



Compensation and Customer Protection Policy

Introduction

Technological progress in payment and settlement systems and the qualitative changes in operational systems and processes that have been undertaken by various players in the market have enabled market forces of competition to come into play to improve efficiencies in providing better service to the users of the system. It will be the bank's endeavor to offer services to its customers with best possible utilization of its technology infrastructure. Withdrawal of the Reserve Bank of India instructions to banks on time frame for collection of outstation cheques, payment of interest on delayed collection of outstation cheques/instruments, with effect from 1st November 2004, had offered bank further opportunities to increase its efficiency for better performance. This Compensation policy of the bank is therefore, designed to cover areas relating to unauthorized debiting of account, payment of interest to customers for delayed collection of cheques/instruments, payment of cheques after acknowledgement of stop payment instructions, remittances within India, foreign exchange services, lending, etc. The policy is based on principles of transparency and fairness in the treatment of customers.

The objective of this policy is to establish a system whereby the bank compensates the customer for any financial loss he/she might incur due to deficiency in service on the part of the bank or any act of omission or commission directly attributable to the bank. By ensuring that the customer is compensated without having to ask for it, the bank expects instances when the customer has to approach Banking Ombudsman or any other Forum for redressal to come down significantly. It is reiterated that the policy covers only compensation for financial losses which customers might incur due to deficiency in the services offered by the bank which can be measured directly and as such the commitments under this policy are without prejudice to any right the bank will have in defending its position before any forum duly constituted to adjudicate banker-customer disputes.

1. Unauthorized / Erroneous Debit

If the bank has raised an unauthorized/erroneous direct debit to an account, the entry will be reversed immediately on being informed of the erroneous debit, after verifying the position. In the event the unauthorized/erroneous debit has resulted in a financial loss for the customer by way of reduction in the minimum balance applicable for payment of interest on savings bank deposit or payment of additional interest to the bank in a loan account, the bank will compensate the customer for such loss. Further, if the customer has suffered any financial loss incidental to return of a cheque or failure of direct debit instructions due to insufficiency of balance on account of the unauthorized/erroneous debit, the bank will compensate the customer to the extent of such financial losses.

In case verification of the entry reported to be erroneous by the customer does not involve a third party, the bank shall arrange to complete the process of verification within a maximum period of 7 working days from the date of reporting of erroneous debit. In case, the verification involves a third party, the bank shall complete the verification process within a maximum period of one month from the date of reporting of erroneous transaction by the customer.

2. ECS direct debits/other debits to accounts

The bank will undertake to carry out direct debit/ ECS debit instructions of customers in time. In the event the bank fails to meet such commitments customer will be compensated to the extent of any financial loss the customer would incur on account of delay in carrying out the instruction/failure to carry out the instructions.

The bank would debit the customer's account with any applicable service charge as per the schedule of charges notified by the bank. In the event the bank levies any charge in violation of the arrangement, the bank will reverse the charges when pointed out by the customer subject to scrutiny of agreed terms and conditions. Any consequential financial loss to the customer will also be compensated.

Where it is established that the bank had issued and activated a debit/credit card without written consent of the recipient, the bank would not only reverse the charges immediately but also pay a penalty without demur to the recipient amounting to twice the value of charges reversed as per regulatory guidelines in this regard.

3. Payment of Cheques after Stop Payment Instructions

In case a cheque has been paid after stop payment instruction is acknowledged by the bank, the bank shall reverse the transaction and give value-dated credit to protect the interest of the customer. Any consequential financial loss to the customer will be compensated as provided under para 1 above. Such debits will be reversed within 2 working days of the customer intimating the transaction to the bank.

4. Foreign Exchange Services

The Bank would not compensate the customer for delays in collection of cheques designated in foreign currencies sent to foreign countries as the bank would not be able to ensure timely credit from overseas banks. It is the bank's experience that time for collection of instruments drawn on banks in foreign countries differ from country to country and even within a country, from place to place. The time norms for return of instruments cleared provisionally also vary from country to country. Bank however, would consider upfront credit against such instrument by purchasing the cheque/instrument, provided the conduct of the account has been satisfactory in the past. However, the bank will compensate the customer for undue delays in affording credit once proceeds are credited to the Nostro Account of the bank with its correspondent. Such compensation will be given for delays beyond one week from the date of credit to Nostro Account/ due date after taking into account normal cooling period stipulated. The compensation in such cases will be worked out as follows:

- a) Interest for the delay in crediting proceeds as indicated in the collection policy of the bank.
- b) Compensation for any possible loss on account of adverse movement in foreign exchange rate.

