONFIRMED



The worst case is the workflow you have today.

THREE THINGS THAT NEVER HAPPEN ON AN INTERCEPTED DISPUTE

NO

The chargeback

NO

The full investigation

NO

The per-transaction fee your core charges to run one

Where it sits against the Reg E clock

Chargeback Intercept runs inside the Reg E window, not around it. Your investigation obligation is unchanged, and Reg E guardrails are part of the eligibility check. Merchants respond in seconds to 72 hours, and provisional credit isn't due for 10 business days, so there's room to wait. A dispute the merchant declines moves on to your normal process with its Reg E clock already running and documented. FusionDMS also lets you set the provisional credit posting date, so an institution that wants to wait out the merchant window can.

Who benefits most

Institutions that send investigations to their core

Every intercepted dispute is a fee that doesn't get billed, as long as the claim hasn't already gone to the core. Holding eligible claims through the merchant window is what captures the saving.

Card volume of about 25 disputes a month or more

Below that, FusionDMS still fits, but the Intercept savings are small.

Institutions that investigate in house

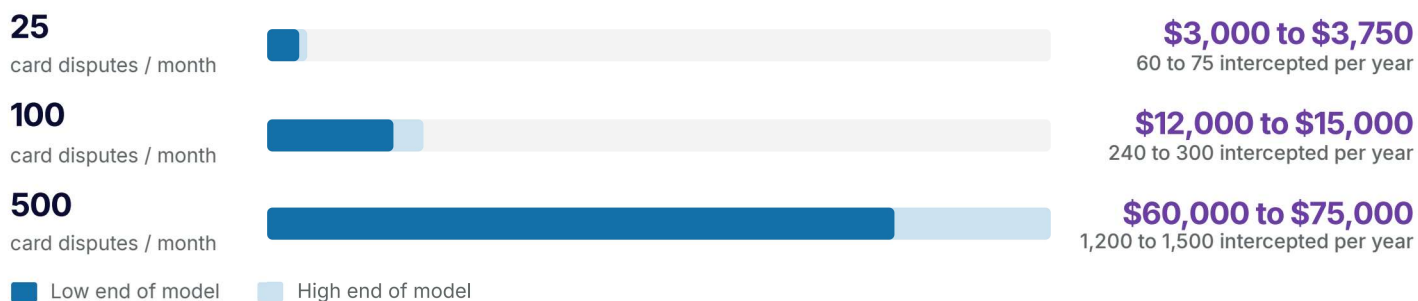
They avoid their own handling cost and get capacity back, rather than an invoice that stops.

FIntegrate models resolution on about 35% of eligible disputes, based on published card network ranges. That's a model, not a measured client result, and your rate depends on your merchant mix.

WHAT IT CAN BE WORTH: A MODELED EXAMPLE

Core fees avoided per year

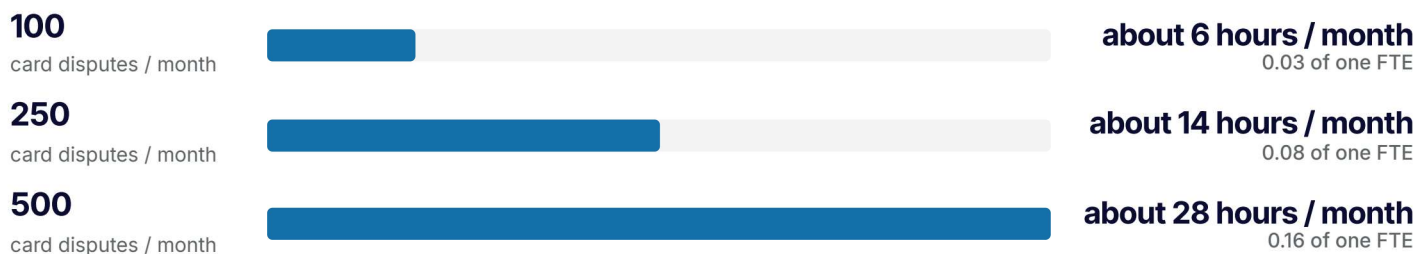
Assumes the institution sends investigations to its core, holds eligible claims until the merchant responds, and pays \$50 per claim. Your invoice will differ.



