

ACH Authorization Requirements Checklist

One Time Transactions	Recurring Transactions
<p>PPD—Written Authorization</p> <p><i>Your Responsibility</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Get signed authorization form <input type="checkbox"/> Give customer copy of signed form <p><i>PaySimple Does For You</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Email receipt 	<p>PPD—Written Authorization</p> <p><i>Your Responsibility</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Get signed authorization form <input type="checkbox"/> Give customer copy of signed form <p><i>PaySimple Does For You</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Email schedule confirmation <input checked="" type="checkbox"/> Email receipt for each transaction <input checked="" type="checkbox"/> Send email on schedule change
<p>CCD—Business-to-Business Transactions</p> <p><i>Your Responsibility</i></p> <p>Do one of the following:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Get signed overriding agreement plus individual transaction authorization <input type="checkbox"/> Get signed form authorizing one transaction <input type="checkbox"/> Include authorization language in contract <input type="checkbox"/> Verify that business bank account is enabled for ACH <input type="checkbox"/> Give customer copy of signed authorization or contract <p><i>PaySimple Does For You</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Email receipt 	<p>CCD—Business-to-Business Transactions</p> <p><i>Your Responsibility</i></p> <p>Do one of the following:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Get signed overriding agreement plus individual schedule authorization <input type="checkbox"/> Get signed form authorizing one schedule <input type="checkbox"/> Include schedule authorization language in contract <input type="checkbox"/> Verify that business bank account is enabled for ACH <input type="checkbox"/> Give customer copy of signed authorization or contract <p><i>PaySimple Does For You</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Email schedule confirmation <input checked="" type="checkbox"/> Email receipt for each transaction <input checked="" type="checkbox"/> Send email on schedule change
<p>WEB—Online Authorization</p> <p><i>Your Responsibility</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Enter Terms & Conditions on web form config. page <input type="checkbox"/> Enter Contact Information on web form config. page <p><i>PaySimple Does For You</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Display printable online confirmation page <input checked="" type="checkbox"/> Email receipt 	<p>WEB—Online Authorization</p> <p><i>Your Responsibility</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Enter Terms & Conditions on web form config. page <input type="checkbox"/> Enter Contact Information on web form config. page <p><i>PaySimple Does For You</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Display printable online confirmation page <input checked="" type="checkbox"/> Email schedule confirmation <input checked="" type="checkbox"/> Email receipt for each transaction <input checked="" type="checkbox"/> Send email on schedule change.
<p>TEL—Telephone Authorization</p> <p><i>Your Responsibility</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Get verbal permission <input type="checkbox"/> Record verbal permission (optional) <p><i>PaySimple Does For You</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Email receipt prior to transaction being processed 	<p>TEL—Telephone Authorization</p> <p>Recurring ACH Transactions cannot be authorized via Telephone.</p>
<p>Important Note: A paper check is not acceptable authorization for a PPD, CCD, WEB, or TEL transaction. If you type the information from a paper check into PaySimple and process it as an ACH transaction, your customer can successfully dispute the charge.</p>	

*What PaySimple Does For You assumes that you have entered a valid email address for your customers, not altered any default email settings, and have enabled email notification for each transaction or schedule.

The Importance of Properly Authorizing ACH Transactions

Obtaining the proper authorization for your ACH transactions is the most important step you can take to protect yourself against disputes, return fees, and reversed transactions.

According to NACHA (the organization that oversees the Automated Clearing House (ACH) network) rules, there are only three reasons people can dispute ACH charges to their account: 1. If it was never authorized by the account holder; 2. If it is for an amount different than authorized; or 3. If it was processed on a date earlier than authorized. That's it. And, disputing an ACH charge requires that the account holder sign a statement under penalty of perjury that one of those three conditions exists. (Note that this is significantly different from credit card transactions where a customer can have a charge reversed simply by claiming that the product or service received was not what they expected.)

The key word is **Authorized**—which according to NACHA means something very specific depending on the ACH Type used to submit the transaction. The PaySimple Solution supports the following ACH Types (though your account may not be enabled for all of them):

- **PPD:** Used for a one-time or recurring **business to consumer** ACH transaction, for which you have **written** authorization—meaning a signed form or contract.
- **TEL:** Used for a one-time **business to consumer** ACH transaction that was authorized over the **telephone**.
- **WEB:** Used for a one-time or recurring **business to consumer** ACH transaction that was authorized by submitting a form over the **Internet**.
- **CCD:** Used for a one-time or recurring **business to business** ACH transaction, for which you have **written** (mail, email or fax) or **telephone** authorization in addition to having a general written agreement with the company for ACH debits to its account.

