



Has My Check Cleared?

Every day millions of checks are cashed or deposited in banks and credit unions across America. Every bank and credit union must provide its customers with its “Funds Availability Policy” that outlines their practices for making funds available for withdrawal after deposit.

But – and this is a big “but” – when a bank or credit union tells you that your funds are “available for withdrawal,” it is NOT telling you that your check has “cleared” or that your check will be paid by the bank on which it is drawn.

What’s the difference?

“Available for withdrawal” is a legal term defined by federal law and regulations designed to provide customers with quick access to their funds. It is based on the premise that the vast majority of checks are processed quickly through the payments systems and are drawn on legitimate accounts that have sufficient balances to pay the check.

Unfortunately, some checks are fraudulent or are drawn on accounts with insufficient funds. This is a real concern for consumers and financial institutions, as fraudulent checks are always circulating. A common example is what’s known as the “cashier’s check scam.” In this scam, a consumer advertising an item for sale receives what looks to be a legitimate cashier’s check for more than the sales price from a buyer, and is asked to deposit it into the seller’s account, then wire some of the “excess” portion to a third party the seller does not know.

It may take weeks or even months for the counterfeit cashier’s check to come back to the customer’s bank unpaid, especially if the check is drawn on a bank outside the United States. These scams are also run with counterfeit money orders and treasury checks.

Technically, there is no way for your bank to declare with certainty that a check you have deposited to your account is “good” or will clear, unless the check is drawn on another account at your bank.

Just because the funds are “available for withdrawal” does not mean that the check you have deposited will be paid by the financial institution on which it is drawn, even if it appears to be a legitimate personal or business check, bank treasurer’s or cashier’s check. It could still be counterfeit.



Tips for Consumers

- Try to accept checks only from people or entities that you know.
- Never accept a check or money order under any conditions that require you to deposit the item, then wire a portion of the amount to a third party you do not know. This is almost always a scam!
- Understand that while most checks are “available for withdrawal” quickly, you the depositor are responsible for checks and money orders you deposit. If a check you have deposited is returned to your bank unpaid (it “bounces”), and you have already withdrawn the funds, your bank has the right to obtain reimbursement from you. You are responsible for any loss.
- If you are not sure about the status of your deposited check, don’t ask your bank if the funds are available or if the check has cleared. Instead, ask if the funds have been “**finally collected.**”

Source: Massachusetts Bankers Association 2007