

Customer Compensation Policy of the Bank

CUSTOMER COMPENSATION POLICY OF THE BANK

1. Introduction:

- 1.1. Technological progress in payment and settlement systems and the qualitative changes in operational systems and processes brought out by various players in the market have ushered in increasing competition resulting in improved efficiencies in providing better service to the users of the system. It will be

Bank's endeavor to offer services to its customers with best possible utilization of its resources i.e., both human and technical.

- 1.2. Reserve Bank of India has advised that each Bank should have a Board approved Compensation Policy which would provide the contours of the financial compensation in the event of any difficulty/ inconvenience / loss suffered or likely to be suffered by the client on account of the action of Bank.
- 1.3. The Bank acknowledges that the customer is the core constituent of the Bank and every action of the Bank should be aimed at Customer satisfaction inter alia to have ethical and transparent policy in all its dealings and the Bank should not allow its operations to lead to any monetary loss to the customer.
- 1.4. As customers are the biggest stakeholders for the Bank, the Vision Statement truly reflects the commitment of the Bank to enhance value to the customers. The Compensation Policy of the Bank is a reflection of the Bank's on-going efforts to provide better service to customers and set higher standards for performance.

2. Objective:

- 2.1. The objectives 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.
- 2.2. The policy is based on the principles of transparency and fairness in the treatment of our customers.
- 2.3. The Policy covers compensation for financial losses which customer might incur due to deficiency in the services offered by the bank which can be measured directly and is limited to the compensation specified for the respective service as given below.
- 2.4. The commitments under this policy are without prejudice to any right the Bank will have in defending its position before any Court of Law, Tribunal or Forum duly constituted to adjudicate banker-customer disputes.

3. Unauthorized / Erroneous Debit arising on fraudulent or other transactions:

- a) 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.

- b) 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**.
- c) In respect of erroneous transactions reported by customer pertaining to credit card operations the bank shall provide explanation and if necessary documentary evidence to the customer within a maximum period of 30 days from the date the customer notifies the Bank regarding the erroneous debit.
- d) Erroneous transaction reported by customers in respect of credit card operations which require reference to a Merchant Establishment will be handled as per rules laid down by Card Association.
- e) In cases of the Erroneous debits arising out of fraudulent transaction, In case of any fraud, if the branch is convinced that an irregularity/ fraud has been committed by staff towards any constituent, the branch should at once acknowledge its liability and pay just claim.
 - In case where bank is at fault, the bank should compensate customers without demur.
 - In case where neither the Bank is at fault nor the customer, but the fault lies elsewhere in the system, the Bank will help in restoring the actual amount involved.
- f) Compensation by way of interest payment, where necessary, shall be made without any claim from the customer as below:

4. ECS, direct debits, other debits to accounts, standing instructions, NEFT, RTGS and Internet banking transactions:

- a) 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.
- b) 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.

- c) Where it is established that the bank had issued and activated a 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.
- d) The bank will undertake to pay compensation to the extent of financial loss incurred by the customer in case of failure to carry out standing instructions and failure/delay in crediting NEFT/RTGS transactions in time. However in case of failed Internet Banking transactions done by customers, bank will compensate the customer to the extent of financial loss the customer would incur if the failure is due to bank's fault.

5. Stipulation of compensation for delay in clearance of Local Cheque etc.

Bank shall permit usage of the shadow credit afforded to the customers' account immediately after closure of relative return clearing and in any case, withdrawal shall be allowed on the same day or maximum within an hour of the commencement of business on the next working day, subject to usual safeguards. Compensation at savings bank interest rate shall be paid for the corresponding period of delay.

6. Stipulation of compensation for delayed credit/refunds of NEFT transactions:

In case of delay in crediting the beneficiary customer's account or in returning the un-credited amount to the remitter in case of NEFT, Bank shall pay penal interest at the current RBI LAF Repo rate plus two percent for the period of delay / till the date of refund as the case may be to the affected customers suo-moto, without waiting for claim from customers. Even in the case of back-dating or value-dating such delayed transactions, bank shall pay the penal interest for the delayed period.

7. 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.

8. Remittances in India:

The compensation on account of delays in collection of instruments would be as indicated in the Bank's Cheque Collection Policy.

9. a. Payment of Interest for Delays in collection of bills:

The lodger's bank shall pay interest to the lodger for the delayed period in respect of collection of bills at the rate of 2% p.a. above the rate of interest payable on balances of Savings Bank accounts. The delayed period shall be reckoned after making allowance for normal transit period based upon a time frame of 2 days each for (i) Dispatch of bills; (ii) Presentation of bills of drawees (iii). Remittance of proceeds to the lodger's bank (iv) Crediting the proceeds to drawer's account.

To the extent the delay is attributing to the drawee's bank, the lodger's bank may recover interest for such delay from that bank.

9. b. Delay in Re-presentation of Technical return Cheques and Levy of Charges for such Returns:

Bank shall levy cheque return charges only in cases where the customer is at fault and is responsible for such returns. Where the customers are not at fault the cheques need to be re-presented without any recourse to the payee, such representation should be made in the immediate next presentation clearing not later than 24 hours (excluding holidays) with due notification to the customers of such representation through SMS alert, email etc.

10. 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.

11. ATM

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.

Any customer is entitled to receive such compensation for delay, only if a claim is lodged with the issuing bank within 30 days of the date of the transaction.

- **ATM free transaction:** The number of free transactions permitted per month at other bank ATMs to Savings Bank account holders shall be inclusive of all type of transactions, financial or non-financial.