You must fulfill the authorization requirements for the ACH Type submitted, or your customer can have the charge reversed. For example, if you get a paper check in the mail and you type the information into PaySimple and process it as a PPD type ACH transaction, your customer can claim that the transaction was not authorized and have it reversed.

The following sections provide guidance on how to obtain the proper authorization for each ACH Type, and provide authorization form templates that can be customized for your business when it needs to obtain written authorizations.

When using the templates, enter your business information in all the red entry fields—for example where you see **<Insert Business Name>**, you would remove that text, type your business name, and change the font color to black.

You'll find more details and handy templates in each section of the guide. Simply select the type of authorizations you'll be doing:

- [PPD Authorization Guide](#)
- [TEL Authorization Guide](#)
- [One Time WEB Authorization Guide](#)
- [Recurring WEB Authorization Guide](#)
- [CCD Authorization Guide](#)
- [Authorization Templates with Credit Card Option](#)

How to Authorize PPD Transactions

PPD transactions are by definition those that are authorized in writing on a form or contract that grants a business permission to debit a consumer's personal checking or savings account.

The authorization form outlines the conditions under which the business is permitted to debit the account (such as amount, date, and frequency), as well as conditions for termination or change of the authorization.

One Time PPD Transaction Authorizations

Typical Uses: One time PPD transactions are often used as part of a contract when a customer is making a single payment for product or services rendered. For example:

- Paying for a year of service in advance when a service contract is signed
- Making a major purchase such as furniture, art, or a used vehicle
- Placing an order for a product or service that will be billed in full on a future date

How to Authorize:

1. Have your customer sign and date a form that includes the amount of the payment, the date the payment is to be processed, and the bank account from which the payment is to be debited.
2. Keep this form on file, stored digitally or in paper form, for two years.

Templates Provided: [One Time ACH Payment Authorization Form](#) --Use this form to authorize a ONE-TIME payment.
[Combination One Time/Recurring ACH Payment Authorization Form](#)-- Use this form to authorize a ONE-TIME payment, or a recurring payment of the SAME amount each time with an OPEN end date.

Recurring PPD Transaction Authorizations

Typical Uses: There are three typical uses for recurring PPD transactions:

- Payments for the same amount on a regular schedule, such as weekly or monthly service fees (cleaning, daycare, etc.)
- Payments for a different amount on a regular schedule, such as utility bills and country club greens and other usage fees
- Payment plans for discharging a large debt, such as car loan payments and layaway payments on large purchases

How to Authorize:

1. Have your customer sign and date a form (see templates below) that includes the bank account to be charged, how to terminate the schedule, and the information specified below for the type of recurring payment schedule:
 - a. **Payments for the same amount on a regular schedule:** Amount, frequency, and start date
 - b. **Payments for a different (variable) amount on a regular schedule:** Frequency, start date, not to exceed amount
 - c. **Payment plans for discharging a large debt:** Total due, # of payments, amount of payment, frequency, start date
2. Give your customer a copy of the signed form
3. Keep this form on file, stored digitally or in paper form, for two years after the last payment on the schedule.
4. Send a receipt via mail or email for each transaction processed as part of the schedule.

What PaySimple Does For You: By entering a schedule into PaySimple using default email settings, the system will automatically send all required emails to your customers (step 4 above).

Templates Provided: [ACH Recurring Payment Authorization Form-Open](#)--
Use this form to authorize the SAME amount each time with an OPEN end date.
[ACH Recurring Payment Authorization Form-SET](#)
Use this form to authorize the SAME amount each time with a SET end date.
[ACH Recurring Payment Authorization Form—Variable](#)
Use this form to authorize a DIFFERENT amount each time, with an OPEN end date.
[ACH Payment Plan Authorization Form](#)
Use this form to authorize a SET number of payments of the SAME amount each time.
[Combination One Time/Recurring ACH Payment Authorization Form](#)
Use this form to authorize a ONE-TIME payment, or a recurring payment of the SAME amount each time with an OPEN end date.

How to Authorize TEL Transactions

TEL transactions are by definition those that are authorized over the telephone granting a business permission to debit a consumer's personal checking or savings account. NACHA permits these transactions if the customer initiates the call, or if the merchant initiates the call and there is a pre-existing relationship between the customer and the merchant (a contract in place, or the customer has done business with the merchant in the last 2 years).

TEL transactions are used when an operator obtains the bank account information and permission to charge the account from a customer over the phone, and types it into the PaySimple Solution (using the Quick Payment form or the Process Payments ACH screen) for processing.

