

COMPENSATION POLICY

Introduction:-

The Bank's endeavor has been to provide efficient services to its customers by making best possible usage of its technology infrastructure. Offering the CBS (core banking solutions) platform was a first step in this direction.

In order to increase the efficiency of the Bank's operations and improve the level of customer service, a policy has been framed to compensate adequately any customer who faces deficiency in Banking Services.

The primary 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.

This policy will be applicable to all banking customers of the Bank. It is based on the principles of transparency and fairness in the treatment of customers and their genuine grievances. It is therefore imperative and for all branches/regional offices/corporate office to ensure that prompt and efficient service is rendered to all customers at all times.

It must however, be understood and is reiterated that this policy covers only compensation for financial losses which customers might incur due to deficiency in 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 and does not constitute admission of liability or any other issue of any nature whatsoever for the purposes of Adjudicatory proceedings.

Scope :-

This policy document is designed to cover areas relating to unauthorized /erroneous debiting of accounts, payment of cheques after acknowledgement of stop payment of instructions, compensation for settlement of disputed ATM transactions, delay in ECS direct debits/other debits to accounts, lending, etc.

1. Unauthorized / Erroneous debits :

1.1 If the Bank has raised an unauthorized/ erroneous debit to an account, the entry shall be reversed immediately on being detected/informed, after due verification. If such a debit has resulted in a financial loss to the customer by way of reduction in the balance applicable for payment of interest on savings bank deposit or payment of additional interest to the Bank in a loan account or levying of penalty for not maintaining the stipulated minimum balance in the account, Bank shall compensate the customer to that extent.

1.2 Further, if the customer has suffered any loss incidental to return of a cheque or not carrying out of direct debit instructions due to insufficiency of balance on account of the unauthorized / erroneous debit, Bank will compensate the customer to the extent of such financial loss, besides refunding the cheque return charges. However customer will not be entitled to claim any compensation for loss of reputation or loss of profit.

1.3 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.

2. ECS direct debits/other debits to accounts

2.1 The bank will undertake to carry out direct debit/ ECS debit instructions of customers in time. If 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. Such compensation may be equivalent to the interest calculated on the amount to be debited, for the delayed period, at applicable Savings Bank rate, with minimum of Rs. 100/-, subject to a maximum of Rs.1,000/-.

2.2 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 or inadvertently, Bank will reverse the charges, subject to scrutiny of agreed terms and conditions, and compensate the customer by a sum equal to the charges reversed.

3. Unauthorised Electronic Transactions reported by Customers

As per the circular no. DCBR.BPD.(PCB/RCB).Cir.No.06/12.05.001/2017-18 dated December 14, 2017 issued by the Reserve Bank of India, all Banks are required to formulate a Board Approved Customer Protection Policy for unauthorised electronic Banking transactions reported by customers.

The policy covers the liability of customers in different scenarios depending on whether compromise was at the Bank's end, customer's end or elsewhere in the system.

For all such transactions, the Bank is governed by the Board Approved Customer Protection Policy.

4. 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 within 2 working days of the customer intimating the Bank, and give value-dated credit to protect the interest of the customer. Such debits will be reversed 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 2.1 above. However no compensation will be paid if the cheque has been paid prior to acknowledgement of stop payment instructions.

5. 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 banks **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: (as per **cheque collection policy of the Bank**)

- a. Savings Bank rate for the period of delay beyond 7/10/14 days respectively as applicable, in collection of outstation cheques.
- b. Where the delay is beyond 14 days and upto 90 days interest will be paid at the rate applicable for term deposit for the respective period. In case of delay beyond 90 days, interest will be paid at the rate of 2% p.a. above the corresponding Term Deposit rate.
- 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.

6. 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 is indicated in our cheque collection policy. The same is extracted below for information:

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

- a. In the event of a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying banks branch, the Bank shall immediately on knowledge about 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 dishonored due to non-credit of the amount of the lost cheques/instruments.
- b. In case an international cheque is lost, the Bank shall also advise the correspondent/drawee bank all particulars of lost cheques/instruments for exercising caution.
- c. If the Bank loses the cheque, the Bank will bear the stop payment charges on customer producing relevant documents. The Bank may use its discretionary powers to reimburse reasonable expenses incurred by the customer in connection with the lost cheque.

