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Customer Compensation Policy

1) Introduction

This Compensation Policy is designed inter alia to cover the areas relating to

- Erroneous debits arising on fraudulent or other transactions
- Payment of interest for delay in collection
- Payment of interest for delay in issue of duplicate draft
- Other unauthorised actions of the bank leading to a financial loss to customer

The policy is based on the principles of transparency and fairness in treatment of customers. The objectives of this policy are 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. The policy envisages that the compensation will be paid without waiting for / insisting a demand from the concerned customer. The customer can also approach the Banking Ombudsman / other forum in case if the bank's response is not satisfactory.

It is reiterated that the 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.

2) Erroneous debits arising on fraudulent or other transactions

If the bank has made an unauthorised / erroneous debit to an account, the entry will be reversed immediately on being informed of the same and after verifying the position. If such unauthorised / erroneous debit has resulted in 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 losses also. 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, the bank will compensate the customer to the extent of such financial losses.

If such erroneous entry 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. In case it involves a third party the bank shall complete the verification process within a maximum period of one month from the date of reporting by the customer.

In case a customer protests any wrong billing with regard to credit card the bank will provide explanation and if necessary, documentary evidences to the customer within a maximum period of sixty days.

3) ECS direct debits / other debits to accounts

The bank undertakes to carry out direct debit / ECS debit instructions of customers in time. In the event the bank fails to meet such commitments, the customer will be compensated to the extent of any financial loss the customer would incur on account of such failure. The bank will credit the customer's account along with interest as soon as it is determined that any amount has been unauthorisedly / erroneously debited and compensate the customer for the same.

4) ECS credit

Bank would give ECS credit on the same day of receipt subject to beneficiary details received from sponsor bank matching with the customer's records as available with bank. In case of any delayed ECS credit, bank will pay penal interest at the current RBI LAF repo rate plus two percent from the due date of credit till the date of actual credit. Penal interest shall be credited to the beneficiaries account even if no claim is lodged.

5) Payment of penal interest 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 will 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 the customers. The penal interest will be calculated on the amount of the NEFT transaction in question, for the period of delay.

6) Payment of cheques after stop payment instructions

In case a cheque was 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 also be compensated on production of necessary documentary evidence / proof for the same. Such debits will be reversed within 2 working days of the customer intimating the transaction to the bank.

7) Issue of duplicate demand draft

Duplicate draft in lieu of lost draft up to and including Rs 5,000 will be issued to the purchaser on the basis of adequate indemnity and without insistence on seeking

non- payment advice from drawee office irrespective of the legal position obtaining in this regard.

Duplicate demand draft will be issued to the customer within a fortnight from the receipt of such request. Further, for the delay beyond this stipulated period, interest will be paid at the rate applicable for fixed deposit of corresponding maturity. Interest will be calculated on the DD amount, for the number of days delay beyond the fortnight period. The period of fortnight prescribed would be applicable only in cases where the request for duplicate demand draft is made by the purchaser or the beneficiary and would not be applicable in the case of third party endorsements.

However, compensation is not payable in case if the delay is on the part of the customer due to non-providing the necessary documents, viz. FIR, indemnity bond executed jointly by the purchaser of the DD and payee of the DD, etc. Duplicate draft will be issued only against drafts outstanding and remaining unpaid in the records of the bank. No request for issue of duplicate DD will be considered, if such DD was already honored on or before the date when such application for duplicate DD is received by the bank.

8) Payment of interest for delays in collection of bills

In case delay in collection of bills, bank will 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.

9) Foreign cheques sent for collection

Cheques drawn on foreign countries are accepted for collection on best of efforts basis.

The Bank does not have a collection arrangement with its correspondent banks for the following cases. The maximum time taken to credit the customer's account is mentioned.

Type	Maximum days for account credit
Foreign cheques / drafts denominated in a) Euro and payable outside Germany b) USD/GBP/JPY/CHF/CAD/AED/SGD / AUD	As and when realised basis. No time limit, as these cheques, drafts are being sent directly to the concerned banks

The bank has specific collection arrangement with its correspondent bank for the following cases. Though bank receive the credits in the Nostro accounts within 10-15 days, the proceeds of the cheques / drafts will be credited to the customer's account only after the expiry of the cooling period. The maximum time taken to credit the customer's account is mentioned.