One-Time TEL Transaction Authorizations

Typical Uses: Phone order of goods and services, or for bill payments made via phone. For example:

- Purchasing an item from a catalog
- Paying a utility bill received via mail or email
- Making a deposit on goods or services to be delivered/performed at a later date
- Making a charitable donation

How to Authorize: There are two ways to authorize a TEL transaction, which may be used together or separately.

1. Voice Recording

- Notify the caller that the call is being recorded
- Clearly state the particulars of the transaction—use the following as a template
I want to confirm that today {insert current date} you are authorizing {insert your company name} to initiate a one time ACH debit from your bank account for {amount} on {date}. If you have any questions about this debit you can reach us at {insert your business phone number}. Please say "I agree" to authorize this transaction.
- Make certain that you hear the customer say "I Agree." Silence does not constitute authorization
- Send an email receipt as described below (optional)
- Save the tape of the authorization for at least 90 days and up to 2 years (if you don't send a receipt).

2. Email, Mail, or Fax Confirmation (you must prove the confirmation was sent, you're not required to prove it was received)

- Send an email, fax, or mailed confirmation BEFORE the transaction is submitted to the bank
(Note: automated email receipts from the PaySimple system ALWAYS get sent before the transaction is submitted to the bank)
- Make sure the email contains the customer's name, the last 4 digits of the bank account number, the transaction amount, the date it was authorized, the date it will be processed, and a number where the customer can contact you. **The default TEL receipt in the PaySimple Solution contains all of the required elements.**
- Keep a copy of the receipt on file (for emails, CC or BCC to your email address) for 2 years.

What PaySimple Does For You: PaySimple provides two options for sending email receipts that meet TEL requirements:

- **Quick Payment Form:** enter your customer's email address in the *Email Receipt To* field
- **ACH Payment (in Process Payments Center):** check the *Send Receipt* box in the *Email Notifications* section.

Recurring TEL Transaction Authorizations

NACHA regulations explicitly **prohibit authorizing recurring transactions over the phone using the TEL code**. You cannot accept verbal authorization for a recurring transaction—you must obtain written authorization or authorization via a form on the Internet for any recurring transactions.

How to Authorize One-Time WEB Transactions

WEB transactions are by definition those that are authorized by a consumer entering payment information into a web form, actively checking a box to agree to the terms and conditions for the transaction (pre-checked boxes are not allowed), and clicking a Submit button.

Typical Uses: Online orders for good or services, or online bill payments. For example:

- Purchasing an item from an online store
- Ordering an e-book
- Paying rent
- Making a charitable donation

How to Authorize:


1. Include NACHA mandated language in the terms and conditions section (see sample below)
2. Enable your customer to view and print a receipt after the payment has been successfully submitted.
3. Email a receipt to your customer, CC yourself, and keep a copy of the email for 2 years.

What PaySimple Does For You: The web payment forms you create as part of your PaySimple system automate all the steps for you. To complete the process, you need to do the following:

1. When configuring your web form, add the following text to the **Terms and Conditions** field, in addition to your company's standard terms and conditions. Enter your business information in place of the red insert indicators.

I authorize {insert company name} to debit the bank account indicated in this web form, for noted amount on today's date. I understand that because this is an electronic transaction, these funds may be withdrawn from my account as soon as the above noted transaction date. In the case of an ACH Transaction being rejected for Non Sufficient Funds (NSF) I understand that the business may at its discretion attempt to process the charge again within 30 days, and agree to an additional {insert \$} charge for each attempt returned NSF which will be initiated as a separate transaction from the authorized recurring payment. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I will not dispute merchant debiting my checking/savings account, so long as the amount corresponds to the terms indicated in this web form.

NOTE: If you do not want to charge a NSF fee, you can delete this portion of the Terms and Conditions

2. In the **Contact Information** section of the **Payment Form Configuration** screen, be sure to enter your main business address and a phone number and email address that is monitored during regular business hours.
3. Edit the ACH WEB Email template to include your email address
 - a. Log into PaySimple, and go to System Management→Email Template
 - b. Locate the template named "Receipt—ACH Payment—Web" and click the edit icon ()
 - c. Enter your email address in the **CC** or **BCC** field
 - d. Click the **Save** button at the bottom of the Edit Template page

How to Authorize Recurring WEB Transactions

Recurring WEB transactions are by definition those that are authorized by a consumer entering payment information into a web form along with details about the schedule amount and frequency, actively checking a box to agree to the terms and conditions for the schedule (pre-checked boxes are not allowed), and clicking a submit button.