A claim with two or three transactions lands at the high end of the per-claim range, so this understates the savings for those institutions.

Capacity returned

At about 15 minutes saved per intercepted dispute:



That time is real. It lets the same team absorb rising dispute volume without adding a position.

FusionDMS at a glance

WHAT MATTERS	FUSIONDMS	ASK EVERY OTHER VENDOR
Reg E deadline tracking	Built-in timers and alerts for the 10, 20, 45, and 90-day windows	Are alerts automatic, or does staff set them?
Pre-chargeback resolution	Chargeback Intercept, the first step of the investigation workflow; sent with one click or by FusionDMS workflow automation, with a 10-minute revoke window	Do you offer it? Where in the workflow, and can it run automatically?
Credit ledger	Provisional and final credits tracked independently of the core	Does the ledger live in the core only?
Forms and workflows	Change by dispute type; operations staff can edit them	Who makes changes, and at what cost?
Audit trail	Every action time-stamped; full case history in one record	Can you export one case for an examiner in minutes?
Reporting	Standard and custom reports included, no extra fees	Are custom reports billed separately?
Users and disputes	Unlimited users; unlimited card, ACH, and check disputes	Is pricing per user or per dispute?
Deployment	Same product, hosted in FIntegrate's AWS cloud or on your own infrastructure; you choose	One option or two?
Implementation	About 45 days, with a 30-day user acceptance testing window	What's your delivered timeline, not your quoted one?

The investigation stays where your team does it today

FusionDMS holds the record, runs the clock, and resolves eligible card disputes before they reach the investigation stage. Disputes that do need investigating are worked where your institution works them now, whether that's your own team in network tools or your core, and the outcome comes back to one case record.

First Texas Data

First Texas Data, a technology service provider division of First Texas Bancorp in Georgetown, Texas, replaced a decade-old dispute system that was facing vendor sunset. The old system was a basic data repository. Deadline tracking was entirely manual, and staff disagreed about whether to count weekends and holidays. The team had built extra procedural layers just to protect themselves. They chose FusionDMS in part because it could run on their own infrastructure.

"Especially if you're tracking disputes manually and getting to a size where that's becoming untenable, this is the way to go."

James Davenport, President, First Texas Data



NEXT STEPS

Six things to do before you talk to a vendor

- 1** Pull last month's dispute count by type (card, ACH, check, P2P) and your core's invoice for dispute investigation.
- 2** Sample five closed disputes and check them against the Examiner-Ready Case File Checklist in Appendix B.
- 3** Train your team. Print Appendix D for every frontline desk, and register at FIntegrate Academy, where every course is free: academy.FIntegratetech.com.
- 4** Run the full self-assessment in "Is Your Regulation E Program Built to Pass an Exam?" at FIntegratetech.com.
- 5** Compare at least two vendors using the questions in Part 3.
- 6** Ask each vendor to run an Appendix C scenario through their system, intake to close.

About FIntegrate

FIntegrate builds FusionDMS for community banks and credit unions. The team behind it brings 25+ years of experience in financial institution technology. FIntegrate serves over 100 clients with a 100% U.S.-based implementation and support team. FusionDMS includes unlimited users, custom reporting at no extra fee, and a choice between hosted and in-house deployment, and it typically goes live in about 45 days.



See FusionDMS in action.

Request a demo, including how Chargeback Intercept saves your team time and cost.

