

Why Are You Holding My Funds?

Nothing can be more frustrating than having the money you thought would be available on hold or held in reserve.

To help eliminate that frustration, we'll look at the top three reasons for holds, reserves and deposit reversals and what you can do about them. Are you ready? Let's dive in!



The top three reasons why your money is being held or deposits reversed

1. Bank filter or block – Regional banks and credit unions often create automatic filters for new business bank accounts to prevent fraudulent entities from accessing any funds. Larger national banks also have optional filters to prevent fraudulent ACH or wire transfers.

If your bank account has these filters in place and Payment Processors attempt to debit your fees, they may receive an “ACH Reject.” This will prompt them to hold deposits until the banking issues is resolved, and you may incur fees as a result (\$15-\$35 per reject).

****Note:** if you own a DACA or Escrow account that accepts deposits but cannot accept debits, please contact us to add a Debit account on your behalf for fees, billing, and customer returns**

What you can do:

If your bank is a regional bank or credit union: Contact your bank to remove the filter or provide a list of companies to whom you permit access. You must provide the Originator's or Company's ID number to do this. For example, suppose you want IntelliPay to deposit funds. In that case, you must give your bank IntelliPay's ACH Origination ID, which was provided in your welcome email when you set up your merchant account with us.

If you use a larger or national bank: Visit your banking portal. Depending on your setup, you can change your filter settings, or you can approve or deny individual requests. Contact your banking representative if your bank portal doesn't allow settings changes.

2. Chargebacks – Either a sudden increase or large number of chargebacks can result in a hold being placed on your funds. These funds are held solely for the purpose of covering any losses or additional chargebacks.

What you can do:

As a business owner, you can accept the chargebacks or fight them. If you choose to dispute, you must re-search the issues and draft a concise rebuttal letter backed by compelling evidence that will convince the issuer (customer's bank) that the chargeback was illegitimate.

You may be asked by the Payment Processor to provide a Chargeback Mitigation plan or program before they feel comfortable releasing your funds. This type of plan would speak to communications or refund policies you intend to put in place to deter your customers from disputing future payments.

3. TIN Mismatch – A TIN is a taxpayer identification number. When you opened your business, you applied for a TIN using a name for your business. This is the name the IRS has on record as your business name and the name you use to file your taxes.

If the name of your merchant account doesn't match your TIN, the IRS can place a hold on twenty-four percent (24%) and your state four percent (4%) of the funds in your account.

What you can do:

If you receive a B-Notice from our partner Payment Processor: you may contact your IntelliPay Relationship Manager or our Customer Support Team for instructions.

If you are receiving only partial deposits each day: This could mean that your account has been placed on Backup Withholding with the IRS. You will first need to contact your IntelliPay Relationship Manager or our Customer Support Team to correct your information immediately and stop the Backup Withholding as quickly as possible.

Next, you will need to file an amended return with the IRS at your subsequent annual filing.

Other tips include monthly reconciliation, as opposed to quarterly reconciliation, to catch any unusual activity that could mean your funds are being held.

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