European
Payments Council

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GUIDANCE ON REASON CODES FOR SCT R-TRANSACTIONS

1. SCT R-transaction definition

The content of this document applies to the SEPA Credit Transfer (SCT) scheme rulebook effective on 28 June 2018.
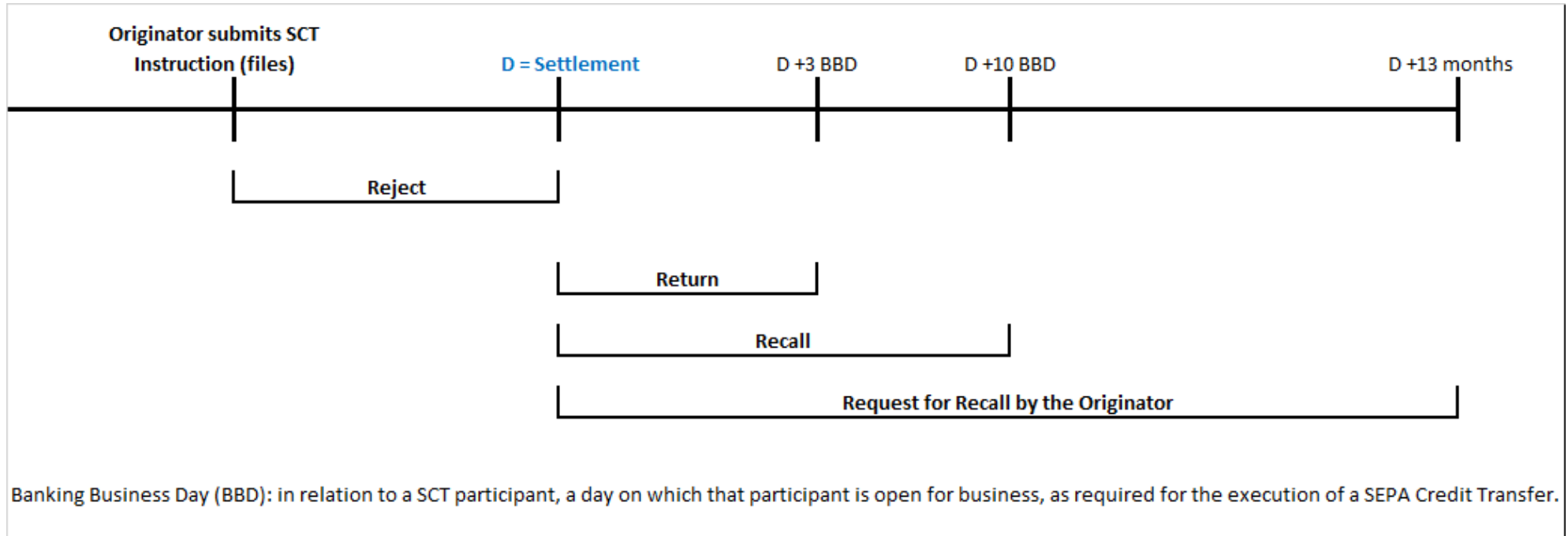
Some SCT transactions require exception handling, because one of the parties involved does not or cannot process the transaction in the normal way. This exception handling involves the sending of messages called R-transactions because their names all start with an R: Rejects, Recalls, Request for Recall by the Originator (RFRO)[1] and Returns. The definitions of the various R-transactions are outlined in the Exception Processing Flow section of the SCT rulebook.

The type of R-transaction used depends on the point in time in the processing chain at which the R-transaction is initiated or sent as well as on the party initiating or sending the R-transaction. The process of exception handling starts at the point in the process where the problem is detected. It is important to note that a SCT scheme participant must channel Rejects, Recalls, RFROs and Returns through the same Clearing and Settlement Mechanism (CSM[2]) used for the clearing and settlement of the initial SCT transaction, unless otherwise agreed between the SCT scheme participants.

The R-transactions foreseen within the SCT scheme must be processed within the timeline described below:

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[1] Enters into effect as of 18 November 2018

[2] For the definition of the term CSM in this guidance document, we refer to Chapter 7 of the rulebook

Banking Business Day (BBD): in relation to a SCT participant, a day on which that participant is open for business, as required for the execution of a SEPA Credit Transfer.

2. Issues reported in the use of SCT R-transaction reason codes

Some SCT scheme participants, when acting as a Beneficiary Bank, are not applying the correct R-transaction reason codes.

Therefore, all scheme participants are reminded to use the correct SCT R-transaction reason codes described in the SCT rulebook.

Section 3 of this document provides guidance to the SCT scheme participants about the reason codes to be used to report specific SCT transaction issues.

