

CUSTOMER SERVICE COMPENSATION POLICY

1. Preamble

Technological progress in payment and settlement systems and qualitative changes in operational systems and processes undertaken by various players in the market have improved efficiencies for providing better service to the users of the system. It has been the endeavour of the Bank to offer services to its customers with best possible utilization of its technology infrastructure. Migration of all branches of the Bank to Core Banking Solution (CBS) platform is a great leap in this direction Reserve Bank of India has also been issuing various instructions/guidelines, from time to time, with a view to improving the level of customer service available to the customers of the banking industry and also to empower the banks to promote efficient service. Accordingly, in order to increase efficiency of operations/better performance and to compensate adequately any customer who faces deficiency in services, the Compensation Policy for the Bank has been formulated.

2. Objective

The objective of the Compensation Policy is to establish a system whereby the Bank compensates the customer for the loss or inconvenience due to deficiency in service on the part of the Bank or any act of omission or commission, directly attributable to the Bank.

3. Scope

- a) The Policy will be applicable to all banking services to customers of the Bank.
- b) The Policy is based on principles of transparency and fairness in the treatment of customers. It is designed to cover deficiency in service in areas relating to unauthorized debiting of accounts, payment of interest to customers for delayed collection of cheques/instruments, payment of cheques after acknowledgment of stop payment instructions, remittances within India, lending etc. as specified in this Policy.
- c) Grant of compensation under this Policy is without prejudice to the Bank's rights in defending its position before any Court of Law, Tribunal or any other 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.

4. Recognition of deficiency and compensation

Unauthorized/Erroneous Debit

- a. 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 minimum 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.

- b. 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 in addition to an amount equivalent to interest calculated on the unauthorized/erroneously debited amount at applicable Savings Bank rate, minimum Rs.100/-, besides refunding the cheque return charges.

- c. In case verification of the entry reported to be un-authorized /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.
- d. In case any amount has been debited to the account of a customer on account of fraudulent transactions, the amount will be restored to the affected customer account without delay/demur, once the fraud is established, with due verification.
- e. If a fraud in the account of a customer, has been committed by a member of staff, and has been so established, the Bank will not only restore the amount, it will also pay compensation @1% above the specified interest rate as provided in Bank's Cheque Collection Policy for delayed collection in deposit account and @1% above the applicable interest rate in respect of overdraft/loan account, for the period, on the amount involved.
- f. 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 and as a gesture of goodwill and to deal with the customers fairly, will also compensate the customer with Rs.100/- per Rs.5000/- (maximum Rs.1000/-) for each instance.

5. ECS direct debits / other debits to accounts

- a. The Bank undertakes to carry out, within the prescribed time, direct debit /ECS (Electronic Clearing Service) debit instructions of customers. In the event of non-compliance/delayed compliance of instructions by the Bank to meet such commitments, the 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 instruction.
- b. 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.1000/-
- c. 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 with a sum equal to the charges reversed.

6. Uniformity in penal interest payable by banks for delays in credit/ return NEFT /NECS / ECS transactions.

In terms of the NEFT /NECS / ECS Procedural Guidelines of RBI, as also the relevant circulars/ instructions issued by RBI from time to time, member banks need to afford credits to beneficiary accounts or return transactions (un credited for whatever reason) to the originating/ sponsor bank within the prescribed timeline. Any delay in doing so attract penal provisions specified therein. In order to ensure standardization of the benchmark rate used and bring in uniformity in penal provisions across the retail payment products, RBI has made the following modifications:

7. NECS/ ECS- Credit

Destination Bank would be held liable to pay penal interest at the current RBI Repo Rate plus two per cent from the due date of credit till the date of actual credit for any delayed credit to the beneficiaries account. Penal interest shall be credited to the Beneficiary's Account even if no claim is lodged."

8. NEFT

In the event of any delay or loss on account of error, negligence or fraud on the part of an employee of the destination bank in the completion of funds transfer pursuant to receipt of payment instruction by the destination bank leading to delayed payment to the beneficiary, the destination bank shall pay compensation at current RBI Repo Rate plus two per cent for the period of delay for credit to the beneficiary's a/c. In the event of delay in return of the funds transfer instruction for any reason whatsoever, the destination bank shall refund the amount together with interest at the current RBI Repo Rate plus two per cent till the date of refund.