Typical Uses: PaySimple web payment forms support two types of recurring transactions

- **Bill Payments** for the same amount on a regular schedule, such as weekly service fees or monthly charitable donations.
- **Payment Plans** for discharging a large debt, such as car loan payments or installment payments on a large purchase

How to Authorize:


1. Include NACHA mandated language in the terms and conditions section (see sample below)
2. Enable your customer to view and print a receipt immediately after submitting the web payment form that contains
 - a. Full details of the schedule (payment amount, frequency, start date, end date)
 - b. A confirmation # for any transaction processed as part of the schedule when it was entered
3. Email a receipt to your customer for each transaction processed as part of the schedule, CC yourself, and keep a copy of the email for 2 years.
4. Notify your customer in advance of any change to the schedule payment amount (or payment range) or frequency.

What PaySimple Does For You: The web payment forms you create as part of your PaySimple system automate all the steps for you. To complete the process, you need to do the following:

1. Select the **Type of Recurring Schedule** the Web Form will process (you can select only one type per form)
 - a. When configuring your web form select either “Bill Payment” or “Payment Plan” in the **Recurring Billing Schedule** field—the system will automatically populate your form with the required fields.
2. When configuring your web form, add the following text to the **Terms and Conditions** field, in addition to your company’s standard terms and conditions. Enter your business information in place of the red insert indicators.

I authorize {company name} to debit the bank account indicated in this web form, for the noted amount on the schedule indicated. I understand that this authorization will remain in effect until the schedule end date, or until I cancel it in writing which ever comes first, and I agree to notify the business in writing of any changes in my account information or termination of this authorization at least 15 days prior to the next billing date. If the above noted payment date falls on a weekend or holiday, I understand that the payment may be executed on the next business day. I understand that because this is an electronic transaction, these funds may be withdrawn from my account each month as soon as the above noted transaction date. In the case of an ACH Transaction being rejected for Non Sufficient Funds (NSF) I understand that the business may at its discretion attempt to process the charge again within 30 days, and agree to an additional {insert \$} charge for each attempt returned NSF which will be initiated as a separate transaction from the authorized recurring payment. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I will not dispute the company’s recurring billing with my bank so long as the transaction corresponds to the terms indicated in this agreement.

NOTE: If you do not want to charge a NSF fee, you can delete this portion of the Terms and Conditions

3. In the **Contact Information** section of the web form configuration page, be sure to enter your main business address and a phone number and email address that is monitored during regular business hours.
4. Edit the Email templates associated with Recurring Schedules to include your email address
 - a. Log into PaySimple, and go to System Management→Email Template
 - b. Locate the template named “Receipt—Recurring Billing—Bill Payment” and click the edit icon 
 - c. Enter your email address in the **CC** or **BCC** field
 - d. Click the **Save** button at the bottom of the Edit Template page
 - e. Repeat steps b-d above for the template named “Receipt—Recurring Billing—Payment Plan”
 - f. Repeat steps b-d above for the template named “New Recurring Schedule—Bill Payment”
 - g. Repeat steps b-d above for the template named “New Recurring Schedule—Payment Plan”

How to Authorize CCD Transactions

The CCD transaction type is used for permitting electronic debits between businesses. (Paper checks cannot be processed using the CCD code.) The major difference between CCD transactions and Business to Consumer transactions is the amount of time after the transaction in which it can be disputed. For the Business to Consumer codes (PPD, TEL, and WEB) the customer has 60 days to dispute. For CCD it is only 3 days. Thus, if you are billing another business, it is to your advantage to enter the transaction as CCD.

IMPORTANT NOTE: Many business bank accounts have ACH capability disabled; thus to avoid return and chargeback fees it is essential that you confirm with your customer that its business bank account is enabled for ACH.

How to Authorize: To use the CCD code you must have a signed agreement in place with your business-to-business (B2B) customer that it agrees to allow you to debit its account. This can be a separate overriding agreement covering all transactions for one or more bank accounts, or it can be included in a one-time or recurring ACH authorization. It can also be included in terms and conditions of any contract you have with your B2B customer.

1. Use Overriding Agreement

- a. Have your B2B customer sign the overriding ACH Authorization (template below) or include similar language in the terms and conditions of your contract.
- b. One time transactions or recurring schedules can be authorized in writing, by phone, fax, or email.
- c. Keep a copy of the agreement and authorizations for 2 years after the last transaction is processed.

