



Mastering Regulation E: Essential Compliance for Electronic Fund Transfers, Part 2 – Error Resolution

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Disclaimer

This program is intended to provide accurate and reliable information; however, it does not constitute legal advice. For legal guidance, please consult a qualified attorney. Information presented here may have changed since its preparation and is meant to serve as a general overview, not a comprehensive resource.

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Agenda

- Regulation E Recap
- Consumer Liability
- Error Resolution Requirements
- Key Error Resolution Points

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Regulation E Recap

- Establishes responsibilities of participants in EFT systems
- Requires disclosures
- Requires opt-in for one-time ATM and debit card transactions in order for a fee to be imposed

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Member Liability for Unauthorized Transfers – Loss/Theft of Access Device

- 2-business day notification from member
- Lesser of
 - \$50
- OR
- Total amount of unauthorized transfers

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Member Liability for Unauthorized Transfers – Loss/Theft of Access Device

- Notice given more than 2 business days up to 60 calendar days after first statement
- Lesser of \$500 OR the sum of
 - \$50 or total amount of unauthorized transfers that occurred in first 2 business days, whichever is less
- AND
- Amount of unauthorized transfers that occurred after 2 business days and before notice to credit union

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Member Liability for Unauthorized Transfers – Loss/Theft of Access Device

- Notice given more than 60 calendar days after first statement
 - For transfers occurring within the 60-day period, the lesser of \$500, OR the sum of
 - \$50 or total amount of unauthorized transfers that occurred in first 2 business days, whichever is less; AND
 - Amount of unauthorized transfers that occurred after 2 business days and before notice to credit union
 - For transfers occurring after the 60-day period, unlimited liability until credit union is notified

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Member Liability for Unauthorized Transfers – Not Tied to Access Device

- Notice given within 60 calendar days of first statement
 - No liability



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Member Liability for Unauthorized Transfers – Not Tied to Access Device

- Notice given more than 60 calendar days after first statement is sent
 - No liability for transfers occurring up to 60 calendar days after first periodic statement is sent
 - Unlimited liability for unauthorized transfers occurring 60 calendar days after the first periodic statement and before notice to credit union

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Additional Points on Member Liability

- Regulation has specific liability amounts
- Card issuers may have lower liability amounts
- Read your disclosures!!!!

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Error Resolution

- Specific requirements for investigation of errors found in [12 CFR 1005.11](#)
- Outlines responsibilities and liabilities
 - Of consumer
 - Of financial institution

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Error Resolution

- Error means
 - Unauthorized EFT
 - Incorrect EFT
 - Omission of EFT from statement
 - Error by CU related to EFT
 - Receipt of incorrect amount of money from electronic terminal



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Error Resolution Notice from Member

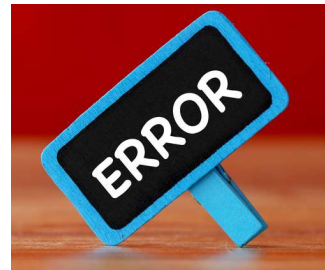
- Deadline for member to notify CU
 - Within 60 days after CU sends periodic statement that reflected error
- Must identify the member's name and account number
- Must identify the error
 - Type, date, and amount

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Notice of Error/Unauthorized Transfer

- Notice can be
 - Written
 - Oral
 - CU can require written confirmation within 10 business days of an oral notice



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Notice of Error/Unauthorized Transfer

- Oral notice provided to any employee
- Ensure staff knows your credit union's process for reporting



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Timeline for Investigation

- Within 10 business days of notice

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Possible Extensions of Timeline for Investigation

- If investigation will take longer than 10 business days
 - Notify member within 2 business days
 - Provisionally recredit amount in question
 - This does not have to be done if written notice is requested but not provided by member
- Complete investigation within calendar 45 days

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Special Extensions for New Accounts, Point-of Sale (POS), and Foreign Transactions

