

# BANKWISE

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## ELECTRONIC FUND TRANSFER ACT (REGULATION E)

The **Electronic Fund Transfer Act (EFTA)** protects consumers against unauthorized and incorrect electronic fund transfers (EFT) to or from their bank accounts.

This law gives consumers a process for disputing erroneous EFTs, such as unauthorized debit card withdrawals, and limits consumer liability for a lost or stolen debit card. EFTs include, for example, person-to-person payments, debit card transactions, and ATM withdrawals. EFTA's primary objective is to protect individual consumers engaging in EFTs.

Regulation E outlines the requirements under this law.

### KEY PROTECTIONS



#### Disclosure

Financial institutions must clearly inform consumers about certain terms and conditions related to EFTs, including fees, the error resolution process, and liability for lost or stolen cards or credentials.



#### Error Resolution

Consumers have the right to dispute errors such as unauthorized EFTs, incorrect EFTs, and the receipt of an incorrect amount of money from ATMs.



#### Liability Limits

Consumers' liability for unauthorized EFTs involving the loss or theft of an access device is limited if the financial institution is notified within the time frames stated in the regulation.



#### Preauthorized Transfers

Any preauthorized transfers from a consumer's account require the consumer's written authorization, and the consumer can stop these transfers by providing advance notice to the bank.



## BANK REQUIREMENTS

Financial institutions are required to comply with EFTA and its implementing regulation. In addition to the protections listed under the KEY PROTECTIONS section:

### BANKS MUST:

- **investigate and resolve errors** generally within 10 business days of receiving the consumer's notice of the error. Generally, the bank must give provisional credit for the amount of the alleged error if the investigation is not completed within this time frame.
- **limit consumer liability** for unauthorized EFTs if the institution is notified within the time frame outlined in the regulation.
- **provide periodic statements** for accounts with EFTs, generally monthly, listing transactions, fees, and balances.
- **stop payment on preauthorized transfers** if requested by a consumer at least three business days before a scheduled transfer.

### BANKS MAY NOT:

- **require repayment by preauthorized EFTs** as a condition for obtaining loans in most cases.
- **charge for investigating or resolving errors** related to EFTs.
- **limit consumers' ability to report errors** or impose unreasonable requirements on how consumers report EFT errors, such as requiring a written notice before an investigation can begin.

### BANKS MAY (optional)

- **offer additional protections for EFTs**, such as zero-liability policies for unauthorized transactions, even beyond EFTA and Regulation E requirements.
- **provide alerts and monitoring services** to help consumers track and secure their EFT accounts.

## RESOURCES



**Read:** Learn more about [EFTA](#).



**Get assistance:** The OCC's [HelpWithMyBank.gov](#) has answers to questions on a range of banking topics, including [bank accounts and electronic transactions](#), and information on how customers may file a complaint against an OCC-supervised institution.



**Find who regulates your financial institution:** Visit [HelpWithMyBank.gov](#) to contact your bank's regulator for assistance. The [National Credit Union Administration](#) regulates most credit unions.



Office of the  
Comptroller of the Currency

## Promoting a Safe, Sound, and Fair Federal Banking System



The Office of the Comptroller of the Currency's (OCC) mission is to ensure that national banks and federal savings associations operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations.

Disclaimer: This fact sheet is for informational purposes only and does not constitute legal advice. The terms "bank" and "banks" generally refer to national banks, federal savings associations, and federal branches or agencies of foreign banking organizations that are OCC-regulated. For specific legal questions or concerns, consult with a qualified attorney.