SCT scheme participants should avoid the use of general codes when a more precise reason can be given which is not legally forbidden in the country of the Beneficiary Bank.

However, there are some restrictions in the use of R-transaction reason codes due to national legislation (e.g., data protection laws) in e.g., Austria, Belgium, Germany, Luxembourg, Netherlands, Slovakia, Slovenia and Switzerland.

3. Guidance in using SCT R-transaction reason codes

Code	ISO definition	Reason in the Rulebook or IGs	Type of R-trans.	Exhaustive list of use-cases	Possible root cause	Suggested action
AC01	Incorrect Account Number	Account identifier invalid or incorrect (i.e. invalid IBAN or account number does not exist).	Reject, Return.	Reject: • Invalid format of the IBAN; • IBAN not existing at the Beneficiary Bank level. Return: IBAN not existing at Beneficiary Bank level.	• Beneficiary gave invalid IBAN; • Originator used wrong IBAN data from its customers' database; • Originator had technical problem during the processing of the SCT instruction issuance or in the conversion of BBAN into IBAN.	• Originator to contact the Beneficiary to confirm the correctness of the Beneficiary's IBAN; • Originator to verify the database used for retrieving the IBAN or for the BBAN conversion into IBAN.
AC03	Wrong IBAN	Wrong unique identifier of the Beneficiary account.	RFRO.	Originator has made an SCT transaction which was addressed to a wrong IBAN.	Originator itself selected or entered a wrong IBAN of the Beneficiary when issuing the SCT instruction.	Originator: • adapt this internal SCT instruction issuance processes to avoid the selection of a wrong IBAN; • Pay more attention in selecting/ entering the IBAN when issuing a SCT transaction.
AC04	Closed Account Number	Account closed.	Return, negative answer to a Recall.	The account of the Beneficiary is closed at the Beneficiary Bank. ==AC04 can be used for a negative answer to a **RFRO** only as of==	Beneficiary changed and/or closed his account since the last time the Originator made a SCT transaction to this Beneficiary.	Originator to contact the Beneficiary for the new account.

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				==November 2019. As a workaround until November 2019, NOAS is used for this specific case of a negative answer to a RFRO.== **Note: This code cannot be used in certain SEPA countries for reasons of data protection. MS03 could be used as an alternative.**		
AC06	Blocked account	Account blocked.	Return.	Account blocked for any financial transaction.	• Beneficiary Bank has blocked the account due to a Court Order; • Beneficiary Bank has blocked the account (e.g., suspicion of misuse, request from the Beneficiary).	Originator to contact the Beneficiary for alternative account/ solution to pay.
AG01	Transaction forbidden on this type of account	Credit transfer forbidden on this account.	Return.	A SCT transaction cannot be booked on this type of account.	Beneficiary gave information of an account on which SCT transactions cannot be booked.	Originator to contact the Beneficiary to agree on another payment instrument.
AG02	Invalid Bank Operation Code	Operation code/ transaction code	Reject, Return.	The identification code of the scheme (i.e. service level or local instrument)	Originator: technical error or error due to the processing of the SCT transaction or the	Originator to correct the wrong information.

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		incorrect, invalid file format.		specified in the message is incorrect. **For specific XML file setting issues, please use FF01 instead.**	file containing SCT instructions.	
AM04	Insufficient Funds	Insufficient funds on the account.	Negative answer to a Recall or to a RFRO.	There are not sufficient funds on the Beneficiary's account to debit the full amount of the Recall/ RFRO. **Note: This code cannot be used in certain SEPA countries for reasons of data protection. CUST could be used as an alternative.**	Insufficient funds on the Beneficiary's account.	Originator (and Originator Bank if it concerns a Recall due to an error made by the Originator Bank itself) to contact the Beneficiary directly to obtain back the funds outside the Recall/ RFRO procedures of the SCT scheme.
AM05	Duplication	Duplicate payment.	Reject, Return.	CSM or Beneficiary Bank considers that an identical SCT transaction had been sent or processed very recently.	Originator/ Originator Bank: technical or human error.	Originator/ Originator Bank to check if the transaction is really duplicated.
AM09	Wrong amount	Wrong amount.	RFRO.	Originator has made an SCT instruction for an amount higher than intended.	Originator: technical or human error.	Originator to adapt this internal SCT instruction issuance processes to avoid transferring wrong amounts.
ARDT	The transaction has already	Already returned/recalled transaction.	Negative answer to a Recall or to a RFRO.	The Beneficiary has already transferred back the funds to the Originator	Not applicable.	No action.

