

**TITLE 5: UNIFORM COMMERCIAL CODE**  
**DIVISION 4: BANK DEPOSITS AND COLLECTIONS**

**§ 4402. Bank's Liability to Customer for Wrongful Dishonor.**

A payor bank is liable to its customer for damages proximately caused by the wrongful dishonor of an item. When the dishonor occurs through mistake liability is limited to actual damages proved. If so proximately caused and proved damages may include damages for an arrest or prosecution of the customer or other consequential damages. Whether any consequential damages are proximately caused by the wrongful dishonor is a question of fact to be determined in each case.

**Source:** PL 3-56, § 1 (§ 4402).