

I'm not a bot



bank-actio[n] access.[38] Main article: Cheque fraud Cheques have been a tempting target for criminals to steal money or goods from the drawer, payee or the banks. A number of measures have been introduced to combat fraud over the years. These range from things like writing a cheque so it is difficult to alter after it is drawn, to mechanisms like crossing a cheque so that it can only be paid into another bank's account providing some traceability. However, the inherent security weaknesses of cheques as a payment method, such as having only the signature as the main authentication method and not knowing if funds will be received until the clearing cycle is complete, have made them vulnerable to a number of different types of fraud. Taking advantage of the float period (cheque kiting) to delay the notice of non-existent funds. This often involves trying to convince a merchant or other recipient, hoping the recipient will not suspect that the cheque will not clear, giving time for the fraudster to disappear. Sometimes, forgery is the method of choice in defrauding a bank. One form of forgery involves the use of a victim's legitimate cheques, that have either been stolen and then cashed, or altering a cheque that has been legitimately written to the perpetrator, by adding words or digits to inflate the amount. Since cheques include significant personal information (name, account number, signature and in some countries driver's license number, the address or phone number of the account holder), they can be used for identity theft. The practice was discontinued as identity theft became widespread. Main article: Dishonoured cheque A dishonoured cheque is literally one where the payment has not been honoured. i.e. The payment has been refused by the payer's bank, for many of various reasons. Colloquially, it is referred to as bounced. Such a cheque cannot be redeemed for its value and is worthless; they are also known as an RDI (returned deposit item), or NSF (non-sufficient funds) cheque. Cheques are usually dishonoured because the drawer's account has been frozen or limited, or because there are insufficient funds in the drawer's account when the cheque was redeemed. A cheque drawn on an account with insufficient funds is said to have bounced and may be called a rubber cheque.[89] Banks will typically charge customers for issuing a dishonoured cheque, and in some jurisdictions such an act is a criminal action. A drawer may also issue a stop on a cheque, instructing the financial institution not to honour a particular cheque. In England and Wales, they are typically referred to as "Refer to Drawer"—an instruction to contact the person issuing the cheque for an explanation as to why the cheque was not honoured. This wording was brought in after a bank was successfully sued for libel after returning a cheque with the phrase "Insufficient Funds" after making an error—the court ruled that as there were sufficient funds the statement was demonstrably false and damaging to the reputation of the person issuing the cheque. Despite the use of this revised phrase, successful libel lawsuits brought against banks by individuals remained for similar errors.[90] In Scotland, a cheque acts as an assignment of the amount of money to the payee. As such, if a cheque is dishonoured in Scotland, what funds are present in the bank account are "attached" and frozen, until either sufficient funds are credited to the account to pay the cheque, the drawer recovers the cheque and hands it into the bank, or the drawer obtains a letter from the payee stating that they have no further interest in the cheque. A cheque may also be dishonoured because it is stale or not cashed within a "void after date". Many cheques have an explicit notice printed on the cheque that it is void after some period of days. In the US, banks are not required by the Uniform Commercial Code to honour a stale-dated cheque, which is a cheque presented six months after it is dated.[27] In the United States some consumer reporting agencies such as ChexSystems, Early Warning Services, and TeleCheck have been providing cheque verification services that track how people manage their chequing accounts. Banks use the agencies to screen chequing account applicants, and those with low debit scores are denied because banks cannot afford overdrawn accounts.[91][92][93] In the United Kingdom, in common with other items such as Direct Debits or standing orders, dishonoured cheques can be reported on a customer's credit file, although not individually and this does not happen universally amongst banks. Dishonoured payments from current accounts can be marked in the same manner as missed payments on the customer's credit report. Main article: Post office box Typically when customers pay bills with cheques (like gas or water bills), the mail will go to a "lock box" at the post office. There a bank will pick up all the mail, sort it, open it, take the cheques and remittance advice out, process it all through electronic machinery, and post the funds to the proper accounts. In modern systems, taking advantage of the Check 21 Act, as in the United States many cheques are transformed into electronic objects and the paper is destroyed. Money portalNumismatics portal Allonge – slip of paper attached to a cheque used to endorse it when there is not enough space. Blank cheque – cheque where amount has been left blank. Certified cheque – guaranteed by a bank. E-cheque – electronic fund transfer. Hundi – historic Indian cheque-like instrument. Labour cheque – political concept to distribute goods in exchange for work. Negotiable cow – urban legend where a cow was used as a cheque. Substitute cheque – the act of scanning paper cheques and turning them into electronic payments. Transit check – a cheque which is drawn on another bank than that at which it is presented for payment. Traveller's cheque – a pre-paid cheque that could be used to make payments in stores. Railway pay cheque – identification used to collect railway workers' pay packets. Warrant of payment ^ James William Gilbert in 1828 explains in a footnote 'Most writers spell it check. I have adopted the above form because it is free from ambiguity and is analogous to the ex-chequer, the royal treasury. It is also used by the Bank of England "Cheque Office".[7] ^ "Cheques and Bankers' Drafts Facts and Figures". UK Payment Administration (UKPA). 2010. Archived from the original on 13 June 2010. Retrieved 30 June 2010. ^ a b c Edmunds, Susan (13 May 2020). 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