- **ATM failed transaction:** All disputes regarding ATM failed transactions shall be settled by the issuing bank and the acquiring bank through the ATM System Provider only. No bilateral settlement arrangement outside the dispute resolution mechanism available with the system provider is permissible.

12. Issue of Duplicate Draft and Compensation for delays:

Wherever a duplicate draft is requested, new draft in lieu of the 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 for corresponding period will be paid as compensation to the customer for such delay. The period of fortnight prescribed would be applicable only in cases where the request for duplicate demand draft is made by the purchaser or beneficiary and would not be applicable in case of third party endorsements.

In such cases, branches shall obtain requisition letter from the purchaser along with an indemnity letter on a requisite value of non judicial stamp paper to cancel the DD and thereafter issue a fresh DD or make payment to the purchaser as the case may be.

13. Lenders liability; Commitment to Borrowers:

The bank has adopted the principles of lenders liability. In terms of the guidelines for lenders liability and the Code of Bank's Commitment to customers adopted by the Bank, the Bank would return to the borrowers all the securities/documents/title deeds to mortgaged property within 15 days of repayment of all dues agreed to or contracted. The bank will compensate the borrower for monetary loss suffered, if any due to delay in return of the same. In the event of loss of title deeds to mortgage property at the hands of the banks, the compensation will cover out of pocket expenses for obtaining duplicate documents plus a lump sum amount as decided by the Bank.

14. Delay in Payment of Pension:

In view of the delay in revision of pension and payment of arrears to pensioners including non State resident pensioners, the Bank shall compensate the pensioners' for the delayed period beyond the due date at 8% penal interest(as per RBI instructions dated 13.04.2012). Further the compensation shall be credited to the pensioners' accounts automatically without any claim from the pensioners on the same day when the bank affords credit for revised pension / arrears in respect of all delayed pension payments made since October 2008.

15. Minimum balance in savings bank accounts:

At the time of opening the accounts, bank shall inform the customers in a transparent manner the requirement of maintaining minimum balance and levying of charges, etc., The Bank has moved from Monthly Minimum Balance to Monthly Average Minimum Balance (MAMB) and the revision in charges thereto.

Further, the following categories of customers are exempted from maintenance of Monthly Average Minimum Balance (MAMB):

- Non Resident Indians
- Employees of the Bank
- Ex-employees of the Bank who are eligible to earn preferential Rate of Interest on Deposits.

Further, charges for non-maintenance of Monthly Average Minimum Balance (MAMB) are waived for the following categories of customers.

- In-operative SB Accounts
- Zero Balance Accounts at the time of opening the account.
- Student Accounts
- Accounts opened under Pradhan Mantri Jan Dhan Yojna (PMJDY) and any other Financial Inclusion schemes introduced from time to time.

16. Compensation in case of delay in collection of cheques denominated in Foreign Currency:-

The time limit for payment of inward remittances received up to USD 10,000/- or its equivalent or issuance of FITT (Foreign Inward Remittance Received through Telegraphic Transfer/SWIFT) voucher if it is exceeding USD 10,000/- or its equivalent is two working days from the date of receipt of credit advice/nostro statement. In case of delay, the Bank shall also pay the beneficiary interest @ 2% over its Savings Bank rate. The bank shall also pay compensation for adverse movement of exchange rate, if any. Saturday will not be treated as a working day.

If the FITT voucher in Foreign Currency & the amount of inward remittance is not credited to the beneficiary's account within the time limit stipulated as above, compensation is payable to the beneficiary of the inward remittance as under :

- i. By way of interest at 2% over the applicable Saving Bank rate provided the payment order is authenticated and contains full details of the beneficiary.
- ii. If the FOREX Rate moves adversely i.e. if TT Buying Rate prevailing at 12 Noon on the day on which the amount is due for credit is higher than TT Buying Rate prevailing at 12 Noon on the day of actual payment, the difference between these two rates is payable to the beneficiary of the inward remittance.
- iii. The compensation is also payable by way of payment of interest though the inward remittance denominated in Indian Rupees is not paid to the beneficiary as per the above provisions.

- iv. Customers would be compensated for delay in crediting the proceeds of foreign currency instruments payable abroad / in India and sent on collection basis.
- v. Such compensation would be paid at the rate of interest applicable to NRE SB accounts in respect of NRI-clients and domestic SB account in the case of resident-customers, for the delays beyond prescribed period for various transactions which are as under:
 - a) Personal cheques/drafts payable in the country of currency - if proceeds are not credited within 21 days (Cash letter with recourse) / 31 days (Collection without recourse).
 - b) Personal cheques / drafts payable in the country other than in the currency of the country - If proceeds are not credited within 45 days (Cash letter with recourse) / 51 days (Collection without recourse)

17. Force Majeure

The Bank shall not be liable to compensate customers for delayed credit if some unforeseen event (including but not limited to civil commotion, sabotage, lockout, strike or other labor disturbances, accident, fires, natural disasters or other "Acts of God", war, damage to the bank's facilities 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 prevents it from performing its obligations within the specified service delivery parameters.

18. Customers' responsibility:

- i. Bank will not be responsible for the loss to the customers due to customer's carelessness in keeping the Cheque book, passbook, cards, PIN or other security information and not following "Do's and Don'ts" issued by the Bank, until the Bank has been notified by the customer.
- ii. Customer acts fraudulently and/or acts without reasonable care which has resulted in loss to him/her. Bank will also not be responsible for the losses arising out of misuse of lost PIN, compromise of passwords or confidential information, until the time the Bank has been notified of such loss/compromise and has taken steps to prevent its misuse.