

CHAPTER 3

RECOVERY OF PAYMENTS MADE TO A FINANCIAL ORGANIZATION

**70301. Accountability of Financial Organization for Direct Deposit Payments**

a. When, because of death of the retiree or annuitant, a financial organization received one or more direct deposit payments that should have been returned to the appropriate finance center, the organization is accountable for the total amount of any such payment.

b. If, however:

(1) A financial organization is unable to recover the total amount due from the decedent's account or from the individual who has withdrawn the funds from the decedent's account, and

(2) It had no knowledge of the death of the retiree or annuitant at the time of deposit and

withdrawal, its liability will not exceed the amount available in the recipient's account and the amount recovered by it, plus the lesser of:

(a) The amount not recovered, or

(b) An amount equal to the credit payments received by it within 45 days after the death of the retiree or annuitant.

**70302. Examples of Financial Organization Accountability**

The following shows the accountability of a financial organization to the appropriate DFAS Center under different circumstances, assuming paragraph 70301b above applies:

---

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
Total Amount of Payments Received (Note)	\$800	\$800	\$800	\$800
Recovered & Returned	<u>-0-</u>	<u>300</u>	<u>600</u>	<u>750</u>
Remaining Due	\$800	\$500	\$200	\$ 50
Amount for Which Financial Organization Remains Accountable	\$200	\$200	\$200	\$ 50

Note: Assume four payments of \$200 each were received by the financial organization after the death of the retiree or annuitant, one of which was received within 45 days after the death.

**70303. Liability of Disbursing Officer**

The accountability of the financial organization does not affect the liability of the disbursing officer for any amounts not recovered. The disbursing officer maybe relieved by the GAO of

liability for amounts not recovered when the officer has shown that he/she did not know and could not have known of a retiree's or annuitant's death prior to making payments after the retiree's or annuitant's death.

(This page intentionally left blank.)