

# **COMPENSATION POLICY**

**2018-19**

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## **1. Introduction:**

The Compensation policy of the Bank is 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.

## **2. Unauthorised / 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 will endeavor 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 or where verifications are to be done at overseas centers, 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

## **3 Unauthorised electronic transactions:**

**3.1) The Bank shall ask their customers to mandatorily register for SMS alerts and, wherever available, register for e-mail alerts. The SMS alerts shall**

mandatorily be sent to the customers, while email alerts may be sent, wherever registered.

**3.2) The customers must be advised to notify their bank of any unauthorised electronic banking transaction at the earliest after the occurrence of such transaction, and informed that the longer the time taken to notify the bank, the higher will be the risk of loss to the bank/customer.**

**Table 1-** Maximum liability of the customer

Type of account	Maximum Liability (₹)
BSBDA & BSBDA(Small)	5,000/-
All other SB accounts  CD/ CC/ OD accounts of MSMEs  CD/ CC/ OD accounts of individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to Rs 25 lakh	10,000/-
All other CD/ CC/ OD	25,000/-

**Table 2-** Summary of customer's liability

Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's Liability (₹)
Within 3 working days	Zero liability
Within 4-7 working days	The transaction value or the amount mentioned in Table 1, whichever is lower.
Beyond 7 working days	₹ 50,000/-

#### **4. 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.

#### **5.Changes in Terms and Conditions:**

Changes in the terms and conditions will be communicated to the customers by display on the Bank's website and Branch notice board. If any change is made in the fees/charges without any notice then the customers would be given 30 days to accept the change and if such change is to the disadvantage of the customer then the customer may within 60 days and without notice close the account and switch over without having to pay any extra charges or interest.

#### **6.Payment of Cheques after Stop Payment Instructions:**

The instructions for Stop Payment will be accepted at the Home Branch. In case a cheque has been paid after a 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 Point 2 above. Such debits will be reversed within 2 working days of the customer intimating the transaction to the Bank.

#### **7. 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. The Bank, however, may 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.

#### **8.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 specified in Bank's cheque collection policy. 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 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 of 2% above the corresponding Term Deposit rate.
- c) In the event the proceeds of cheque under collection was to be credited to an overdraft / loan account of the customer, interest will be paid at the rate applicable to the overdraft/loan account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account.
- d) **In the event the proceeds of cheque under collection was to be credited to an saving account of the customer, interest will be paid at the rate applicable to the savings account. For extraordinary delays, interest will be paid at the rate of 2% p.a. above the rate of interest payable on balances of Savings Bank accounts. The delayed period should be reckoned after making allowance for normal transit period based upon a time frame of 2 days each for**
  - **Despatch of Cheques**
  - **Presentation of Cheque of drawees**
  - **Remittance of proceeds to the lodger's bank**
  - **Crediting the proceeds to drawees account**

It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India

#### **9. Settlement of ATM failed transactions:**

- The time limit for resolution of customer complaints for settlement of charge back raised by the issuer banks has been fixed to 7 working days from the date of receipt of the customer complaint. If the Bank fails to re- credit the customer's account within 7 working days of receipt of the complaint, then the issuing Bank would be liable for payment of compensation to the customer @ Rs. 100/- per day.
- The customer is entitled to receive such compensation for delay, only if a claim is lodged with the issuing bank within 30 days from the date of transaction and the branch has failed to establish the proof of payment/disbursement by the ATM.
- **The number of free transactions permitted per month at other bank ATMs to Savings Bank account holders shall be inclusive of all types of transactions, financial or non-financial.**
- **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.**

#### **10. Compensation for loss of instrument in Transit:**

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 accountholder so that the accountholder 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.

In line with the compensation policy of the Bank, the Bank will compensate the accountholder in respect of instruments lost in transit in the following way:

- In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (14 days as the case may be) interest will be paid for the period exceeding the stipulated collection period at the rates specified above.
- 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.
- 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.

#### **11. 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.

#### **12. Violation of the Code by Bank's agent:**

In the event of receipt of any complaint from the customer that the Bank's representative / courier 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, the Bank is committed to investigate the matter and endeavor to communicate the findings to the customer within 7 working days from the date of receipt of complaint and wherever justified, compensate the customer for financial loss, if any, as contemplated under this policy.

#### **13. Commitment to borrowers:**

In terms of 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 Bank, the compensation will cover out of pocket expenses for obtaining duplicate documents plus a lump sum amount as decided by the Bank.

**14. Customers' Responsibility:**

The Bank will not be responsible for the loss to the customer, if the customer acts fraudulently and/or acts without reasonable care which has resulted into loss to him/her. The Bank will also not be responsible for the losses arising out of misuse of lost PIN, Cheque book, passbook, compromise of passwords/secure or confidential information, suffered by the customer until the time the Bank has been notified and has taken steps to prevent misuse.

**15. 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 labour 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.