

Telephone-Initiated Entries (TEL) Guidelines

A TEL entry is a consumer payment transaction where the agent obtains the bank account holders authorization for the transaction orally via the telephone.

Initiating a TEL Entry:

Existing Relationship – A TEL entry may only be initiated when:

- There is an existing relationship between the agent and the account holder; or
- There is not an existing relationship between the agent and the account holder, but the account holder initiated the telephone call to the agent.

The agent and the account holder are considered to have an existing relationship when either:

- There is a written agreement in place between the agent and the account holder for the provision of goods or services; or
- The account holder has purchased goods or services from the agent within the past two years.

No Relationship – A TEL entry may not be used when there is no existing relationship and when the agent has initiated the telephone call.

Risk Management:

NACHA requires agents to implement a number of specific risk management procedures relating to TEL entries:

- Verification of identity of account holder – Agents taking TEL entries are required to utilize commercially reasonable procedures to verify the identity of the account holder (e.g. name, address, and telephone number). This identifying information should be compared to directories, databases, etc. to comply with this requirement. The agent is also advised to further verify the account holder's identity by verifying pertinent information with the account holder (e.g. mother's maiden name, caller ID information, challenge responses, etc.).
- Verification of routing numbers – Agent taking TEL entries are required to establish commercially reasonable procedures to verify that routing numbers are valid. In most instances, the account holder provides the routing number by reading it from a source document (e.g. the account holder's check), which increases the potential for errors in obtaining accurate information. In some instances, the routing number on the check may not be the one used for ACH transactions. Routing numbers will go through an initial validation process when they are entered into the system.

Authorization Requirements:

Agents are required to provide, in advance of the Settlement Date of the entry, written notice to the account holder that confirms the oral authorization. The authorization must be readily identifiable as an authorization and must have clear and readily understandable terms. The following minimum information must be included as part of the authorization:

- The date on or after which the account holder's account will be debited;
- The amount of the debit entry to the account holders account;
- The account holder's name;
- The account to be debited;
- A telephone number for the account holder;
- The method by which the account holder can revoke the authorization that is specified on the Telephone-Initiated (TEL) ACH Debit Authorization;
- The date of the account holder's oral authorization;
- A statement by the agent that the authorization obtained from the account holder is for a single ACH debit, a one-time electronic funds transfer, or other similar reference.

Note: if you are able to record and retain the call, this confirmation notice is not required.

The following documents, available in TWIA's Agent Portal, may be used:

- To document the oral authorization process, use 'Telephone-Initiated (TEL) ACH Debit Authorization'
- To provide written notice to the account holder, use 'Telephone-Initiated (TEL) Authorization Notice'

The agent must clearly state during the telephone conversation that the consumer is authorizing an ACH debit entry to his/her account. The agent must understand that the account holder must explicitly express consent. Silence does not express consent.

The agent can provide the authorization notice to the account holder via regular mail, fax or other mail delivery method. The notice can also be provided via email and SMS text message; however, the agent must receive account holder consent in advance of any electronic notice. The Federal ESIGN Disclosure and Consent for ACH Authorization Notice provided by TWIA should be used to obtain consent.

The agent must retain the original, a copy, other accurate record of the account holder's oral authorization, a copy of the written notice confirming the account holder's oral authorization, or the recorded phone call for two years from the date of the authorization. If the account holder claims that a debit entry to his account was not authorized, the agent must provide a copy of the account holder's authorization within the time period required by the Financial Institution or TWIA, typically within three days.

For additional assistance, refer to the eCheck Payment Processing Guide available in TWIA's Agent Portal.