Chapter 3.07: Returned Check Processing

Overview

Customers that have paid with a check that was returned by the bank can be penalized and flagged in the system to ensure that they resolve the problem in a timely manner. This chapter will guide you through the proper steps in Route Manager when handling returned checks.
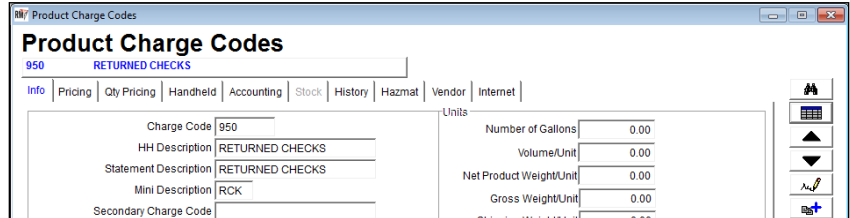
Returned Check Product Codes

Route Manager has been designed to reverse the amount of the returned check on the customer's account, and optionally attach a fee as a penalty. In order to utilize this process correctly, you will need to add two new *Product Charge Codes* to the system by following the steps below. The *Product Charge Codes* option can be found within *Lists > Product Codes*.

Retuned Check Balance Code

The *Returned Check Balance Code* will be used to reverse the check amount on the customer's account and update their balance.
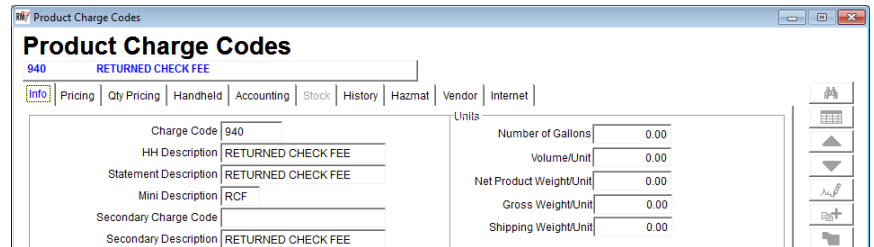

Add the new product code to the system using the following guidelines:

▶ Do not assign a price to the item.

▶ This code does not need to be a handheld item.

▶ Assign the item to any miscellaneous *Product Class Code*.

▶ Assign the item to an expense or revenue G/L Code (do not assign to an *A/R* or *Cash* account).

If you will charge the customer a penalty fee for a returned check, create the additional *Returned Check Fee Code* below.

Returned Check Fee Code

The *Returned Check Fee* will be used to assess a penalty on the customer's account.

Add the new product code to the system using the following guidelines:

▶ You can establish a default price for the item if desired (not required).

▶ This code does not need to be a handheld item.

▶ Assign the item to any miscellaneous *Product Class Code*.

▶ Assign the item to an expense or revenue G/L Code (do not assign to an *A/R* or *Cash* account).

After creating one or both of the codes above, continue to the next section for configuration steps.
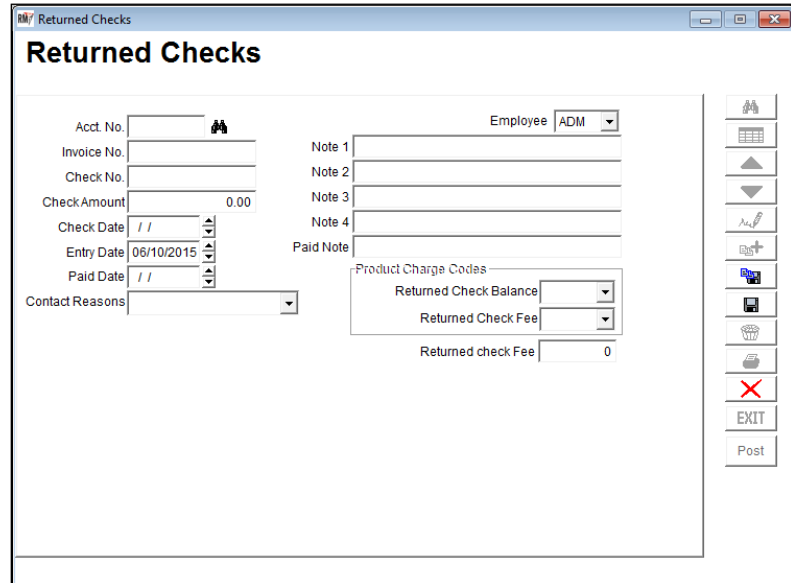
Returned Check Defaults

You can establish default settings for the *Returned Check Processing* screen within *File > Branch Setup*, on the *Banking* tab.