5. Remittances in India

a) Cheque Collection

The compensation on account of delays in collection of instruments would be as indicated in the bank's cheque collection policy which is reproduced below for information: "Payment of Interest for delayed Collection of Outstation Cheques: As part of the compensation policy of the bank, the bank will pay interest to its customer on the amount of collection instruments in case there is delay in giving credit beyond the time period mentioned. Such interest shall be paid without any demand from customers in all types of accounts. There

shall be no distinction between instruments drawn on the bank's own branches or on other banks for the purpose of payment of interest on delayed collection.

Interest for delayed collection shall be paid at the following rates:

- a) Savings Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques.
- b) In case of extraordinary delay, i.e. delays exceeding 90 days interest will be paid at the rate applicable for Term Deposit for the respective period
- c) In the event the proceeds of cheque under collection were to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account. For extraordinary delays i.e. delays exceeding 90days, interest will be paid at the rate of 1% above the rate applicable to the loan account. It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India”

The bank's compensation policy for financial loss suffered by the customers due to loss of instrument after it has been handed over to the bank for collection by the customer would also be as indicated in our collection policy. The same is extracted below for information:

“Cheques / Instruments lost in transit / in clearing process or at paying bank's branch:

In the event a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying bank's branch, the bank shall immediately on coming to know of the loss, bring the same to the notice of the account holder so that the account holder can inform the drawer to record stop payment and also take care that cheques, if any, issued by him / her are not dishonoured due to non- credit of the amount of the lost cheques / instruments. The bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque. The bank will compensate the account holder in respect of instruments lost in transit in the following way:

- a) In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (7/10/14 days as the case may be) Savings interest rate will be paid for the period exceeding the stipulated collection period at the rates specified above.
- b) In addition, bank will pay interest on the amount of the cheque for a further period of 15 days at Savings Bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
- c) The bank would also compensate the customer for any reasonable charges he/she incurs in getting duplicate cheque/instrument upon production of receipt, in the event the instrument is to be obtained from a bank/ institution who would charge a fee for issue of duplicate instrument.

Further bank will pay interest (as stipulated in the cheque collection policy) for period of delay in collecting and realisation of local cheques presented at their counters within the cut-off timings for cheque deposits for the respective business day.

b) Electronic Payments

In terms of RBI guidelines on payment of interest for instances of delay in processing credits / return of electronic payments eg: NEFT, Barclays Bank Plc, India undertakes to credit to destination account holders or return the instruction to the remitting bank within the prescribed time lines. In instances where it is not possible to credit to the beneficiary account within the prescribed time lines without valid reasons, customer will be compensated for the delayed period of the credit at the rate of RBI LAF repo rate + 2%

6. Issue of Duplicate Draft and Compensation for delays

Duplicate draft will be issued within a fortnight from the receipt of such request from the purchaser thereof. For delay beyond the above stipulated period, interest at the rate applicable for Fixed Deposit of Corresponding period will be paid as compensation to the customer for such delay.

7. ATM Failure

It is mandatory for bank to reimburse the customer, the amount wrongfully debited on account of failed ATM within a maximum period of 7 working days from the receipt of the complaint. For any failure to re-credit the customer's account within 7 working days from the date of receipt of the complaint, bank shall pay compensation of Rs.100/- per day to the aggrieved customer. This compensation shall be credited to the customer's account automatically without any claim from the customer, on the same day when bank affords the credit for the failed ATM transactions. Details of charge back in case of ATM transaction by a customer of the bank when he uses other bank ATM may be included.

8. Violation of the Code by banks agent

In the event of receipt of any complaint from the customer that the bank's representative / courier or DSA has engaged in any improper conduct or acted in violation of the Code of Bank's Commitment to Customers which the bank has adopted voluntarily, bank shall take appropriate steps to investigate and to handle the complaint and to compensate the customer for financial losses, if any.

9. Transaction of "at par instruments" of Co-operative Banks by Commercial Banks

The RBI has expressed concern over the lack of transparency in the arrangement for payment of "at par" instruments of co-operative banks by commercial banks resulting in dishonour of such instruments when the remitter has already paid for the instruments. In this connection it is clarified that the bank will not honour cheques drawn on current accounts maintained by other banks with it unless arrangements are made for funding cheques issued. Issuing bank should be responsible to compensate the cheque holder for non payment/delayed payment of cheques in the absence of adequate funding arrangement.

10. Force Majeure

The bank shall not be liable to compensate customers for delayed credit if some unforeseen event (including but not limited to civil disruptions, sabotage, lockout, strike, accidents or other labour disturbances, accident, fires, natural disasters or other "Acts of God", war, damage to the bank's infrastructure or of its correspondent bank(s), absence of the usual means of communication or all types of transportation, etc beyond the control of the bank which prevents it from performing its obligations within the specified service delivery parameters.

