

COMPENSATION POLICY-2018-19

OBJECTIVES:

The objectives of this Policy is to provide 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.

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 and as such the commitments under this Policy are without prejudice to any right the bank will have in defending the position before any forum duly constituted to adjudicate banker - customer disputes.

1. 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 60 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. (i) 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.

- (ii) In case where bank is at fault, the bank should compensate Customers without demur.
- (iii) 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. As a gesture of goodwill and to deal with the customers fairly, the Bank will compensate the customer with Rs.100/- per Rs.5000/- of the amount involved, subject to a maximum Rs.1000/- for each instance.

f. Compensation by way of interest payment, where necessary, shall be made without any claim from the customer as below:

2. 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.

3. 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.

4. 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. Under the extant guidelines, bank is required to 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.

In case of delayed credits or delayed returns, the penal interest as applicable is paid suo-moto to the customer. Even in the case of back-dating or value-dating such delayed transactions, bank shall pay the penal interest for the delayed period.

5. 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.

6. 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:

- i. Interest for the delay in crediting proceeds as indicated in the collection policy of the bank. Such compensation shall be paid at the rate of interest applicable to NRE SB a/c in respect of NR - clients and domestic SB a/cs in case of resident customers.
- ii. Compensation for any possible loss on account of adverse movement in foreign exchange rate.

7. Remittances in India:

The compensation on account of delays in collection of instruments would be as indicated in the bank's collection policy which is reproduced below for information:

"Payment of Interest for delayed Collection of Local and 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 above. 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) 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.
- b) 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, interest will be paid at the rate of 2% above the rate applicable to the loan account.
- c) In case no rate is specified in the Cheque Collection Policy for delay in realization of local cheques, compensation at Savings Bank interest rate shall be paid for the corresponding period of delay.
- d) Time frame for collection of cheques drawn on State Capitals / major cities/ other locations to be 7/10/14 days respectively. If there is any delay in collection beyond this period, the interest shall be, the interest rate on Fixed Deposits on the corresponding maturity. The time frame for collection specified by the National Consumer Dispute Redressal Commission shall be treated as outer limit and credit shall be accorded if the process gets completed earlier.
- e) Banks shall not decline to accept Outstation cheques deposited by its customer for collection

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:

8. Cheques/Instruments lost in transit/in clearing process or at paying banks' branch:

a. In respect of cheques lost in transit or in the clearing process or at the paying Bank's branch, the bank should immediately bring the same to the notice of the account holder so that account holder can inform the drawer to record the stop payment and can also take care that other cheques issued by him are not dishonoured due to non credit of the amount of the lost cheques / instruments.

b. In case of cheque/instrument lost, onus of such loss lies with the collecting Banker and not the account holder.

c. The bank would also compensate the customer for any reasonable charges he / she incurs in getting duplicate cheque / instruments upon production of receipt in the event the instrument is to be obtained from a bank / institution who would charge fee for issue of duplicate instrument and also reasonable charges incurred for stopping payment of the cheque. The Bank shall reimburse the account holder related expenses for obtaining duplicate instruments and also interest at SB rate for reasonable delays occurred in obtaining the same.

d. If the cheque/instrument has been lost at the paying Bank's Branch, the collecting Banker shall have a right to recover the amount reimbursed to the customer for the loss of the cheque/instrument from the paying Banker.

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.

Illustrative list of objections where customers are not at fault

Code No	Reason for Return
33	Instrument mutilated; requires bank's guarantee
35	Clearing House stamp / date required
36	Wrongly delivered / not drawn on us
37	Present in proper zone
38	Instrument contains extraneous matter
39	Image not clear; present again with paper
40	Present with document
41	Item listed twice
42	Paper not received
60	Crossed to two banks
61	Crossing stamp not cancelled
62	Clearing stamp not cancelled
63	Instrument specially crossed to another bank
67	Payee's endorsement irregular / requires collecting bank's confirmation
68	Endorsement by mark / thumb impression requires attestation by Magistrate with seal
70	Advice not received
71	Amount / name differs on advice
72	Drawee bank's fund with sponsor bank insufficient (applicable to sub-members)
73	Payee's separate discharge to bank required
74	Not payable till 1 st proximo
75	Pay order requires counter signature
76	Required information not legible / correct
80	Bank's certificate ambiguous / incomplete / required
81	Draft lost by issuing office; confirmation required from issuing office
82	Bank / branch blocked
83	Digital certificate validation failure
84	Other reasons - connectivity failure
87	'Payee's account credited' - Stamp required
92	Bank excluded

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. 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.

12. 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.

(a) 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.

(b) 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.

13. 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 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.

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

15. 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.

16. 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, if the minimum balance is not maintained. Any charge levied subsequently shall be transparently made known to all depositors in advance with one month's notice. The Bank shall inform, at least one month in advance, the existing account holders of any charges in the prescribed minimum balance and charges that may be levied if the prescribed minimum balance is not maintained. With effect from 16.05.2014 bank shall not permit to levy penal charges for non-maintenance of minimum balances in any inoperative account.

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

(a). The time limit for payment of inward remittances received up to USD 10,000/- or it's equivalent or issuance of FITT (Foreign Inward Remittance Received through Telegraphic Transfer/SWIFT) voucher if it is exceeding USD 10,000/- or it's 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)

18. 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.