



Policy on the Reimbursement of Contaminated or Mutilated Notes

Context

The Bank of Canada (the “Bank”), as issuer of Canadian bank notes, offers a redemption service for contaminated, mutilated or damaged bank notes. This service provides for the replacement, in appropriate cases, of Canadian bank notes which have become contaminated, mutilated or damaged beyond normal wear and tear. This policy provides guidance on the Bank’s approach to the redemption of contaminated, mutilated or damaged bank notes.

Policy Statement

In exercising its discretion to replace contaminated, mutilated or damaged notes, the Bank has an obligation to exercise due diligence in the evaluation of any such claims. The Bank is guided by its ability to determine the legitimacy of all aspects of a claim, including the value of the notes submitted, acquisition process, source and nature of the damage. Mutilated notes can result from many causes and often show signs of excessive damage from fire or water, have missing pieces or other forms of deterioration, and likely cannot be used for payment.

Bank notes submitted for reimbursement will, subject to any health and safety issues noted below, be carefully examined by Bank staff and the value of the claim assessed. The Bank will pay the assessed value of a claim if the Bank, having received complete, consistent and accurate information from the claimant, is able to determine the origin of the mutilated notes and the source of the mutilation.

As guidance to claimants, the Bank may not reimburse a claim for mutilated notes where in the Bank’s opinion there is a reasonable doubt, based

on research, evidence and common sense, that all or a part of the claim is valid or where in the Bank’s opinion:

- the notes are counterfeit or there are reasons to believe that the notes were acquired or are connected to money laundering or other criminal acts, there has been an attempt to defraud the Bank or there exist contradictory stories and explanations about significant aspects of the claim; or
- the notes have been altered or damaged deliberately or in a systematic fashion, including dyed or chemically washed or treated, by a process that could be reasonably expected to have the effect of altering them.

Where part of the claim is deemed invalid, the entire claim may be refused. In addition, the Bank’s mutilated notes reimbursement process is not intended to facilitate the business of multiple batch or bulk submissions from individuals and the Bank will not process such claims. The Bank may refuse to evaluate a claim should the mutilated notes presented for reimbursement be contaminated and potentially be harmful to the health or safety of Bank staff due to concern that they have come into contact with toxic substances (e.g., blood, mould, drugs, or unknown substances).

Where the cost of evaluating a claim would, in the Bank’s view be excessive, the Bank reserves the right to request that all or part of its costs relating to the evaluation of any such claim be covered by the claimant prior to the commencement of any evaluation.

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Should a claim be refused, the Bank will provide a written response to the claimant providing reasons for its refusal of the claim. In the event that a claim is refused, and the Bank agrees to return the notes, any costs incurred by the Bank in the evaluation process and to return the notes shall be paid by the claimant prior to the return of the notes.

The Bank may disclose any information provided in connection with any claim to third parties, including law enforcement agencies and the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC).

For further information, please contact the Bank of Canada at mutilated-mutiles@bankofcanada.ca or call toll-free at 1 888 513-8212.