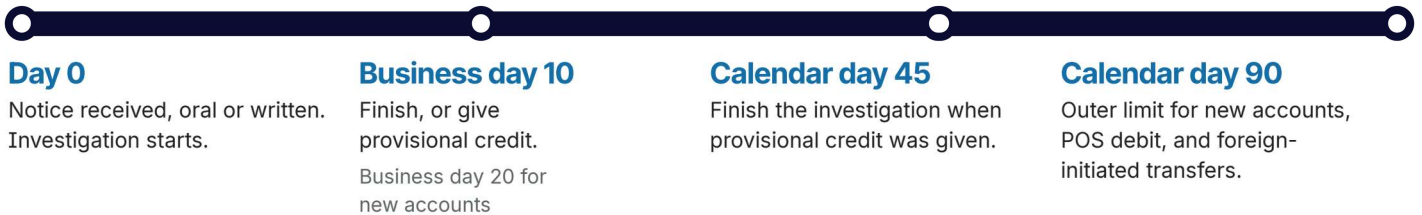
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Reg E Quick Reference for Banks and Credit Unions



Based on 12 CFR Part 1005 and its Official Staff Commentary. For education and compliance planning only; not legal advice.

The Reg E error resolution clock



Also: provisional credit notice within 2 business days of crediting; results within 3 business days of finishing; 5-business-day honor period on any reversal.

A.1 Error resolution timeframes

EVENT	DEADLINE
Consumer gives notice of error	Within 60 days after the statement showing the error was sent
Begin investigation	Promptly on oral or written notice; don't wait for written confirmation
Written confirmation of an oral notice	You may require it within 10 business days, if you tell the consumer when they give oral notice
Complete investigation, or provisionally credit	10 business days (20 for accounts open 30 days or less)
Notify consumer of provisional credit	Within 2 business days of crediting
Complete investigation when provisional credit was given	45 calendar days; 90 for new accounts, POS debit, and foreign-initiated transfers
Report results	Within 3 business days of completing the investigation
Correct a confirmed error	Within 1 business day of the determination
Honor items after reversing provisional credit	5 business days after the reversal notice
Retain records	At least 2 years

How to count the days

Business days

Any day your offices are open to the public for substantially all business functions. For most institutions, Monday through Friday, excluding the holidays you close for. Saturdays count only if you're open for substantially all business that day.

Calendar days

The 45- and 90-day completion windows and the 60-day notice window count every day, weekends and holidays included.

Day one

Count from the day after you receive the notice. Pick one written convention for day one, holidays, and branches with different hours, put it in your procedures, and apply it the same way on every claim. Examiners test consistency.

Example

A notice arrives Friday, October 2, 2026, at an institution closed weekends and on Columbus Day Monday, October 12. The 10th business day is Monday, October 19. The 45th calendar day is Monday, November 16. A POS debit dispute gets 90 calendar days, to Thursday, December 31.

A.2 Required notices

TRIGGER	TIMING	FORMAT
Provisional credit issued	Within 2 business days of crediting	Written or oral
Error found	Within 3 business days of completion	Written or oral
No error, or a different error	Within 3 business days of completion	Written only, with an explanation of findings and the right to request documents
Provisional credit reversed	Before or at the time of the debit	Written, with date and amount, and the 5-day honor period

WHAT A DENIAL NOTICE MUST INCLUDE

Use this to review your own templates, and your vendor's

- ☐ A written explanation of what you found, specific to this claim: what you reviewed and why you concluded there was no error, or a different error
- ☐ A statement that the consumer may request the documents you relied on, and a process to send them promptly, in a form the consumer can understand
- ☐ If you are reversing provisional credit: the date and amount of the debit, and that you'll honor checks, drafts, and preauthorized transfers for 5 business days without overdraft charges
- ☐ The date the notice was sent, recorded in the case file

"Reviewed documentation, no error found" meets none of the first three.

A.3 Provisional credit

- ✓ Credit the full amount of the alleged error, including interest on interest-bearing accounts.
- ✓ Give the consumer full use of the funds. Don't place holds.
- ✓ Provisional credit may be withheld only if you asked for written confirmation of an oral notice and didn't receive it within 10 business days. Document that exception when you use it.
- ✓ Don't split the credit across dates, and don't make it depend on documentation.
- ✓ On reversal, honor checks, drafts, and preauthorized transfers without overdraft fees for 5 business days after notice.
- ✓ Once you've told the consumer a credit is final, don't reverse it, even if the merchant later refunds.