- Can extend investigation up to calendar 90 days
- Provisionally recredit account within 20 business days
- All other requirements must be followed

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Investigation



- Transaction analysis
 - Review transaction data
 - Verify time stamps
 - Determine if card/access device was present

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Investigation



- Check for fraud patterns
 - Compare transaction to typical spending habits
 - Look for similar transactions that suggest fraud or merchant error

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Investigation



- Contact external parties
 - Contact merchant
 - Check with payment networks
 - Get video footage

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Investigation



- Review authentication methods
 - Determine if security measures were used
 - Proper authentication or system failure

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Credit Union Actions after Investigation Is Completed

- If error occurred
 - Correct error within 1 business day
 - Notify member within 3 business days

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Credit Union Actions after Investigation Is Completed

- If no error occurred
 - Notify member in writing within 3 business days
 - Written notice of debiting provisional credit



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Reversing Provisional Credit

- Two options
 - Provide notice that provisional credit will be debited on THIS DATE (5 business days from date of notification)
- Or
- Provide notice of date and amount of debit and state that CU will honor checks, drafts, similar presentments for 5 business days after notification

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Important Error Resolution Questions

- A member told us his ATM card was stolen and that several withdrawals had been made with his stolen card. In investigating, he told us he wrote his PIN on the card. Can we refuse to give him his money back?
 - No



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Important Error Resolution Questions

- Can we refuse to investigate if written notice is requested but not provided or police report is not filed?
 - No

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Important Error Resolution Questions

- Do we need to investigate if notice is given more than 60 calendar days after periodic statement is sent?
 - Unauthorized transfer – yes
 - Alleged error - no



Sun	Mon	Tue	Wed	Thu	Fri
5	6			11	12
12	13			18	19
19	20	2		25	26
26	27	28	31		

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Important Error Resolution Questions

- Our initial investigation showed an error occurred, so we sent notice and made provisional credit permanent. Further investigation shows an error did not occur. Can we take the money back?
 - No

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CFPB EFT FAQs

- [CFPB Reg E FAQs](#)
- Clarified and broadened scope of “unauthorized electronic fund transfer”
- These FAQs were NOT included in the guidance the CFPB withdrew in May 2025

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CFPB EFT FAQs

- If a third party fraudulently induces a consumer into sharing account access information that is used to initiate an electronic fund transfer from the consumer's account, does the transfer meet Regulation E's definition of "unauthorized electronic fund transfer"?
 - Yes

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CFPB EFT FAQs

- If a third party fraudulently induces a consumer to share account access information, are subsequent transfers **excluded** from Regulation E's definition of unauthorized electronic fund transfer because they are initiated "[b]y a person who was furnished the access device to the consumer's account by the consumer"?
 - No. See Comment 1005.2(m)-3

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CFPB EFT FAQs

- Can a financial institution consider a consumer's negligence when determining liability for unauthorized electronic fund transfers under Regulation E?
 - No

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CFPB EFT FAQs

- If a consumer provides notice to a financial institution about an unauthorized electronic fund transfer (EFT), can the financial institution require that the consumer first contact the merchant about the potential unauthorized EFT before the financial institution initiates its error resolution investigation?
 - No

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CFPB EFT FAQs

- Can we include a waiver of protections under Regulation E in our account docs?
 - No
- Can we require a police report as a condition of initiating an investigation?
 - No

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Important Error Resolution Considerations Summary of Timeline

Action	Timeframe
Member reports error	Within 60 calendar days of statement
CU investigation	10 business days
If more time is needed	Up to 45 calendar days
Provisional credit	10 business days
Notification of investigation results	Within 3 business days
Final correction or reversal	Immediately after concluding investigation or after 5 days if no error

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Important Error Resolution Considerations

- Ensure internal procedural compliance
- Final resolution documentation
- Conduct review/audit of error resolution process

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Important Error Resolution Considerations

- Know what your CU considers a business day
- Train ALL staff regarding CU's error resolution procedure and process

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Questions



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Thank you

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