



# Cheque Hold Periods: Your Right to Access Your Money

## Where you cash a cheque matters

When you receive a cheque, you may consider two things before deciding where to cash it:

- When can you get your money?
- How much will it cost you to cash the cheque?

Although cheque cashing services may make money available immediately, they generally charge much higher fees than financial institutions do.

If you have an account with a bank or another federally regulated financial institution, there are laws that set out when the institution must make the money from a cheque available to you.

In most cases, you can get access to the first \$100 right away if you choose to cash your cheque in a branch.

## Your rights

Knowing your rights can help you access your money quickly and keep more money for yourself by avoiding high-cost options.

Federally regulated financial institutions, such as banks and most trust companies, can only hold the funds you deposit by cheque for a certain period of time.

For the limits on the cheque hold periods to apply and for you to be able to access the first \$100 quickly, your cheque must meet certain conditions. The cheque must be:

- in Canadian dollars
- written on an account at a financial institution's branch within Canada
- paper-based

## Your rights (continued)

- encoded with magnetic ink for the special line of numbers across the bottom of the cheque
- undamaged and readable by a cheque processing system.

If you have an account at a financial institution that is not federally regulated, such as a credit union or *caisse populaire*, ask about its policy on holding funds deposited by cheque.

## Access to first \$100

Generally, financial institutions must make the first \$100 of each cheque you deposit available for you to withdraw:

- **immediately**, if you deposit the cheque in person with an employee at a branch or at a point of service where you can open an account
- **on the next business day**, if you deposit the cheque in any other way, such as at an automated banking machine (ABM).

Under the regulations, a business day does **not** include Saturday, Sunday or holidays.

If the cheque is for \$100 or less, the financial institution must make the entire amount of the cheque available to you.

**Note:** Access to the first \$100 only applies to cheques deposited by consumers and **not** to cheques deposited by businesses.

## Limitations on cheque hold periods

By law, there are limits on how long federally regulated financial institutions can hold cheque funds when they are deposited by:

- **consumers**
- **small- and medium-sized businesses** that meet the definition of “eligible enterprises.” To qualify, a business must have:
  - authorized credit of less than \$1 million
  - annual revenues of less than \$50 million
  - fewer than 500 employees.

**Note:** the maximum cheque hold periods shown in the table below do **not** include the day you deposit the cheque.

| Maximum cheque hold periods |   |                                      |
|-----------------------------|---|--------------------------------------|
| Amount of cheque            | Deposit method  |                                      |
|                             | In person<br>(with an employee at a branch or point of service) | Any other way<br>(such as at an ABM) |
| <b>\$1,500 or less</b>      | 4 business days   | 5 business days                      |
| <b>More than \$1,500</b>    | 7 business days   | 8 business days                      |

## Exceptions

The **limitations on cheque hold periods** and **consumers' access to the first \$100** do not apply if:

- the financial institution has reasonable grounds to believe a deposit is being made for illegal or fraudulent reasons
- an account has been open for less than 90 days
- a cheque has been endorsed more than once
- a cheque is deposited six months or more after it was dated.

---

## Exceptions specific to eligible enterprises

The **limitations on cheque hold periods** do not apply to deposits made by eligible enterprises if the financial institution has reasonable grounds to believe that the enterprise represents an increased credit risk due to factors such as:

- an increase in its overdraft balance that is not being reduced by deposits received
- a negative change in its credit score
- an unexplained change in the history of cheques being deposited to the account
- depositing high numbers of cheques that are returned as dishonoured items (for example, due to non-sufficient funds), which may affect the account holder's available balance
- a notice of bankruptcy or creditor action against the business.

---

## What if a cheque is returned?

You are financially responsible for any cheques that you deposit or cash.

If you withdraw the money and the cheque is returned to your financial institution for any reason (such as non-sufficient funds, a closed account or a stop payment), you will have to repay the money to your financial institution and it will remove the funds from your account.

***This can happen even after the hold period on a cheque has expired.***

---

## Avoiding the hold period

Instead of using cheques, consider asking to receive your funds by direct deposit.

With direct deposit, money can be sent to your account electronically. This will ensure that your funds are not held and that you can withdraw the money immediately.

## What if the financial institution won't honour your rights?

If a financial institution refuses to honour the limit on the cheque hold period or provide you with access to the first \$100, it must give you a written notice of its refusal. If you do not receive a notice, ask for it.

The financial institution must also tell you how to contact the Financial Consumer Agency of Canada (FCAC). FCAC monitors federally regulated financial institutions' compliance with these requirements. If you believe that your financial institution is not following them, contact FCAC with details.

Tell the financial institution you want to make a complaint. By law, all federally regulated institutions must have a complaint-handling process.

Call FCAC toll-free at 1-866-461-3222 for more information.

## Your right to receive information

When you open a personal account at a federally regulated financial institution, it must provide you with its written policy on cheque holds.

The policy must include information on the limits on hold periods for:

- cheques that meet the conditions listed above in the section called "Your rights"
- cheques that do **not** meet these conditions.

If you give your consent, financial institutions may provide you with their policy in electronic format instead of a paper document.

## Other FCAC information of interest

### Publications

- Cashing Your Government of Canada Cheque for Free
- Opening a Personal Bank Account: Understanding Your Rights
- Tips About Low-Cost Accounts

## About Financial Consumer Agency of Canada (FCAC)

With educational materials and interactive tools, the Financial Consumer Agency of Canada (FCAC) provides objective information about financial products and services to help Canadians increase their financial knowledge and confidence in managing their personal finances. FCAC informs consumers about their rights and responsibilities when dealing with banks and federally regulated trust, loan and insurance companies. FCAC also makes sure that federally regulated financial institutions, payment card network operators and external complaints bodies comply with legislation and industry commitments intended to protect consumers.

## Contact Us:



Website:  
[fcac.gc.ca](http://fcac.gc.ca)



Toll-free:  
1-866-461-3222



TTY:  
613-947-7771 or  
1-866-914-6097



Follow @FCACan  
on Twitter



Subscribe to FCACan  
YouTube Channel



Mixed Sources  
Cert no. SW-COC-001506  
© 1996 FSC