A.4 Consumer liability for unauthorized transfers (§1005.6)

\$0

No lost or stolen access device, reported within 60 days of the statement

\$50

Access device lost or stolen, reported within 2 business days of learning of it. The lesser of \$50 or the amount of unauthorized transfers before notice.

\$500

Access device lost or stolen, reported after 2 business days. Up to \$500.

Unlimited

Unauthorized transfers on a statement, not reported within 60 days: for transfers after the 60 days and before notice, only if the institution shows timely notice would have prevented them

Extend these time limits when extenuating circumstances such as travel or hospitalization delayed the report. Consumer negligence doesn't increase liability. Card network zero-liability rules can give the consumer more protection than this table, never less.

A.5 What counts as a notice of error

Any communication that lets you identify the consumer and the account, and indicates the consumer believes an error occurred and why. That includes:

- A phone call, a branch conversation, a chat, a secure message, or a letter
- A request for documentation or clarification about a transfer

Examiners keep citing institutions for treating phone calls as "inquiries," for not logging oral notices, and for requiring police reports or affidavits first.

A.6 Routing a dispute: four questions

1

Is it an electronic transfer to or from a consumer account (debit card, ATM, ACH, P2P, instant payment)?

If yes: Reg E applies. Go to question 2. **If no:** a credit card billing dispute follows Reg Z, a separate process; check and business-account disputes fall outside Reg E.

2

Did someone other than the consumer start it without authority, including with credentials stolen or tricked out of the consumer?

If yes: unauthorized EFT. Reg E error; apply §1005.6 liability.

3 Did the consumer start it, but the amount, date, or recipient is wrong, or it's missing from the statement, or there's a computational error? **If yes:** Reg E error. Investigate and correct.

4 Did the consumer authorize it and dispute only the goods or services? **If yes:** generally not a Reg E error, though card network dispute rights may apply. Investigate the notice first, and document how you classified it.

The most common misclassifications: calling a fraud claim a merchant dispute, treating a Reg E error as a Reg Z billing error, labeling P2P fraud as "customer error," and calling a transfer authorized without analyzing it.

A.7 Fees and interest

Correcting an error includes crediting interest and refunding any fees the error caused: NSF, overdraft, and charges tied to provisional credit or its reversal.

A.8 Questions examiners ask

"How do you log oral notice?"

"Show me how you apply the \$0, \$50, \$500, and unlimited liability tiers."

"Show me a case where provisional credit was issued within 10 business days."

"Show me the consumer had full use of the funds."

"How do you tell an unauthorized EFT from a merchant dispute?"

"Give me the full case history for these five claims."

"Show me a case you extended to 45 or 90 days, and why."

"What do you review in your vendor's dispute handling, and how often?"

"What controls make staff follow the same steps every time?"

Examiner-Ready Case File Checklist for Banks and Credit Unions

Use this on every dispute, or on a sample of five closed files before your next exam.

B.1 NOTICE

- ☐ Date the consumer gave notice, and the channel (phone, branch, online, chat, mail)
- ☐ Investigation start date, matching the notice date
- ☐ Transaction dates, amounts, and the consumer's description of the error
- ☐ If written confirmation was requested: the date requested and the date received

B.2 TIMELINE

- ☐ Applicable window identified at intake (10/45, 20/90, or 10/90 days)
- ☐ Provisional credit issued when required, with date, amount, and interest
- ☐ Provisional credit notice sent within 2 business days
- ☐ Investigation completion date recorded

B.3 EVIDENCE AND ANALYSIS

- ☐ Every piece of evidence reviewed, not just the conclusion
- ☐ Whether the consumer authorized the transfer, addressed on its own terms, not just whether the system authenticated it
- ☐ Network or merchant responses treated as evidence, not as the decision
- ☐ Liability calculation shown
- ☐ Determination and the reasoning behind it