11. Return of securities, documents, title deed to mortgage property on repayment of all dues on the loan

In the event the Bank does not return the securities/documents/title deeds with respect to the mortgaged property or does not inform the customer to collect the securities/documents/title deeds with respect to the mortgaged property from the Bank's branch/authorized agent of the Bank within 15 days from the date of repayment of all dues agreed to or contracted with the Bank, the customer shall have the right to take appropriate steps as per the grievance redressal policy Decision of the Bank shall be final and binding.

12. Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions

This policy aims to define customer's liability in case of an unauthorised transaction as per details below –

Zero Liability of a Customer

A customer's entitlement to zero liability shall arise where the unauthorised transaction occurs in the following events:

- i. Contributory fraud/ negligence/ deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer).
- ii. Third party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, and the customer notifies the bank within **three working days** of receiving the communication from the bank regarding the unauthorised transaction.

Limited Liability of a Customer

A customer shall be liable for the loss occurring due to unauthorised transactions in the following cases:

- i. In cases where the loss is due to negligence by a customer, such as where he has shared the payment Credentials, the customer will bear the entire loss until he reports the unauthorised transaction to the bank. Any loss occurring after the reporting of the unauthorised transaction shall be borne by the bank.
- ii. In cases where the responsibility for the unauthorised electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and when there is a delay (of **four to seven working days** after receiving the communication from the bank) on the part of the customer in notifying the bank of such a transaction, the per transaction liability of the customer shall be limited to the transaction value or the amount as outlined in the circular, whichever is lower. Further, if the delay in reporting is beyond **seven working days**, the customer liability shall be determined as per the bank's Board approved policy.

Reversal Timeline for Zero Liability/ Limited Liability of customer

On being notified by the customer, the bank shall credit (shadow reversal) the amount involved in the unauthorised electronic transaction to the customer's account within 10 working days from the date of such notification by the customer. The credit shall be value dated to be as of the date of the unauthorised transaction. Once the complaint is resolved and liability of the customer, if any, established within such time, as may be specified in the bank's Board approved policy, but not exceeding 90 days from the date of receipt of the complaint, and the customer is compensated as per provisions of the RBI circular:

- i. Where it is unable to resolve the complaint or determine the customer liability, if any, within 90 days, the Compensation as prescribed in this circular is paid to the customer; and
- ii. In case of debit card/ bank account, the customer does not suffer loss of interest, and in case of credit card, the Customer does not bear any additional burden of interest.

Burden of Proof

The burden of proving customer liability in case of unauthorised electronic banking transactions shall lie on the Bank Liability for unauthorised transactions Electronic Banking Channels reported between 4 to 7 working days from the transaction date.

Sr. No.	Situations / Events defined by the regulator for unauthorised transactions	Customer Liability (Maximum)	Bank Liability
1	BSBD Accounts	INR 5000	Residual Transaction Value > INR 5000
2	All other SB accounts, Pre-paid Payment Instruments and Gift Cards, Current / Cash Credit / Overdraft Accounts of MSMEs, Current Accounts / Cash Credit / Overdraft Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud) / limit up to Rs.25 lakh & Credit Cards with limit up to Rs.5 lakh	Transaction Value or INR 10,000.00 (whichever is lower)	Residual Transaction Value > INR 10,000
3	All other Current / Cash Credit / Overdraft Accounts & Credit Cards with limit above Rs.5 lakh	Transaction Value or INR 25,000.00 (whichever is lower)	Residual Transaction Value > INR 25,000

Liability for unauthorised transactions on Electronic Banking Channels reported beyond 7 working days from the transaction date.

Sr. No.	Situations / Events defined by the regulator for unauthorised transactions	Customer Liability (Maximum)	Bank Liability
1	For all type of accounts	Full Transaction Value	NR 0.00

For all the disputed cases the Bank would need the customer to provide the supporting documents namely, dispute form, copy of the FIR, etc. within the stipulated time frame. In an event the customer is unable to provide the documents or when there is a delay on part of the customer in submitting the documents within the stipulated timeframe, post due follow up by the Bank, the Bank will be unable to conclude the investigation and the liability of the unauthorized transaction(s) on such cases will remain with the customer only.

The Bank periodically reviews the unauthorised electronic banking transactions reported by the customers and will publish the relevant MIS to its Standing Committee on Customer Services.

13. General

The Bank shall not be liable for any loss of profits, or any indirect or consequential loss, damages or expenses. Acceptance of the compensation under this policy shall be full and final settlement of all issues arising out of grievances for which compensation is claimed.