- d. 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) interest will be paid for the period exceeding the stipulated collection period at the rates specified above.
- e. 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.
- f. 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.

7. 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 along with submission of documents as prescribed by the banks. 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.

8. Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorized Payment Systems :

Reserve Bank has put in place a framework on Turn Around Time (TAT) - (**Annex to Circular DPSS.CO.PD No.629/02.01.014/2019-20 dated September 20, 2019**) for resolution of customer complaints and compensation framework across all authorized payment systems which will result in customer confidence and bring in uniformity in processing of the failed transactions.

- ✓ The prescribed TAT is the outer limit for resolution of failed transactions.
- ✓ The bank and other operators/ system participants shall endeavor towards quicker resolution of such failed transactions.
- ✓ Wherever financial compensation is involved, the same shall be effected to the customer's account suo moto, without waiting for a complaint or claim from the customer.
- ✓ Customers who do not get the benefit of redress of the failure as defined in the TAT, can register a complaint to the Banking Ombudsman of Reserve Bank of India.

General Instructions covering the TAT :

1. The principle behind the TAT is based on the following :
 - a. If the transaction is a 'credit-push' funds transfer and the beneficiary account is not credited while the debit to originator has been effected, then credit is to be effected within the prescribed time period failing which the penalty has to be paid to the beneficiary;
 - b. If there is delay in initiation of a transaction at the originator bank's end beyond the TAT, then penalty has to be paid to the originator.
2. A 'failed transaction' is a transaction which has not been fully completed due to any reason not attributable to the customer such as failure in communication links, non-availability of cash in an ATM, time-out of sessions, etc. Failed transactions shall also include the credits which could not be effected to the beneficiary account on account of

lack of full information or lack of proper information and delay in initiating a reversal transaction.

3. Terms like, Acquirer, Beneficiary, Issuer, Remitter, etc., have meanings as per common banking parlance.
4. T is the day of transaction and refers to the calendar date.
5. R is the day on which the reversal is concluded and the funds are received by the issuer / originator. Reversal should be effected at the issuer/ originator end on the same day when the funds are received from the beneficiary end.
6. The term bank includes non-banks also and applies to them wherever they are authorised to operate.
7. Domestic transactions i.e., those where both the originator and beneficiary are within India are covered under this framework

Sl. no.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
I	II	III	IV
1	Automated Teller Machines (ATMs) including Micro-ATMs		
a	Customer's account debited but cash not dispensed.	Pro-active reversal (R) of failed transaction within a maximum of T + 5 days.	₹ 100/- per day of delay beyond T + 5 days, to the credit of the account holder.
2	Card Transaction		
a	<u>Card to card transfer</u> Card account debited but the beneficiary card account not credited.	Transaction to be reversed (R) latest within T + 1 day, if credit is not effected to the beneficiary account.	₹ 100/- per day of delay beyond T + 1 day.
b	<u>Point of Sale (PoS) (Card Present) including Cash at PoS</u> Account debited but confirmation not received at merchant location i.e., charge-slip not generated.	Auto-reversal within T + 5 days.	₹ 100/- per day of delay beyond T + 5 days.
c	<u>Card Not Present (CNP) (e-commerce)</u> Account debited but confirmation not received at merchant's system.		
3	Immediate Payment System (IMPS)		
a	Account debited but the beneficiary account is not credited.	If unable to credit to beneficiary account, auto reversal (R) by the Beneficiary bank latest on T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
4	Unified Payments Interface (UPI)		
a	Account debited but the beneficiary account is not credited (transfer of funds).	If unable to credit the beneficiary account, auto reversal (R) by the Beneficiary bank latest on T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
b	Account debited but transaction confirmation not received at merchant location (payment to merchant).	Auto-reversal within T + 5 days.	₹100/- per day if delay is beyond T + 5 days.