B.4 CONSUMER COMMUNICATIONS

- ☐ Results notice within 3 business days of completion
- ☐ Written notice for any denial, with an explanation of findings and the right to request documents
- ☐ Confirmed errors corrected within 1 business day, including fee and interest refunds
- ☐ Delivery date of every notice recorded

B.5 ACH DISPUTES

ACH

- ☐ Claim routed to the ACH procedure, not the card procedure
- ☐ Written Statement of Unauthorized Debit obtained and kept in the file
- ☐ Return entry submitted within Nacha timeframes, with the correct reason code

B.6 PROVISIONAL CREDIT REVERSAL

- ☐ Notice with the date and amount of the debit
- ☐ Checks, drafts, and preauthorized transfers honored without overdraft fees for 5 business days
- ☐ No reversal of a credit already made final

B.7 VENDOR-HANDLED DISPUTES

- ☐ Vendor's investigation start, credit, and notice dates received and reviewed
- ☐ Vendor's notice templates reviewed by compliance
- ☐ Outcome returned to the institution's own case record

Three Worked Examples for Community Banks and Credit Unions

Each example assumes an institution open Monday through Friday and closed on federal holidays.
Dates are for illustration.

CARD

C.1 A debit card dispute reported by phone on a Friday

WHAT HAPPENED

A member calls the contact center at 4:45 p.m. on Friday, October 2, 2026, about a \$412 debit card purchase at an online retailer she doesn't recognize. The agent says she'll need to fill out a dispute form.

WHAT REG E
REQUIRES

- The phone call is the notice of error. The clock started at 4:45 p.m. Friday, not when the form comes back.
- You may ask her to confirm in writing within 10 business days, but only if the agent tells her so during the call. If the written confirmation doesn't arrive, you can withhold provisional credit, but you still have to investigate.
- If the investigation won't finish by the 10th business day, Monday, October 19, she gets provisional credit for \$412 by then, with notice within 2 business days of crediting.
- Because this is a POS debit card transaction, you have 90 calendar days, to Thursday, December 31, to finish.
- Results go out within 3 business days of finishing. A denial goes out in writing.

KEY DATES

Fri Oct 2 notice, 4:45 p.m.

Mon Oct 19 business day 10

Thu Dec 31 calendar day 90

WHAT THE FILE
NEEDS

The call date and time, the agent's name, whether written confirmation was requested and when it came back, the provisional credit date and amount, the evidence reviewed, the determination and why, and the date of every notice.

P2P**C.2 A P2P scam****WHAT HAPPENED**

An account holder gets a text that looks like it's from the bank's fraud department, then a call. The caller talks him into sending \$1,200 through the bank's P2P service to "a safe account." He realizes it was a scam the next morning and calls the bank.

**WHAT REG E
REQUIRES**

- His call is a notice of error, and the investigation starts now. You can't turn him away because "you sent it yourself" without investigating.
- The question is who initiated the transfer. If he sent it himself, even under false pretenses, it's generally an authorized EFT under Reg E, and not an error you're required to credit. If the scammer got his login or a one-time passcode and sent the money, it's generally unauthorized, and Reg E's liability limits apply.
- Your investigation has to establish which it was: device and session data, login history, where the passcode was entered, and his account of the call.
- If you deny, the written notice explains what you found and offers him the documents you relied on.

**WHAT THE FILE
NEEDS**

His statement, the transfer details, the authentication and device evidence, the analysis of who initiated the transfer, and the reasoning for the determination. A claim denied only because "the passcode was correct" is mistake 8.

ACH**C.3 Reversing provisional credit after a denial****WHAT HAPPENED**

An investigation into a \$250 ACH debit finds the account holder authorized it. The institution completes the investigation on Tuesday, November 10, 2026, and mails the written results on Thursday, November 12.

**WHAT REG E
REQUIRES**

- The results notice is due within 3 business days of completing the investigation. Veterans Day (Wednesday, November 11) doesn't count, so Thursday, November 12 is the first business day, well within the deadline.
- The notice gives the date and amount of the \$250 debit and says the institution will honor checks, drafts, and preauthorized transfers for 5 business days after the notice.
- Five business days after Thursday, November 12 runs through Thursday, November 19.
- A \$180 check that clears on Tuesday, November 17 must be paid without an overdraft charge, as long as it would have been paid if the \$250 were still in the account.

