

## Merchant Check Authorization Information

### “Why was my check declined at a merchant’s cash register?”

Experiencing this situation can be embarrassing and frustrating and, as hard as it may be to understand, may not have anything to do with you or your financial status.

Merchants who accept checks often subscribe to a check authorization company that helps them control losses, including fraud. Since the merchant doesn’t know anything about your financial status, the check authorization company’s job is to make a recommendation to the merchant using the criteria of their unique review process, which doesn’t include any knowledge of your personal finances. If the company recommends declining your check, you may get stuck in the checkout line.

### How Check Authorization Companies Work

Check authorization companies use risk models to make decisions regarding the acceptance of checks. Typically, they base these risk models on factors from previous transactions that resulted in losses for that particular merchant. In other words, they look at past experiences and situations to create a database of information used to make check acceptance decisions.

- They **DO NOT** check credit limits, credit scores or have any access to credit reports.
- They **DO NOT** have access to account balances or any other financial or personal information located on Kirtland CU’s or any other financial institution’s databases.

If they were to call Kirtland CU to inquire about your check or account, we do not verify or provide member information by phone to merchants or other third parties (Kirtland CU’s Privacy Policy may be accessed at the bottom of every page of our website or may be obtained by request).

### What Happens When You Write a Check to a Merchant?

When a cashier accepts your check:

- The cashier sends your check’s information to their check authorization company for analysis. This is done by “feeding” the check’s MICR information (located on the bottom of all checks) and possibly your ID number (driver’s license, etc.) into the check authorization company’s system.
- The check authorization company receives this data within its computer database and compares your information with records of unpaid checks, account debt with participating merchants, etc. Several factors are reviewed, so even if you have never written a “bad” check it is possible your check will be declined.
- The system may also analyze the transaction against one of its risk models. The risk model looks for indicators of fraud and other good and bad characteristics to provide a risk decision. If the transaction is above the threshold of acceptable risk set by the merchant for your type of transaction, the check authorization system will issue a code to the merchant electronically. This code does NOT certify that the check is “good” or that the customer does or doesn’t have enough money in their account. This code merely informs the merchant that the transaction may contain risk markers.

## Why Were You Declined If You Have No Derogatory History With This Merchant?

It could simply be your checking account is somewhat new, you've written very few checks or the check authorization company has no background information on you. It could also be that you've written few or no checks to this specific merchant before, or they could have hired a new authorization company, which has no background information on you. In these cases, the review and analysis done by the check authorization company of your check and the related transaction may place you in a high risk category.

## What to Do If You're Declined

If your check is declined at a merchant, you should request the name and contact information of their check authorization company. Ask the declining merchant for any written information or forms they may have to help you investigate the reason(s) behind the decline.

- To Request Your Information:

You have the right under the Fair Credit Reporting Act (even though this transaction does not involve pulling credit) to request a free copy of your check transactions file from the check authorization company if you request it within 60 days of the date your check was declined.

Major check authorization companies include, but are not limited to:

- TeleCheck Services, Inc.  
Declined Check Information for Check Writers  
1-800-366-2425  
[www.telecheck.com](http://www.telecheck.com)
- Certegy Check Services, Inc.  
P.O. Box 30296  
Tampa, FL 33630-3296  
1-866-543-6315

- To Dispute Information:

If you find information contained in their file is inaccurate or incomplete, you have the right to dispute it directly with the check authorization company.

- Help to Avoid Being Declined:

Some check authorization companies will assist you in avoiding future declines by asking you to provide them with additional background information for their database, expanding what will be used when your check is presented at a participating merchant. Providing this information may "elevate" your check acceptance level in their system and possibly prevent some types of declines in the future.