2. One Time Written Authorization

- a. Have your B2B customer sign and date a transaction authorization (template below) or include similar language in the terms and conditions of your contract that indicates:
 - Payment amount and date
 - Bank information for account to be debited
 - Statement that bank account is enabled for ACH
 - Agreement to be bound to NACHA operating rules
- b. Keep a copy of the authorization for 2 years

3. Recurring Schedule Written Authorization

- a. Have your B2B customer sign and date a transaction authorization (template below) or include similar language in the terms and conditions of your contract that indicates:
 - Payment amount and frequency
 - Bank information for account to be debited
 - Statement that bank account is enabled for ACH
 - Agreement to be bound to NACHA operating rules
- b. Keep a copy of the authorization for 2 years after the last payment on the schedule

Templates Provided:

[Overriding CCD ACH Authorization—One Account](#)

Use this authorization form to establish an ACH agreement with your B2B customer for one bank account

[Overriding CCD ACH Authorization—Two Accounts](#)

Use this authorization form to establish an ACH agreement with your B2B customer for two bank accounts

[One Time CCD Payment Authorization Form](#)

Use this form to authorize a ONE-Time transaction.

[Recurring Billing Schedule CCD Authorization Form](#)

Use this form to authorize the SAME recurring amount with an OPEN end date.

[Recurring Billing Schedule CCD Authorization Form—Variable](#)

Use this form to authorize a DIFFERENT recurring amount with an OPEN end date

[Payment Plan Schedule CCD Authorization Form](#)

Use this form to authorize a SET number of payments of the SAME amount each time.

If you don't have a written agreement with the company for CCD, you can process one time telephone transactions using the TEL code (and following those authorization rules), or one time and recurring Internet transactions using the WEB code (following those authorization rules)—**just be sure you have confirmed that the bank account has been enabled for ACH.** If you do this, the business will have the same 60 days to dispute the charge as a consumer would.

Authorization Templates with Credit Card Option

The PaySimple Solution supports recurring schedules for both ACH and Credit Card transactions. Detailed information about authorizing recurring credit card transactions can be found in the Credit Card Authorization Guide in the PaySimple Support Center. But, as there are many similarities between authorizations for Credit Card and ACH transactions, you can typically use a single form to cover both types of transactions. Templates for authorizations that include the option to pay by either ACH or Credit Card are provided below.

Recurring Payment Schedules

ACH transactions authorized via this form should be entered as PPD

Templates Provided: [Recurring Payment Authorization Form-Open—ACH or Credit Card](#)
Use this form to authorize the SAME amount each time with an OPEN end date.

[Recurring Payment Authorization Form-SET—ACH or Credit Card](#)
Use this form to authorize the SAME amount each time with a SET end date.

[Recurring Payment Authorization Form—Variable—ACH or Credit Card](#)
Use this form to authorize a DIFFERENT amount each time, with an OPEN end date.

[ACH Payment Plan Authorization Form—ACH or Credit Card](#)
Use this form to authorize a SET number of payments of the SAME amount each time

Online Payment Forms with ACH & Credit Card Payment Option

- **One-Time Terms & Conditions Template:**

I authorize {insert company name} to debit the bank account or credit card indicated in this web form, for noted amount on today's date. This payment is for {insert description of goods/services}. I understand that returns, refunds and cancellations are {insert your policy here}. I understand that because this is an electronic transaction, these funds may be withdrawn from my account as soon as the above noted transaction date. In the case of an ACH Transaction being rejected for Non Sufficient Funds (NSF) I understand that the business may at its discretion attempt to process the charge again within 30 days, and agree to an additional {insert \$} charge for each attempt returned NSF which will be initiated as a separate transaction from the authorized recurring payment. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I certify that I am an authorized user of this credit card or bank account, and that I will not dispute the payment with my Credit Card Company or Bank, so long as the amount corresponds to the terms indicated in this web form.

- **Recurring Terms & Conditions Template:**

I authorize {company name} to debit the bank account or credit card indicated in this web form, for the noted amount on the schedule indicated. This payment is for {insert description of goods/services}. I understand that returns, refunds and cancellations are {insert your policy here}. I understand that this authorization will remain in effect until the schedule end date, or until I cancel it in writing which ever comes first, and I agree to notify the business in writing of any changes in my account information or termination of this authorization at least 15 days prior to the next billing date. If the above noted payment date falls on a weekend or holiday, I understand that the payment may be executed on the next business day. I understand that because this is an electronic transaction, these funds may be withdrawn from my account each month as soon as the above noted transaction date. In the case of an ACH Transaction being rejected for Non Sufficient Funds (NSF) I understand that the business may at its discretion attempt to process the charge again within 30 days, and agree to an additional {insert \$} charge for each attempt returned NSF which will be initiated as a separate transaction from the authorized recurring payment. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I certify that I am an authorized user of this credit card or bank account, and that I will not dispute the payment with my Credit Card Company or Bank, so long as the amount corresponds to the terms indicated in this web form.