KEY DATES**Tue Nov 10** investigation complete**Thu Nov 12** results mailed**Thu Nov 19** honor period ends**WHAT THE FILE
NEEDS**

The completion date, the date the notice was sent, a copy of the notice, the debit date, and any items paid during the honor period.

Is This a Dispute? A Frontline Guide for Banks and Credit Unions

For tellers, contact center agents, chat staff, and anyone else who talks to account holders. The Reg E clock starts when the account holder tells you, not when a form comes back (mistake 1 in Part 1).

D.1 It's probably a notice of error if the account holder says

"I didn't make this charge."
or "I don't recognize this."

"I was charged twice."
or "The amount is wrong."

"I tried to cancel this and it's still coming out."

"The ATM didn't give me my money."

"Someone got into my account."
or "My card was stolen."

"I sent money to a scammer."
Still a notice. The investigation decides what Reg E requires.

If you can identify the account holder and the account, and they're telling you they think something is wrong with a transfer, treat it as a notice. **When in doubt, take it as a dispute and let the investigator decide.**

D.2 Never say

× "You'll need to file a police report first."

× "Come into a branch and fill out the form, then we'll start."

× "You'll have to contact the merchant before we can help."

× "You sent it yourself, so there's nothing we can do."

× "That's past 60 days, so we can't help."
Liability limits can still apply. Let the investigator decide.

D.3 CAPTURE EVERY TIME

- ☐ Today's date and time, and the channel (phone, branch, chat, secure message, mail)
- ☐ The account holder's name and account
- ☐ Each transaction: date, amount, and merchant or recipient
- ☐ What they say went wrong, in their words
- ☐ Whether the card or login credentials are lost, stolen, or were shared
- ☐ Whether you asked for written confirmation, and that you told them it's due within 10 business days
- ☐ Your name

D.4 HAND IT OFF

Enter it in your dispute system or route it to the dispute team the same day. Tell the account holder what happens next and when they'll hear from you. Don't promise an outcome.

Free training for the frontline

FIntegrate Academy's intake course is built for the staff who take the first call, covering debit card, ATM, ACH, check, and P2P disputes. Every Academy course, including the investigator and supervisor paths, is free for registered users. Staff who score 80% or higher on the final assessment get a dated, verifiable certificate for their training file. Start at academy.fintegratetech.com.

Vendor Oversight Checklist for Banks and Credit Unions

Use this if your core processor or another third party investigates disputes for you. The institution is responsible for every notice, credit, and determination its vendor makes (mistake 10 in Part 1). Run it at contract renewal and at least once a year.

E.1 CONTRACT AND RESPONSIBILITIES

- ☐ The contract says who sends each Reg E notice: provisional credit, results, denial, and reversal
- ☐ The contract says who posts provisional and final credit, and by when
- ☐ You know which dispute types the vendor handles and which stay with you (card, ACH, check, P2P)

E.2 WHAT YOU RECEIVE ON EVERY CLAIM

- ☐ The investigation start date, matching the date your staff took the notice
- ☐ The provisional credit date and amount, and the notice date
- ☐ The determination, the evidence reviewed, and the reasoning
- ☐ The results notice date and a copy of the notice sent

E.3 WHAT YOU REVIEW

- ☐ Every notice template the vendor uses, approved by your compliance team
- ☐ Any rule that decides claims automatically (auto-deny, auto-approve, or amount thresholds), in writing
- ☐ Timeliness reporting: claims past 10, 45, or 90 days, and late notices
- ☐ Denial rates by dispute type, compared with your own history

E.4 WHAT YOU TEST

- ☐ Pull five vendor-handled files each quarter and run them through Appendix B
- ☐ Confirm an oral notice taken at your branch or contact center reached the vendor with the right date
- ☐ Trace one denial from notice to determination and confirm the account holder could request the documents relied on

E.5 WHEN SOMETHING IS WRONG

- ☐ Keep the full case file in your own records, not only in the vendor's system
- ☐ A written escalation path with the vendor, and a named contact
- ☐ A plan to find and remediate affected account holders if a vendor rule or template was wrong

Frequently Asked Questions from Banks and Credit Unions

Does Reg E cover business accounts?