Select the code(s) created earlier from the dropdown list within the *Returned Check Defaults* section of the screen. Additionally, you can establish a default *Contact Reason* to associate with returned checks if desired; this is helpful for logging returned check activity on the customer's *Contacts* tab within *Customer Information*.
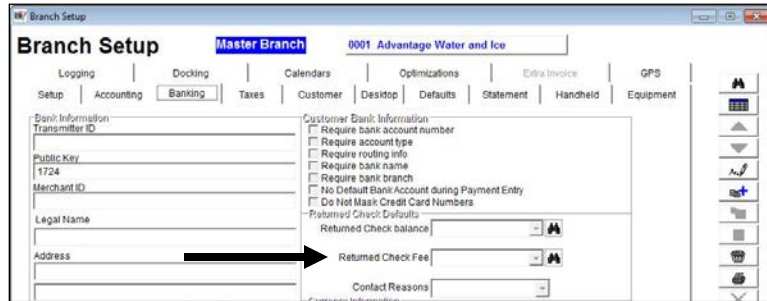
Entering a Returned Check

Follow the steps below to enter a returned check into the system. To begin, navigate to *Transactions > Payments > Returned Check Processing*.

1. Click the **Add** button.

2. Enter, or browse for, the customer's account.

3. Enter the number of the check that was returned.

4. Enter the amount of the check.

5. Enter the date the check was written.

6. Select a *Contact Reason* from the dropdown list (can be defaulted in *Branch Setup*).

7. Enter any miscellaneous notes, as needed.

8. Select the 'Returned Check Balance' charge code, and the 'Returned Check Fee' charge codes here.

   > **NOTE:** The codes can be populated automatically by establishing default settings in *Branch Setup* (covered earlier).

9. Enter the 'Returned Check Fee' to charge the customer as a penalty (default price can be established within *Returned Check Fee Code*).

10. Click the **Save** button if this is the only returned check you will enter; otherwise, click the **More** button and repeat steps 2-9.

11. Once you have entered the last returned check, click the **Post** button on the toolbar to update the customer's accounts and generate the returned check invoice(s).

> **NOTE:** The following flag will be displayed within each account with an active returned check entry:
>
> **RETURNED CHECK**
>
> Additionally, the following flag is displayed within various screens throughout the program when the customer's account is accessed: **R** .
>
> These items are discussed further within the *Customer Information Updates* section found at the end of this document.
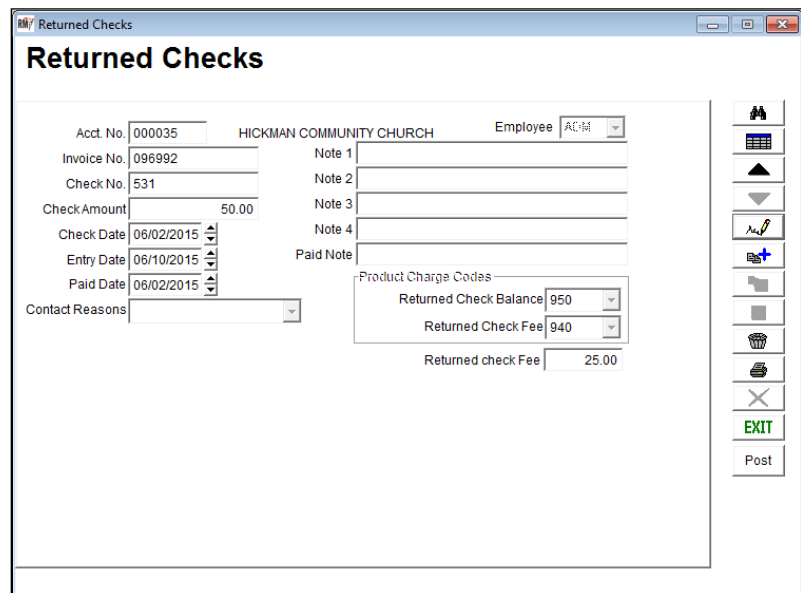
12. A returned check invoice is generated and will need to be posted before each customer's balance is adjusted properly. Post the transaction(s) to complete the returned check process.

Removing the Returned Check Flag

After the customer has resolved the returned check problem, you will need to clear the *Returned Check* flag on their account.