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	been returned			(via SCT, SCT Inst or another payment means).		
BE04	Missing Creditor Address	Account address invalid.	Return.	Address of the Beneficiary is not provided in the SCT transaction.	Either the Originator Bank or the Beneficiary Bank in the transaction is based in a non-EEA SEPA country.	Originator Bank to ask the Originator to provide the address of the Beneficiary.
CNOR	Creditor bank is not registered	Beneficiary bank is not registered under this BIC in the CSM.	Reject.	Beneficiary Bank is not/ no longer registered as a SCT scheme participant under this BIC at the CSM.	Beneficiary Bank not/ no longer declared as (indirect) participant to this CSM.	Originator to ask the Beneficiary how that Beneficiary can receive SCT transactions via another Bank.
CUST	Customer Decision	a. By request of the Originator without any reason specified b. Beneficiary's Refusal	a. RFRO. b. Negative answer to a Recall or to a RFRO.	a. Originator wishes to recover the funds of an earlier settled SCT transaction. b. Beneficiary does not want to honour the Recall/ RFRO.	a. The Originator does not give a specific reason to recover the funds. b. Beneficiary claims to be entitled to the received funds.	a. No action. b. Originator (and Originator Bank if it concerns a Recall due to an error made by the Originator Bank itself) to contact the Beneficiary directly to obtain back the funds outside the Recall/ RFRO procedures of the SCT scheme.
DNOR	Debtor bank is not registered	Originator bank is not registered under this BIC in the CSM.	Reject.	Originator Bank is not/no longer registered as a SCT scheme participant under this BIC at the CSM.	The Originator Bank sends SCT transactions by mistake to its former CSM.	• Originator Bank to rout its SCT transaction to its current CSM; • Contact Originator to agree on another

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						means of payment with the Beneficiary.
DUPL	Duplicate payment	Duplicate Sending	Recall.	Originator or Originator Bank detects itself a duplicate SCT transaction and tries to recover the funds of this duplication.	Originator/ Originator Bank: technical or human error.	Originator and/or Originator Bank: no action apart of setting up measures preventing the duplicate initiation and/or exchange of SCT transactions.
FF01	Invalid File Format	Operation/ transaction code incorrect, invalid file format	Reject	Issues with XML-file specific settings: • XML file was not duly filled out or is not correct; • There is a syntax error in the file; • Originator Bank or its CSM did not complete a XSD check before submitting the file.	• Originator; • Originator Bank; • CSM.	Repair the XML file.
FOCR	Following Cancellation Request	Positive answer to the Recall.	Positive answer to a Recall or to a RFRO.	Beneficiary Bank or the Beneficiary accepts the Recall request to reimburse the funds to the Originator or the Originator Bank.	Not applicable.	Not applicable.

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FRAD	Fraudulent Origin	Fraudulent originated credit transfer.	Recall.	Originator or Originator Bank detects a fraudulent SCT transaction and tries to recover the funds.	• Originator claims to be a victim of a fraudulently executed SCT transaction; • Fraudsters manipulated the SCT applications or systems of the Originator Bank to execute afterwards fraudulent transactions.	Originator and/or Originator Bank: no action apart of setting up measures preventing such fraudulent SCT transactions from happening in the future.
LEGL	Legal Decision	Legal reasons.	Negative answer to a Recall.	Beneficiary Bank is not allowed to reimburse the funds following the Recall from the Originator Bank. ==Note: as of November 2019, LEGL can also be used for a negative answer to a **RFRO**.==	The funds cannot be reimbursed for legal reasons.	Originator (and Originator Bank if it concerns a Recall due to an error made by the Originator Bank itself) to contact the Beneficiary directly to obtain back the funds outside the Recall procedure of the SCT schemes.
MD07	End customer is deceased	Beneficiary deceased.	Return.	Beneficiary deceased **Note: This code cannot be used in certain SEPA countries for reasons of data protection. In this case MS03 can be used as alternative.**	Not applicable.	No action.
MS02	Not Specified Reason Customer Generated	By order of the Beneficiary.	Return.	Refusal by Beneficiary at presentation of the SCT transaction to the Beneficiary Bank.	The Beneficiary Bank acts on behalf of the Beneficiary following an instruction from the Beneficiary for not	Originator to contact the Beneficiary directly how the Originator should settle any financial