Foreign cheques / drafts denominated in	Correspondent bank	Maximum days for account credit
Euro and Payable in Germany	Commerz Bank	30

The above time norms are applicable irrespective of whether cheques / instruments are drawn on the correspondent bank's own branches or branches of other banks. If the in-ordinate delay is due to the paying bank, then the bank will seek compensation from the paying banker. The bank will compensate the customer for undue delays in affording credit only after the compensation proceeds are credited to the Nostro account of the bank. Compensation will be given for delays beyond one week from the maximum days stipulated above.

The compensation in such cases will be worked out as follows

The bank shall pay the interest at the rate of 2% over its savings bank interest rate in case there is any delay in giving credit beyond one week from the time period mentioned in the table2. The bank shall also pay compensation for adverse movement of exchange rates, if any during the delayed period.

10) Cheques sent for collection (Inland)

Compensation on account of delay in collection of instruments would be as indicated in the bank's Cheque Collection Policy which is reproduced below.

a) Payment of interest for delayed collection of outstation cheques

As part of the Compensation Policy, bank will pay interest to its customers on the amount of collection instruments in case of delay in giving credit beyond the prescribed time. Such interest shall be paid without any demand from the customer in respect of all types of accounts. There shall be no discrimination between instruments drawn on the bank's own branches or other banks for the purpose of 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.

b) Compensation for loss of instruments 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 would also be as indicated in our Cheque Collection Policy, which reads as under

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 paying bank's branch, the bank shall immediately on coming to know 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 Cheque / 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, bank will compensate the account holder in respect of instruments lost in transit in the following way:

Interest will be paid in case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection period 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.

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 the likely further delay in obtaining duplicate cheque / instrument and collection thereof.

The bank would also compensate the customer for any reasonable charges the customer may incur in getting the duplicate cheque / instrument upon production of receipt / voucher for the same. If the cheque is lost by the bank, charges, if any, for recording stop payment order will also be compensated. If the cheque lost is a

discounted cheque, the customer would be requested to pay the discounted amount immediately on knowing the same. The rest of the procedures will remain as above.

The loss / reasonable actual additional expenses if any incurred by customers on account of delay in collection of instruments shall also be reimbursed by the bank.

11) Transaction of at par instruments of Co-operative banks by commercial banks

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 dishonor of such instruments when the remitter has already paid for the instruments. Whenever the bank enters into arrangements with co-operative banks for utilisation of the bank's network, the bank will intimate the same in the website. Bank will honor the instruments issued by such co-operative banks even though the concerned co-operative has not arranged funds, if the instrument is otherwise in order.

12) Reversal of erroneous debits arising on fraudulent or other transactions including POS terminals, E-commerce, etc. (other than internet banking)

- a) In case of any fraud and if the bank is convinced that an irregularity / fraud has been committed by its staff towards any constituent, the bank should at once acknowledge its liability and not only reverse the erroneous debit but also pay the just claim.
- b) In cases where the bank is at fault, the bank will compensate the customer without demur.
- c) In cases where neither the bank nor the customer is at fault, but the fault lies elsewhere in the system, bank should compensate the customer up to Rs. 10,000/-.

13) Reversal of erroneous / unauthorised / fraudulent debits arising in electronic banking (internet banking / mobile banking / card not present (CNP) transaction / Pre-paid payment instruments (PPI)

(a) Zero liability of a customer

A customer's entitlement of zero liability shall arise where the unauthorised transaction occurs in the following events.

- I. Contributory fraud / negligence / deficiency on the part of the bank (Irrespective of whether or not the transaction is reported by the customer)

- II. Third party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system and the customer notified the bank within three working days of receiving the communication from the bank regarding the unauthorised transaction.

(b) Limited liability of a customer

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

- I. 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 report the unauthorised transaction to the bank. Any loss occurring after the report of the unauthorised transaction shall be borne by the bank.
- II. In cases where the responsibility for the unauthorised 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 party liability of the customer shall be limited to the transaction value or the amount mentioned in the following table, whichever is lower.

Maximum liability of a customer	
Type of account	Maximum liability (Rs)
Basic or simple savings bank account	5,000
- All other SB accounts - Pre-paid payment instruments and gift cards - 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 - Credit cards with limit up to Rs 5 lakh	10,000
- All other current / cash credit / overdraft accounts - Credit cards with limit above Rs 5 lakh	25,000

(c) Overall liability of customer

Overall liability of the customer in third party breaches as detailed in the above paragraph a (ii) and b (ii), where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system is summarised in the following table.