To begin, navigate to *Transactions > Payments > Returned Check Processing* and locate the returned check entry that has been resolved:
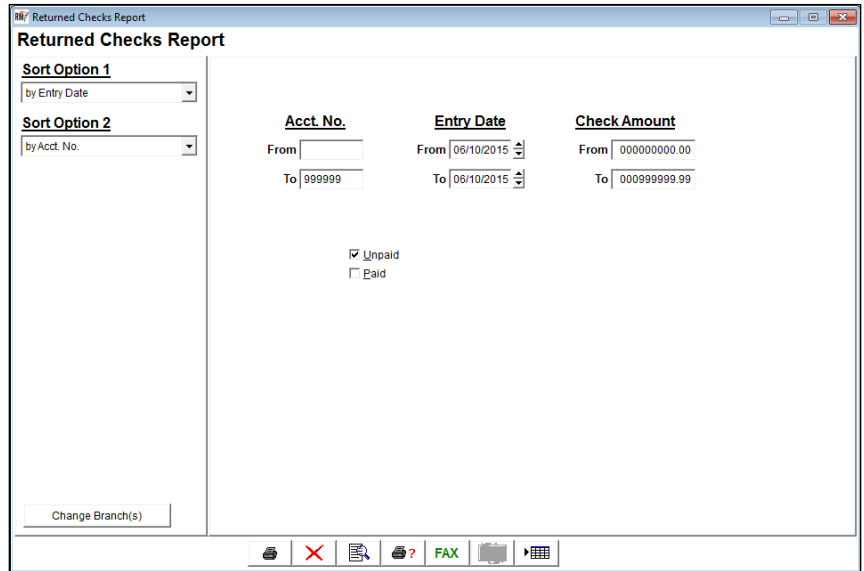

1. Select the **Modify** key.

2. Enter the date the returned check was paid within the *Paid Date* field.

3. Enter a note in the *Paid Note* field, if desired.

4. Click the **Save** key.

5. Click the **Post** key.

6. The *Returned Check* will now be marked as paid on the account, and the flag will be removed.

> **NOTE:** To remove all paid returned check entries from the returned check screen, click on the 'Purge' button when prompted (after clicking *Post*); this will delete all returned check entries that have already been marked as paid.

Returned Checks Report

The *Returned Checks Report* allows you to view any entries that are outstanding or resolved.

This report is available under *Reports > Accounting Reports > Customer > Returned Checks Report*.

Enter your desired criteria and make sure to choose the 'Unpaid' or 'Paid' (or both) options to display only the data you wish to view.

Customer Information Updates

The *Customer Information* screens are updated once a returned check is processed and posted on an account. There are three main areas that display returned check information:

Returned Check Flag

This flag will be displayed on multiple screens throughout the program until the customer has resolved the returned check problem (displayed as 'R' only on certain screens).

Finance Tab

There is a special area of the *Finance* tab designated to display the most recent returned check data entered.
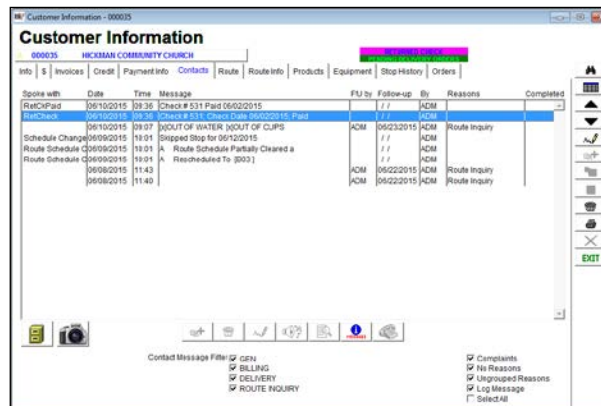
Contacts Tab

The *Contacts* tab displays detailed information regarding the returned check; including notes and check information (paid information will also be displayed).

To view extended information, highlight the entry and select the [Messages icon] *Messages* button found on the screen.
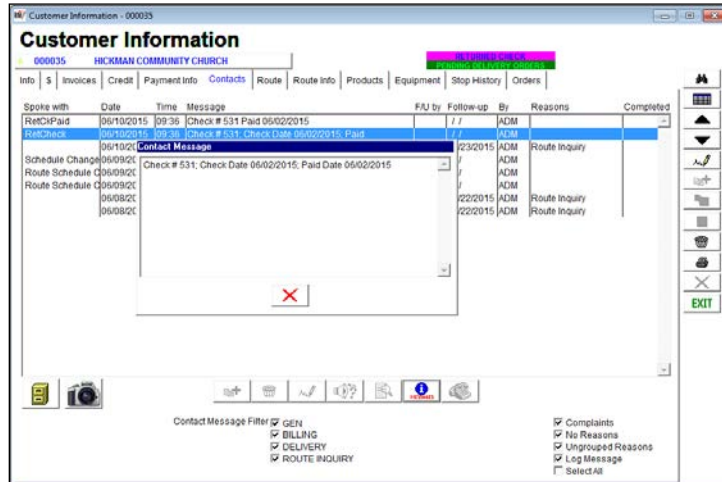
Summary

The returned check process within Route Manager offers an extensive entry and tracking system that will ensure that your customers resolve these matters promptly. If you have any questions on this process, please contact Advantage Route Systems.