

CHAPTER 32

RECOVERY OF PAYMENTS MADE TO A FINANCIAL ORGANIZATION

3201 ACCOUNTABILITY OF FINANCIAL INSTITUTION FOR DIRECT DEPOSIT PAYMENTS

320101. When, because of death of the retiree or annuitant, a financial institution received one or more direct deposit payments that should have been returned to the appropriate finance center, that institution is accountable for the total amount of any such payment.

320102. If, however, the financial institution:

A. Is unable to recover the total amount due from the decedent’s account or from the individual who has withdrawn the funds from the decedent’s account, and

B. Had no knowledge of the death of the retiree or annuitant at the time of deposit and withdrawal, its liability will not exceed the amount available in the recipient’s account and the amount recovered by it, plus the lesser of:

1. The amount not recovered, or
2. An amount equal to the credit payments received by it within 45 days after the death of the retiree or annuitant.

3202 EXAMPLES OF FINANCIAL INSTITUTION ACCOUNTABILITY

The following shows the accountability of a financial institution to the appropriate DFAS Center under different circumstances, assuming paragraph 320102, above, applies:

	A	B	C	D
Total Amount of Payments Received (Note)	\$800	\$800	\$800	\$800
Recovered & Returned	<u>-0-</u>	<u>300</u>	<u>600</u>	<u>750</u>
Remaining Due	\$800	\$500	\$200	\$ 50
 Amount for Which Financial Organization Remains Accountable	 \$200	 \$200	 \$200	 \$ 50

NOTE: Assume four payments of \$200 each were received by the financial institution after the death of the retiree or annuitant, one of which was received within 45 days after the death.

3203 LIABILITY OF DISBURSING OFFICER

The accountability of the financial institution does not affect the liability of the disbursing officer for any amounts not recovered. The disbursing officer may be relieved of liability for amounts not recovered when the officer has shown that he or she did not know and could not have known of a retiree's or annuitant's death prior to making payments after the date of death.