During the NEFT operating hours, originating banks should endeavour to put through the requests for NEFT transactions received by them, either online or across the counters, preferably in the next available batch but, in any case, not exceeding two hours (from the business hours next day), from the time of receipt of the requests. In the likelihood of any delay / possible delay in adhering to this requirement, the originators /customers should be informed of the delay /possible delay and the reasons for the same.

In terms of the RBI ECS (Credit Clearing) procedural guidelines which clearly stipulate that if a destination bank branch is not in a position to credit a particular transaction for reasons like "Account Closed/ transferred"; "No such Accounts"; "Account description does not tally"; etc. it should report the same and forward it to the Service Branch/ Main Branch on the same settlement day.

9. Issue of ATM Debit Cards without written consent of customers:

Where the Bank had issued an ATM/ Debit card without written consent of the customer, which has been disputed by the customer without using the card, the said ATM/Debit card will be taken back by the Bank and cancelled. The Bank would not only reverse the charges, if levied, immediately but also 'pay compensation to the customer Rs.100/- if cancellation is done within 7 days of the representation and Rs.500/- for cancellation done after 7 days.

10. Payment of Cheques after Acknowledgement of Stop payment Instructions

The instruction for Stop Payment of cheque will be accepted at Home Branch /through Contact center/ Internet Banking (alternate channel).

In case a cheque has been paid after stop payment instruction is acknowledged by the Bank, Bank shall reverse the debit on account of stopped cheque with value dated credit within two working days of the customer intimating the transaction to the Bank and also compensate the customer with Rs.100/. However, no compensation will be paid if cheque has been paid prior to acknowledgment of instructions for stop payment of cheque.

11. Collection of cheques payable in India

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 customers 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. Since RBI has further advised to reframe time norms for collection of cheques drawn on state capitals/major cities/other locations are 7/10/14 days respectively for collection of out station cheques. Bank is required to compensate customers for delay in collection of instruments/cheques beyond these days in addition to other deficiency in services.

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

- a) Saving Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques, i.e. from 8th /11th /15th day, the interest will be payable.
- b) Where the delay is beyond 14 days interest will be paid at the rate applicable for term deposit for the corresponding period or Saving Bank rate, whichever is higher.
- c) 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.
- d) In the event the proceeds of cheque under collection, 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, i.e. delays exceeding 90 days, interest will be paid at the rate of 2% above the rate applicable to the loan account.

Interest as above shall be payable with a minimum of Rs.25/-.

Compensation for delay in clearance of Local Cheques

Cheques deposited at the counters up to 11 a. m. will be sent for clearance on same day, for which the clearance period will be T+1 working days. Cheques deposited after 11 a.m. will be sent for clearing on next day, for which clearance period will be T+2 working days.

The compensation to the customers is payable, in case of delay in clearance of local cheques beyond above stipulated period. Such compensation shall be paid without any demand from customers in all types of accounts at Savings Bank interest rate.

Instruments drawn on the bank's own branches and presented across the counter are being credited, to the customers' account on the same day, subject to cheque amount being under existing cap for non-home transactions.

Compensation for loss of Cheques / Instruments in transit

In the event a cheque or an instrument accepted for collection is lost in transit or in clearing process or lost by the Service Provider (in case of CMP), the Bank shall immediately on coming to know of the loss of instrument, 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 dishonoured due to non-credit of the amount of the lost

cheque/instrument. The Bank would provide all assistance to the customer to obtain a duplicate Instrument from the drawer of the cheque.

In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection, as per the Cheque Collection Policy of the Bank, (7/10/14 days as the case may be) interest will be paid for the period beyond the stipulated collection period .

- i) Bank will pay interest on the amount of the cheque for a further period of 15 days at Savings Bank rate to provide for possible further delay in obtaining duplicate cheque /instrument and collection thereof.
- ii) 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, subject to a maximum of Rs.250/-.

12. Compensation for delay in Issuance of Duplicate Banker's Cheque

Duplicate BC will be issued within a fortnight from the receipt of such request from the customer 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.

13. Payment of "at par" Cheques issued by other Banks.

Bank will not pay any compensation, to the cheque holder, for dishonour of "at par" cheques issued by other banks, including co- operative banks, in the absence of adequate funds in the account on which cheques are issued even though the amount of the cheque may have been paid to the bank, which had issued the "at par" cheque.