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					accepting funds from a specific account, Originator or via a specific payment scheme.	obligation towards the Beneficiary.
MS03	Reason has not been specified by agent	Reason not specified.	Reject, Return.	Only to be used in case national legislation (e.g., data protection laws) does not allow the use of AC04, AM04, RR01, RR02, RR03 and RR04. **Note: limit the use of the reason code MS03 and select the appropriate reason code in the list.**		Originator to contact the Beneficiary directly how the Originator should settle any financial obligation towards the Beneficiary.
NOAS	No Answer From Customer	No response from Beneficiary.	Negative answer to a Recall or to a RFRO.	Originator or Originator Bank tries to recover funds from a previously executed SCT transaction.	• Beneficiary Bank is not able to reach the Beneficiary; • The Beneficiary does not reply to the authorization demands from the Beneficiary Bank to reimburse the funds to the Originator or the Originator Bank.	Originator (and Originator Bank if it concerns a Recall due to an error made by the Originator Bank itself) to contact the Beneficiary directly to obtain back the funds outside the Recall/ RFRO procedure of the SCT scheme.
NOOR	No Original Transaction Received	Original Credit Transfer never received.	Negative answer to a Recall.	Originator or Originator Bank tries to recover funds	• Recall/RFRO has been addressed to the wrong Beneficiary Bank;	Originator Bank to address the Recall/

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				from a previously executed SCT transaction. <mark>NOOR can be used for a negative answer to a **RFRO** only as of November 2019. As a workaround until November 2019, CUST is used for this specific case of a negative answer to a RFRO.</mark>	• Beneficiary Bank or Beneficiary denies having received the initial SCT transaction.	RFRO to the correct Beneficiary Bank.
RC01	Bank Identifier Incorrect	Bank identifier incorrect (i.e. invalid BIC).	Reject, Return.	BIC of the scheme participant is not correct.	• Originator: the provided BIC for a non-EEA SEPA SCT transaction is not complete (BIC8 instead of BIC11); • CSM or Beneficiary Bank: the provided BIC in the interbank message does not exist in their BIC database.	• Originator to contact the Beneficiary for the correct BIC for a non-EEA SEPA SCT transaction; • Originator Bank to allocate the correct and complete BIC of the Beneficiary Bank in the interbank message.
RR01	Missing Debtor Account Or Identification	Regulatory Reason.	Reject, Return.	Missing Originator account details.	Specification of the Originator's account or unique identification needed for reasons of regulatory requirements is insufficient or missing.	Originator Bank to check the transaction and if necessary repair the transaction by completing the Originator account.

Code	ISO definition	Reason in the Rulebook or IGs	Type of R-trans.	Exhaustive list of use-cases	Possible root cause	Suggested action
RR02	Missing Debtor's Name Or Address	Regulatory Reason.	Reject, Return.	• Missing Originator name (address is optional field for EEA SCT transactions); • Missing address of the Originator for non-EEA SCT transactions. **Note: This code cannot be used in certain SEPA countries for reasons of data protection. MS03 could be used as an alternative.**	Specification of the Originator's name and/or address needed for regulatory requirements is insufficient or missing.	Originator Bank to repair the transaction by completing the Originator's name and/or address information.
RR03	Missing Creditor's Name Or Address	Regulatory Reason.	Reject, Return.	• Missing Beneficiary's name (address is optional field for EEA SCT transactions); • Missing Beneficiary's address for non-EEA SCT transactions. **Note: This code cannot be used in certain SEPA countries for reasons of data protection. MS03 could be used as an alternative.**	Specification of the Beneficiary's name and/or address needed for regulatory requirements is insufficient or missing.	Originator Bank to repair the transaction by completing the Beneficiary's name and/or address information.
RR04	Regulatory Reason	Regulatory Reason.	Reject, Return.	Only to be used for Regulatory Reasons other than RR01, RR02 or RR03.	Potential hit due to AML, Embargo or Counter-Terrorist-Financing reasons.	Originator to contact the Originator Bank

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				Note: This code cannot be used in certain SEPA countries for reasons of data protection. MS03 could be used as an alternative.		
TECH	Technical Problem	Technical problems resulting in erroneous SCTs	Recall.	Originator or Originator Bank detects a technical problem with the result of incorrect SCT transactions sent out. Originator or Originator Bank tries to recover the funds.	• Technical issue at the applications or systems of the Originator itself when creating the SCT instruction(s) or files; • Technical issue at the SCT applications or systems of the Originator Bank itself when handling the SCT instruction(s)/ files or in their conversion into SCT transactions for further interbank processing.	Originator and/or Originator Bank: no action apart of setting up measures preventing such technical problems from happening in the future.
TM01	Cut Off Time	File received after Cut-off Time	Reject.	The CSM has not received the initial SCT Transaction (files) within the cut-off time deadline defined by that CSM.	Connection, processing or validation issue at any step starting from the Originator Bank to the CSM(s).	Originator Bank to re-submit the SCT transactions before the next cut-off time.