Have you received a bad check from a customer? Follow the procedure below to record the returned item in your bank account balance and to reissue an invoice to your customer:

Create two new items for tracking bounced checks and their associated charges

Go to the Lists menu and click Item List

Click Items at the bottom of the list and then click New

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

Click Next

Create a second Other Charge item titled Bad Check Charge for the service charge you pass on to your customers for bounced checks

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 in your Chart of Accounts

Click OK.

Use the items created to reinvoice the customer for the bounced check, plus any bank fees you want to recover. Note: Because the Bounced Check item is linked to your bank account, this will reduce your bank account by the amount of the bounced check, and will back out the original transaction on your books. The income for the original sale will be recorded when you receive the new customer payment.

Click Customer Center

On the Customers & Jobs tab, select the customer with the bounced check

Right-click and choose Create Invoices

For the first line item on the invoice, use the Bounced Check item for the amount of the bad check.

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.

Complete the invoice, as usual

Did you know that QuickBooks has a Bounced Check letter that you can send along with the new invoice?

Select the customer in the Customer Center

Go to the Word menu at the top of the Customer Center and click Prepare Letter to Customer

Follow the onscreen instructions in the Letters and Envelopes wizard

In the Choose a Letter Template window, choose Bounced Check