RBI instruction stipulate that banks 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 of cheques in the absence of adequate funding arrangement.

14. Lenders liability: Commitments to borrowers:

The Bank has adopted the principles of "Lenders' Liability" In terms of 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 mortgage property within 15 days of repayment of all dues agreed to or contracted, 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 shall give due notice with full particulars about the other claims and retain the securities/documents/title to mortgaged property till the relevant claim is settled/paid.

In the event of loss of Title -deeds to mortgaged property at the hands of the Banks, the compensation will cover out of pocket expenses for obtaining duplicate documents on actual basis subject to a ceiling of Rs.5000/- plus a lump sum amount as decided by the Bank in the following manner "The Bank would pay the compensation for delay in return of securities/documents/title deeds to the mortgaged property beyond 15 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.

15. Violations of Bank's Agents

In the event of receipt of any complaint from the customer that the Bank's representatives /couriers, or any other agent (DSA) either engaged in any improper conduct or acted in violation of the Code of the Bank's commitment to customers which the Bank has adopted voluntarily, the Bank shall take appropriate steps to investigate and redress the complaint and endeavour to communicate to the customer within 7 working days from the date of receipt of complaint and, where justified, may compensate the customer suitably for financial loss as decided by the Bank. Also, necessary steps will be taken, if required as per Bank's decision, to prevent recurrence of similar complaints.

16. Customers' responsibility

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.

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 in loss to him/her. Bank will also not be responsible for the losses arising out of misuse of lost PIN, sharing of passwords/secure or confidential information, suffered by the customer until the time the Bank has been notified of such loss and has taken steps to prevent its misuse.

17. Limited Liability of a Customer in unauthorized electronic banking transactions

1. Zero Liability of a Customer

A customer's entitlement to zero liability shall arise where the unauthorized transaction occurs in the following events:

- Contributory fraud/ negligence/ deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer).
- Third party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, and the customer notifies the bank within three working days of receiving the communication from the bank regarding the unauthorized transaction.

2. Limited Liability of a Customer

A customer shall be liable for the loss occurring due to unauthorized transactions in the following cases:

- In cases where the loss is due to negligence by a customer, such as where he has shared the payment credentials, the customer will bear the entire loss until he reports the unauthorized transaction to the bank. Any loss occurring after the reporting of the unauthorized transaction shall be borne by the bank.
- In cases where the responsibility for the unauthorized electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and when there is a delay (of four to seven working days after receiving the communication from the bank) on the part of the customer in notifying the bank of such a transaction, the per transaction liability of the customer shall be limited to the transaction value or the amount mentioned below, whichever is lower.

Maximum Liability of a Customer

Type of Account	Maximum liability
• BSBD Accounts	Rs. 5,000/-
• All other SB accounts • Current/ Cash Credit/ Overdraft Accounts of MSMEs • Current Accounts/ Cash Credit/ Overdraft Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to Rs.25 lakh	Rs.10,000/-
• All other Current/ Cash Credit/ Overdraft Accounts • Credit cards with limit above Rs.5 lakh	Rs.25,000/-

Further, if the delay in reporting is beyond seven working days, the customer liability is 50% of loss or Rs.25000/- whichever is lower.

18. Harmonization of Turn Around Time (TAT) and customer compensation for failed transactions using authorized Payment Systems is as under

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.

19. Disclaimer clause:

Notwithstanding anything contained here above, the Bank shall not pay any compensation in the following cases:-

- i) Any deficiency in regard to loans and advances activities of the Bank.
- ii) Dishonour of at par payment agreement with other banks, due to non- funding and security compliance.
- iii) 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.
- iv) Where the issues are sub-judice and pending before Courts, Ombudsman, arbitration, Government and matter put on hold due to stay.

20. Force Majeure

The Bank shall not be liable to compensate customers under this Policy if some unforeseen event including but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fire, natural disasters or other "Acts of God", war, damage to the Bank's or its correspondent bank(s) systems, communication channels etc., beyond the control of the Bank, prevents it from performing its obligations within the specified service delivery parameters.

21. Amendment/Modification to the policy

The Bank reserves the right to amend/modify this Policy, as and when deemed fit and proper, at its sole discretion. Bank shall also endeavour, to review the Policy at annual intervals.