

COMPENSATION POLICY

MARCH 2019

Section	Subject	Page
1	Introduction	2
2	Guiding Principles	2
3	Policy	2
3.1	Unauthorized / Erroneous Debit	2
3.2	Direct debits/electronic payments (RTGS/NEFT)/other debits to accounts	3
3.3	Payment of Cheques after Stop Payment Instructions	3
3.4	Foreign Exchange Services (Foreign Currency Cheque Collections)	3
3.5	Domestic Cheque Collections	4
3.6	Compensation for instruments lost in transit	4
3.7	Fixed Deposits	4
3.8	Issue of Duplicate Demand Draft	4
3.9	Violation of the Code by banks agent	4
3.10	Not acting on investment and redemption slips	5
3.11	Return of Documents on Repayment of Loan	5
3.12	Delay in affording credit and/ or return of transactions	5
3.13	Delay in crediting failed ATM transactions	5
3.14	Reversal of Erroneous/ unauthorised debits on account of fraudulent transactions on debits cards/ mobile banking/ internet banking	6
3.15	Force Measures	7
3.16	Actual/ Direct loss	7
3.17	Full and Final Settlement	7

1 Introduction

The objective of this policy is to establish a system whereby the bank compensates the customer for any financial loss customer 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 or third-party breach where deficiency is neither with bank nor with the customer or any breach due post reporting of unauthorized debit by customer. 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, remittances outside India, foreign exchange services, lending, pre-paid instruments, ATM cash withdrawal, frauds arising out of unauthorized electronic banking transactions which is not backed by One-Time Password (OTP) or 2 factor Authentication (2FA), etc.

2 Guiding Principles

The policy is based on principles of transparency and fairness in the treatment of customers. 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 or third party specifically in case of unauthorized Electronic Banking transactions which is not backed by OTP or 2FA, 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.

Policy is guided by the changes to regulation released by RBI and other pertinent authorities and regulators.

3 Policy

Customer compensation policy shall broadly comprise of the following:

3.1 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 by the client or through internal finding of the erroneous debit, after verifying the position. In the event the unauthorized/erroneous debit has resulted in a financial loss to 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 any actual interest loss incurred by the customer. 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 on a best-effort basis complete the verification process within a maximum period of one month from the date of reporting of erroneous transaction by the customer. In the event the third party does not for any reason reciprocate or delays are caused beyond all efforts put in by the bank, then such delay shall be excluded from the period of one month stated above and the bank may approach the customer for any assistance that is required to resolve the same.

The customer should approach the Bank within a maximum period of 45 days from the date of the erroneous debit.

The Bank reserves its right to debit the account for reversing the amounts in case a wrong credit is posted to a customer's account without payment of any compensation.

3.2 Direct debits/NACH debits/ electronic payments (RTGS/NEFT/ IMPS/ UPI)/other debits to accounts

The bank will undertake to carry out direct debit / Standing instructions/ ECS or NACH debit instructions of customers on time. In the event the bank fails to meet such commitments the customer will be compensated to the tune of the banking charges that he may have to face from another bank due to the delayed credit provided sufficient balance is available in the account of the customer on the date of debit and a valid debit mandate/ standing instruction has been registered with the Bank. This policy will cover charges levied only on the account that the credit was to go into, and not for any other issues thereof.

Electronic payments such as RTGS / NEFT / IMPS / UPI will be governed by the applicable terms and conditions communicated to the customer.

The Bank would debit the customer's account with any applicable service charge as per the tariff schedule/schedule of charges notified by the Bank. Where a service charge is inadvertently erroneously levied, the Bank will reverse the erroneous entry within 7 days of the Bank receiving communication in this regard from the customer subject to scrutiny of terms and conditions and such other terms and conditions as may be communicated from time to time.

The compensation would be restricted to direct and actual financial loss in terms of interest or penalties levied due to 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 any actual interest loss incurred by the customer or penalties charged for non - maintenance of minimum balance due on saving / current accounts / or any other corporate accounts.

