

Handle a bounced check from a customer (NSF check)

When a customer's check is returned for insufficient funds, perform the steps described in this procedure.

To do this task

1. [Create items for tracking bounced checks and their associated charges](#)  (a one-time setup task).

- a. Go to the **Lists** menu and click **Item List**.
- b. Click **Items** at the bottom of the list and then click **New**.



- c. Create an Other Charge item titled "Bounced Check."
 - In the **Amount** field, leave a zero amount.
 - From the **Tax Code** list, choose **Non**.
 - In the **Account** field, choose your bank account (for example, Checking).
- d. Click **Next**.
- e. Create a second Other Charge item titled "Bad Check Charge" for the service charge you assess customers for bounced checks. Use this item when you reinvoice the customer to recover the service charge.
 - In the **Amount** field, leave a zero amount.
 - From the **Tax Code** list, choose **Non**.
 - In the **Account** field, choose an income account, such as Returned Check Charges. If the account doesn't exist, set it up now.
- f. Click **OK**.

2. [Use the items created in step 1 to reinvoice the customer for the bounced check, plus any bank fees you want to recover.](#)  This step also the original transaction on your books.

- a. Click **Customer Center**.
- b. On the **Customers & Jobs** tab, select the customer with the bounced check.
- c. Right-click and choose **Create Invoices**.
- d. For the first line item on the invoice, use the Bounced Check item for the amount of the bad check.

Note: Because this item is linked to your bank account, this will reduce your bank account by the amount of the bounced check, there backing out the original transaction on your books. The income for the original sale will be recorded when you receive the new custom payment.
- e. For the second line item on the invoice, use the Bad Check Charge item for the amount of any bank fees that you want to recover.
- f. Complete [filling out the invoice](#) as usual.

3. (Optional) QuickBooks has a [Bounced Check letter](#)  that you can send along with the new invoice.

- a. Select the customer in the **Customer Center**.
- b. Go to the Word menu at the top of the Customer Center and click **Prepare Letter to Customer**.
- c. Follow the onscreen instructions in the Letters and Envelopes wizard.

In the **Choose a Letter Template** window, choose **Bounced Check**.

4. [Enter your bank's bounced check charge when you reconcile your bank statement.](#) 

When you [reconcile](#) your bank statement:

- a. Include your bank's charge for the bounced check in the **Service Charge** field.
- b. In the **Service Charge Account** field, enter an expense account (for example, Bank Service Fees or Returned Check Charge).

See also

- [Write letters in Microsoft Word using QuickBooks data](#)

How To Post a Bounced Check In QuickBooks