

554.12203 Unenforceability of certain verified payment orders.

If an accepted payment order is not an authorized order of a customer identified as sender pursuant to section 554.12202, subsection 1, but is effective as an order of the customer pursuant to section 554.12202, subsection 2, the following rules apply:

1. By express written agreement, the receiving bank may limit the extent to which it is entitled to enforce or retain payment of the payment order.

2. The receiving bank is not entitled to enforce or retain payment of the payment order if the customer proves that the order was not caused, directly or indirectly, by a person entrusted at any time with the authority to act for the customer with respect to payment orders or the security procedure, or who obtained access to transmitting facilities of the customer or who obtained, from a source controlled by the customer and without authority of the receiving bank, information facilitating breach of the security procedure, regardless of how the information was obtained or whether the customer was at fault. Information includes any access device, computer software, or similar items.

3. This section applies to amendments of payment orders in the same manner it applies to payment orders.

92 Acts, ch 1146, §11

Referred to in §554.12202, 554.12204