Windham Bank submitted an arbitration claim against Thomas Bank citing unauthorized entries.

Arbitration Case Background

• Windham Bank claimed the following:

– Its customer had received 11 fraudulent WEB debit transactions totaling $4,100.00.

 – After obtaining a Written Statement of Unauthorized Debit from its customer, Windham Bank contacted Thomas Bank, requesting permission to return the debits since the 60-day extended return time frame had expired.

– Thomas Bank did not address the permission to return request; instead, it provided proof of authorization to Windham Bank.

– Windham’s customer reviewed the authorization document and established that he did not recognize the name of the person that authorized the transactions, nor was this person an authorized signer on the account.

– Windham Bank again contacted Thomas Bank and stated that the transactions were fraudulent and requested permission to return the debits.

– Thomas Bank responded by stating that it would not honor the request to return the transactions late and that the Receiver should have been monitoring his account better in order to detect and prevent misuse of the account.

• Since the total damages in this case were less than $10,000, it was classified as an Arbitration Procedure A case and included one arbitrator.

• The arbitrator was provided with documentation from the complainant. The respondent, Thomas Bank, chose not to provide a response to the claim.

Arbitrator’s Decision

• After extensive review of the documentation, the arbitrator found in favor of the complainant, Windham Bank and determined:

– Thomas Bank, as the ODFI warrants that ACH transactions placed into the Network are properly authorized as outlined in Section 2.4 (specifically, Subsection 2.4.1.1 The Entry is Authorized by the Originator and Receiver and Subsection 2.4.5.1 Indemnity for Breach of Warranty).

Award of Damages

• Thomas Bank was required to reimburse Windham Bank the amount of the transactions ($4,100), the investigation/documentation costs ($440) and the amount of the arbitration filing fee ($250). It was also required to pay the arbitrator’s stipend ($100)