3.3 Payment of Cheque after Stop Payment Instructions

In case a cheque has been paid after stop payment instruction is acknowledged by the bank, the bank shall investigate the matter carefully and in case there were no contradictory instructions received by the Bank, the bank shall reverse the transaction and give value-dated credit within 2 working days of the customer intimating the transaction to the Bank. Any consequential financial loss to the customer will be compensated as provided under Para 3.1 above. In case of any overriding factor, the payment will be made at the discretion of the Bank, based on the transactional history of the customer.

3.4 Foreign Exchange Services (Foreign Currency Cheque Collections)

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. 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 banks. The compensation in such cases will be worked out as follows:

- Interest for the delay in crediting proceeds as detailed in the Cheque Collection Policy of the Bank
- Compensation for any possible loss because adverse movement in foreign exchange rate

3.5 Domestic Cheque Collections

As part of the compensation policy, the bank will pay interest to its customers on the amount of collection instruments (local/ outstation cheques) in case there is a delay in giving credit beyond the time specified in the Bank's cheque collection policy. Such interest will be paid without any claim being made from customers. There shall be no distinction between instruments drawn on the bank's own branches or on other banks for payment of interest on delayed collection.

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

- a) Saving Bank Rate for the period of delay beyond 3 working days in case of local cheques.
- b) Savings Bank rate for the period of delay beyond 7 days in collection of outstation cheques payable at CTS Centres and 10 days in non CTS Centres.
- c) Where the delay is beyond 14 days interest will be paid at the rate applicable to term deposit for the respective period.
- d) 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.
- e) 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 loan account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account.

3.6 Compensation for instruments lost in transit

The Bank's compensation policy for financial loss suffered by the customer due to loss of instrument after it has been handed over to the bank for collection by the customer would also be indicated in the cheque collection policy.

3.7 Fixed Deposits

In case the bank fails to act on the customer instruction related to booking of Fixed Deposits even after receiving funds and instructions for the same, the Fixed Deposit for the customer will be booked with due value date as per instructions and funds received.

In case of maturity of these deposits, the bank will act as per the maturity instructions provided by the customer within the cut-off period for receiving these instructions. In case the Bank fails to act upon the instruction resulting in a financial loss to 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 by reimbursing the actual charges and interest so levied to the customer.

3.8 Issue of Duplicate Demand Draft

The Bank will issue a duplicate demand draft to the customer within a fortnight from the date of receipt of such request along with necessary documentation sought. In case of delay beyond this period, the Bank will pay interest at the fixed deposit rate applicable for the Corresponding maturity period. This would be applicable only in cases where the request of the duplicate demand draft drawn on the Bank is made by the purchaser and would not be applicable in case of third party endorsements.

3.9 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 the complaint and compensate the customer for actual financial losses in the banking transaction, on a case by case basis. This does not include any other expenses and indirect financial or non financial losses incurred.

3.10 Not acting on investment and redemption slips

If the bank fails to act on any investment or redemption slips submitted to the bank by a customer for onward processing to a Mutual Fund, the bank will compensate on the delayed amount, at the prevailing savings bank rate, for the period over which the slip has been delayed.

3.11 Return of Documents on Repayment of Loan

The Bank will return to the customer, all the securities / documents / title deeds to the mortgaged property within 15 days of the repayment of all dues agreed to or contracted and other related formalities and documentation.

If any right to set off is to be exercised for any other claim, the Bank will give due notice with full particulars about the other claims and retain the securities / documents / title to the mortgaged property till the relevant claim is settled / paid. For delay on the part of the Bank in return of securities / documents / title deeds to mortgaged property beyond 15 days of repayment of all dues contracted, the Bank will pay compensation of Rs. 100/- per week subject to a maximum of Rs. 5000.

3.12 Delay in affording credit and/ or return of transactions

The Bank will compensate the customers for delay directly attributable to the Bank in affording credits of inward remittances like NEFT, RTGS or by any other means, received on behalf of the customers.

For a delay in crediting NEFT/ NECS/ NACH transactions to the beneficiary beyond the timeline as per the procedural/ regulatory guidelines, the bank shall pay the customer penal interest at the rate RBI LAF repo rate plus two percent. The penal interest shall be paid to the customer even if no claim is lodged by the customer to that effect.

For a delay in crediting RTGS to the beneficiary beyond the timeline as per the procedural/ regulatory guidelines, the bank shall pay the customer penal interest at the current repo rate plus two percent per day. In case of a delay in the credit with the credit passed on the same day, compensation shall be paid for one day. The penal interest shall be paid to the customer even if no claim is lodged by the customer to that effect.