Sl. no.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
I	II	III	IV
5	Aadhaar Enabled Payment System (including Aadhaar Pay)		
a	Account debited but transaction confirmation not received at merchant location.	Acquirer to initiate “Credit Adjustment” within T + 5 days.	₹100/- per day if delay is beyond T + 5 days.
b	Account debited but beneficiary account not credited.		
6	Aadhaar Payment Bridge System (APBS)		
a	Delay in crediting beneficiary’s account.	Beneficiary bank to reverse the transaction within T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
7	National Automated Clearing House (NACH)		
a	Delay in crediting beneficiary’s account or reversal of amount.	Beneficiary bank to reverse the uncredited transaction within T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
b	Account debited despite revocation of debit mandate with the bank by the customer.	Customer’s bank will be responsible for such debit. Resolution to be completed within T + 1 day.	
8	Prepaid Payment Instruments (PPIs) – Cards / Wallets		
a	<u>Off-Us transaction</u> The transaction will ride on UPI, card network, IMPS, etc., as the case may be. The TAT and compensation rule of respective system shall apply.		
b	<u>On-Us transaction</u> Beneficiary’s PPI not credited. PPI debited but transaction confirmation not received at merchant location.	Reversal effected in Remitter’s account within T + 1 day.	₹100/- per day if delay is beyond T + 1 day.

9. 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. 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 cheque collection policy of the bank.

b) Compensation for any possible loss on account of adverse movement in foreign exchange rate.

10.Wealth Management Products

Bank is a corporate Agent and distributor of Insurance and Mutual Fund products respectively. For any deficiencies in services bank will assist customers to raise their grievances with the tie-up partners.

In the event of Bank receiving any complaint from the customer regarding mis-selling of the Wealth Management Products (all third party products) by the Bank, or about having engaged in any improper conduct or about having acted in violation of any Code adopted by the Bank, the Bank shall take appropriate steps to investigate and handle the complaint. In case lapses by the Bank employees are established, the Bank shall compensate the customer to the extent of the direct financial loss suffered by him/her on account of the transaction, post ascertaining all the facts and documents available. However, the Bank shall not in any event compensate for any notional losses on account of the transaction.

11. Lenders liability - Commitments to borrowers :

11.1 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 on obtaining a request letter all the securities/documents/title deeds to mortgaged property within 30 days of repayment of all dues agreed to or contract, subject to any other right/lien/claim by the Bank till the relevant claim is settled /paid. If any right to set off is to be exercised for any other claim, Bank would retain the securities/documents/title to mortgage property till the relevant claim is settled/paid. The bank will compensate the borrower for monetary loss suffered, if any due to delay in return of the same.

11.2 In the event of loss of title deeds to mortgaged property at the hands of the Banks, the compensation will cover actual expenses incurred for any documentation for obtaining duplicate title deeds/documents plus a lump sum amount. The lump sum compensation would be paid as follows :

"The Bank would pay the compensation for delay in return of securities/documents/title deeds to the mortgaged property beyond 30 days of repayment of all dues agreed to or contracted, subject to above conditions, @ Rs.100/- per day subject to maximum Rs.5000/- to the borrower."

Payment of compensation would be approved by the respective Divisional Manager-Branch Banking.

The above would be applicable only to performing assets and not under any OTS agreed to by the Bank. Neither is it applicable to return of securities/documents/title deeds to mortgaged property of borrower accounts that are non-performing assets (NPAs) in the Bank's Books of Accounts.

12. Customers' responsibility:

12.1 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 Dont's issued by Bank, until the Bank has been notified by the customer.

12.2 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. Bank will also not be responsible for the losses arising out of misuse, of lost PIN, 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.

13. Disclaimer clause

Notwithstanding anything contained here above, the Bank shall not pay any compensation due to

13.1 Delays on account of non-functioning of business due to factors beyond the control of the bank. The period covered by such events shall be omitted for calculation of delay etc.

13.2 Where the issues are sub-judice and pending before Courts, Ombudsman, arbitrator , Government and matter put on hold due to stay.

14. Amendment/Modification of the Policy

The Bank reserves the right to amend/modify this Policy, as and when deemed fit and proper, at its sole discretion.

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/other labour disturbances, due notice whereof is given in advance to the customers through media, accident, fires, natural disasters or other "Acts of God", war, damage to bank's facilities or of its correspondent bank(s), absence of all types of usual modes of transportation, etc.) beyond the control of the bank prevents it from performing its obligation within the specified service delivery parameters.