No. Reg E covers accounts established primarily for personal, family, or household purposes (§1005.2(b)). Business account disputes follow your account agreement, the UCC, Nacha rules for ACH, and card network rules. Many institutions extend similar handling to small business accounts anyway; if you do, say so in your procedures.

What about credit card disputes?

Those fall under Regulation Z (§1026.13 for billing errors and §1026.12(b) for unauthorized use), with different timelines: acknowledge within 30 days and resolve within two complete billing cycles, and no more than 90 days. Route them separately (Appendix A.6).

Can we require written confirmation of an oral notice?

Yes, if you tell the account holder at the time of the oral notice and give them the address. They have 10 business days to send it. You still start the investigation on the oral notice. If you asked for confirmation and it doesn't arrive, you may withhold provisional credit, but the investigation continues.

What if the account holder reports after 60 days?

The §1005.11 error resolution procedures apply to notices received within 60 days of the statement that first showed the error. The §1005.6 liability limits still apply to unauthorized transfers that occurred before the 61st day, and you must extend the 60 days for extenuating circumstances such as travel or hospitalization. Document how you handled a late claim and why.

Do we have to give provisional credit on every claim?

No. Provisional credit is required only if the investigation won't finish within 10 business days (20 for new accounts). If you finish in time, report the results within 3 business days and correct any error within 1 business day.

Does a merchant refund close the case?

A full refund can resolve the error, but your obligations continue. Confirm the credit posted, handle any provisional credit correctly, refund related fees and interest, send the results notice, and keep the record. A partial refund leaves the rest of the claim open.

The account holder gave their one-time passcode to a caller pretending to be us. Is it authorized?

Generally no. The CFPB's EFT FAQs treat a transfer initiated by a fraudster using credentials the consumer was tricked into sharing as unauthorized. A transfer the consumer sent personally, even to a scammer, is generally authorized. Either way, investigate and document the facts (Appendix C.2).

How long do we keep dispute records?

At least 2 years (§1005.13). Many institutions keep them longer to cover the period between exams.

TERM	MEANING
Access device	A card, code, or other means the consumer uses to start an EFT: a debit card, PIN, or online banking login
Business day	Any day your offices are open to the public for substantially all business functions
Chargeback	A card network process that reverses a transaction from the merchant back to the issuer
EFT	Electronic fund transfer: a debit card, ATM, ACH, P2P, or other electronic transfer to or from a consumer account
Extended return	An ACH return for a consumer unauthorized claim sent up to 60 calendar days after settlement
Final determination	The investigator's conclusion on whether an error occurred, and the basis for it
Honor period	The 5 business days after a provisional credit reversal notice during which you pay checks, drafts, and preauthorized transfers without overdraft fees
New account	An account open 30 days or less when the consumer gives notice; longer deadlines apply
Notice of error	Any communication that identifies the consumer and account and says they believe an error occurred, oral or written
POS	Point of sale: a debit card purchase at a merchant
Pre-chargeback resolution	Giving the merchant a short window to refund an eligible card dispute before a chargeback is filed
Provisional credit	A temporary credit for the disputed amount while the investigation continues
Representment	The merchant's response to a chargeback, sending the transaction back to the issuer with evidence
Return reason code	The Nacha code on an ACH return that says why the entry is being returned (for example, R10)
WSUD	Written Statement of Unauthorized Debit: the account holder's signed statement required before certain ACH returns

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Chargeback Intercept rates and savings in this guide are modeled, not measured client results. This guide is for education and compliance planning, reflects Regulation E as of September 2026, and isn't legal advice. Your institution is responsible for its own Reg E compliance; consult counsel and your primary regulator on specific situations.



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