

**SUMMARY OF MAJOR CHANGES TO
DoD 7000.14-R, VOLUME 7B, CHAPTER 32
“RECOVERY OF PAYMENTS MADE TO A FINANCIAL ORGANIZATION”**

All changes are denoted by blue font

Substantive revisions are denoted by a ★ preceding the section, paragraph, table,
or figure that includes the revision

Hyperlinks are denoted by *underlined, bold, italic, blue font*

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	This chapter is being updated with hyperlinks and formatted to comply with current administrative instruction.	Update
320103	Added instructions for the reclamation of electronic funds transfers for payments made to military retirees and annuitants who are deceased.	Add
3202	Added new row in table to clarify accountability of the financial institution when payment is received within 45-days of death.	Add
Bibliography	Added Bibliography to this chapter.	Add

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CHAPTER 32

RECOVERY OF PAYMENTS MADE TO A FINANCIAL ORGANIZATION**3201 ACCOUNTABILITY OF FINANCIAL INSTITUTION FOR DIRECT DEPOSIT PAYMENTS**

320101. When, because of death of the retiree or annuitant, a financial institution received one or more direct deposit payments that should have been returned to the appropriate finance center, that institution is accountable for the total amount of any such payment.

320102. If, however, the financial institution:

A. Is unable to recover the total amount due from the decedent's account or from the individual who has withdrawn the funds from the decedent's account, and

B. Had no knowledge of the death of the retiree or annuitant at the time of deposit and withdrawal, **then** its liability will not exceed the amount available in the recipient's account and the amount recovered by it, plus the lesser of:

1. The amount not recovered, or
2. An amount equal to the credit payments received by it within 45 days after the death of the retiree or annuitant.

★ 320103. Upon the notification of the death of a military retiree or annuitant, the Defense Finance and Accounting Service (DFAS)-Cleveland Disbursing Officer will contact the decedent's bank requesting the return of all payments made since the retiree's or annuitant's death.

A. Reclamation must be initiated within 120 days after receipt of notification of death of retiree. The financial institution is not liable for payments made more than 6 years prior to date of reclamation.

B. Effective January 2, 2008, the Department of the Treasury, Financial Management Service (FMS) established a policy for the reclamation of federal payments disbursed electronically through the Automated Clearing house (ACH). Federal Agencies have 3 years from the date of the FMS-133, Notice of Reclamation, to submit an ACH reclaim via the FMS-135, Request for Debit. Attempts to pursue payments that are 3 years past the date of the FMS-133 will not be made. See the Department of the Treasury's **Green Book** for detailed instructions on the reclamation procedures.

3202 EXAMPLES OF FINANCIAL INSTITUTION ACCOUNTABILITY

★ The following shows the accountability of a financial institution to the appropriate DFAS site under different circumstances, assuming paragraph 320102 applies:

	A	B	C	D
Total Amount of Payments Received (Note)	\$800	\$800	\$800	\$800
Recovered & Returned	-0-	\$300	\$600	\$750
Payment Received by Financial Institution within 45-days of Death.	\$200	\$200	\$200	\$200
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 institution after the death of the retiree or annuitant, one of which was received within 45 days after the death.

3203 LIABILITY OF DISBURSING OFFICER

The accountability of the financial institution does not affect the liability of the disbursing officer for any amounts not recovered. The disbursing officer may be relieved of liability for amounts not recovered when the officer has shown that he or she did not know and could not have known of a retiree's or annuitant's death prior to making payments after the date of death.

★BIBLIOGRAPHY

CHAPTER 32 – RECOVERY OF PAYMENTS MADE TO A FINANCIAL ORGANIZATION

3201-ACCOUNTABILITY OF FINANCIAL ORGANIZATION FOR DIRECT DEPOSIT PAYMENTS

31 CFR 210.9
Green Book, November 21, 2007

3203 – LIABILITY OF THE DISBURSING OFFICER

59 Comp Gen 597