3.13 Delay in crediting failed ATM transactions

The bank will investigate and convey its decision on accepting or declining the request within 15 working days from receipt of the customer complaint. In the event of delay in passing on the credit, compensation of Rs 100 per day after 15 working days from the receipt of the complaint will 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 shall be entitled to receive the compensation only if the complaint is raised to the issuing bank within 30 days of the transaction.

3.14 Reversal of Erroneous/ unauthorised debits on account of fraudulent transactions on debits cards/ mobile banking/ internet banking

The Bank shall not be liable to compensate claim which arises on the transaction which is followed by One-Time password or 2 Factor authentication (2FA). Such claim or claims shall be declined irrespective of the amount involve.

Addition of the above, customer shall be liable for the loss occurring due to unauthorised transactions in cases where the loss is due to negligence by a customer, such as where he has shared the payment credentials and any other details related to the account which should not be shared – as conveyed in the terms and conditions and also as conveyed in client education efforts from time to time. 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, thereafter every loss is the bank's responsibility.

In case of a third-party breach where the deficiency lies neither with the bank nor with the customer but elsewhere in the system, and the customer notifies the bank in time, the liability of the customer shall be as follows

Time of notifying the bank post receiving communication regarding the transaction	Customer's liability
Within 3 working days	Nil
Four to seven working days	<p>Transactions amount or amount as mentioned below, whichever is lower.</p> <p>BSBD account - Liability INR 5000 Savings Account, MSME current account, Current/ OD account of individuals with annual average balance / limit up to INR 25 lakhs – Liability INR 10000</p> <p>Other Current/ OD accounts – Liability INR 25,000</p>
Beyond 7 working days	As per the clauses mentioned below *

On being notified by the customer, the bank shall credit (shadow reversal) the amount involved in the unauthorised transaction within 10 working days from the date of being notified. The credit shall be value-dated to be as on date of the unauthorised transaction. Further Bank will resolve the compliant or establish the liability of the Customer (if any) within 90 working days from the date of receipt of compliant.

***As per the clauses mentioned below** - All such suspect debits will be investigated by the Bank in conjunction with aligned procedures and law enforcing bodies wherever required. Depending on outcomes of such investigations on a case to case basis.

- (i) In case of any fraud, if the Bank is convinced that an irregularity / fraud has been committed by its staff towards any constituent, the branch shall at once acknowledge its liability and pay the just claim.
- (ii) In cases where Bank is at fault, the Bank shall compensate the customer without objection only if transaction is not backed by OTP or 2 factors authentications or any of the case mentioned in the document.

- (iii) In cases where neither the Bank is at fault nor the customer is at fault but the fault lies elsewhere in the system, then the Bank shall compensate the customer up to 50% (not exceeding INR 5,000) of only the direct financial loss suffered by the customer. Such compensation would be paid only once in the lifetime of an account.

The Bank reserves the right to reject claims arising because of:

- Violation of terms and conditions for products and services offered by the Bank
- Non-adherence by the customer to various guidelines released by the Bank from time to time for ensuring safeguard of a client's account and instruments of transactions such as Debit/ATM Card, or other sensitive information etc.
- Customers must always ensure that they have updated their current contact details especially a working mobile number and email id to receive alerts promptly. Failure to keep such contact information with the Bank updated may result in the customer being held liable for any loss suffered because of misuse of ATM/Debit Cards or any other electronic channel of Bank account transactions/access.
- No compensation shall be entertained or paid for any indirect or consequential loss arising out of the suspect or fraudulent transaction in question.

3.15 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, 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 which prevents it from performing its obligations within the specified service delivery parameters

3.16 Actual / Direct Loss

The Bank shall be liable to compensate the customer only to extent of actual and direct loss (specifically excluding notional and indirect loss) under this compensation policy for various banking services including pre-paid instrument service, provided that sufficient proof of loss being attributable to Bank is provided and shall be subject to absence of negligence on part of the customer.

3.17 Full and Final Settlement

Once the Bank has paid compensation as said above, the same shall be construed as a "full and final settlement" and no further claim shall be entertained by the bank from the customer or anyone else.