Summary of customer's liability	
Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's liability (Rs)
Within 3 working days	Zero liability
Within 4 to 7 working days	The transaction value or the amount mentioned in above table, whichever is lower
Beyond 7 working days	Complete liability

Here no. of working days is as per the home branch of customer excluding the date of receiving the communication.

(d) Reversal timeline for zero liability / limited liability of customers

On being notified by the customer, the bank shall credit (shadow reversal) the amount involved in the unauthorised electronic transaction to the customer's account within 10 working days from the date of such notification by the customer (without waiting for settlement of insurance claim if any).

The bank will ensure that

- i) a complaint is resolved and liability of the customer, if any, established within 90 days from the date of receipt of the complaint and the customer is compensated as above
- ii) where it is unable to resolve the complaint or determine the customer liability if any within 90 days, the compensation as prescribed above is paid to the customer
- iii) in case of debit card/bank account, the customer does not suffer loss of interest and in case of credit card, the customer does not bear any additional burden of interest.

14) ATM transactions

It is mandatory for the bank to reimburse the customer the amount wrongfully debited on account of failed ATM transactions within a maximum period of 7 working days from the date of 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. In case of ATM transaction through other bank ATM, the charges, if any, debited by the other bank will also will be returned to the customer at the time of credit of the failed transaction amount.

Once the customer has advised us that the card has been lost or stolen, or PIN or password is disclosed, the customer will not be responsible for any unauthorised use of the card after that time. This protection will not apply if the customer has acted fraudulently or negligently.

In the case of a disputed transaction, the bank will give more details if required. In cases where the bank do not accept the customer's contention, it will be the bank's responsibility to provide evidence that the customer has authorized the transaction in question. If the customer notifies the bank of an incorrect, invalid or unauthorised transaction, the same will be investigated. If the transaction is found to be incorrect / invalid or unauthorised the bank will reverse the transaction as per the chargeback process.

The customer will not be liable for losses before the Card is received or, if applicable, the PIN and password, provided the customer has notified the current address correctly to the bank. In case of any dispute about receipt of a card, PIN or password that is not issued to the customer in person, the bank will not rely on proof of dispatch as proof that the card, PIN or password was received.

The customer will not be liable for loss caused by

- (a) fraudulent or negligent conduct by our employees or agents or parties involved in the provision of electronic banking services;
- (b) faults that occur in machines, cards or systems used, unless the faults are obvious or advised by message or notice on display;
- (c) unauthorised transactions before the customer have received the cards, PIN or password
- (d) any other unauthorised transaction where it is clear that the customer could not have contributed to the loss.

The customer will be liable to pay not more than Rs 10,000/ (Rupees ten thousand only) for any loss that occurs before the customer notify the bank. However, this limit will not apply if

- (a) the customer has acted fraudulently or negligently or
- (b) the customer has contributed to the unauthorized use of the card.

In the event that the clause above applies, the maximum liability will be the lesser of

- (a) the actual loss at time of notification or

- (b) the maximum amount that the customer would have been entitled to withdraw from the account between the time the card was lost / stolen and the time the customer notified the bank.

The customer will have a limited time to dispute a transaction. The bank will inform the customer of this time in the terms and conditions. Failure to report the incorrect, invalid or unauthorised transaction within that time will mean that bank cannot reverse the transaction and the customer will have to pay for it. There are limited circumstances under which bank can reverse a credit card transaction, particularly where the rules of a credit card company apply. For example, bank cannot reverse a credit card transaction where there is a dispute with the merchant as to the quality of the goods and services, or the customer has changed mind about the quality of the goods and services or an error has been made by the customer or the merchant on a card transaction.

Bank will reimburse amounts wrongly debited in failed ATM transactions within the prescribed time limit. For any delay beyond the prescribed time limit, bank will pay compensation as prescribed, provided the claim is lodged within 30 days of the transaction.

In case of disputed ATM transactions, bank will retain the relevant camera footage till the dispute is settled. Access to such footage will be available only if the dispute is raised within the prescribed preservation period of such records.

Security issues and risk mitigation measures related to card not present (CNP) transactions

Bank will put in place additional factor of authentication / validation based on information not visible on the cards for all on-line card not present (CNP) transactions in a phased manner, starting with online transactions followed by interactive voice response (IVR), mail order telephone order (MOTO) and standing instructions (SI). In the case of MOTO and SI transactions, in case of customer complaint regarding issues, if any, arising out of transactions effected without the additional factor of authentication after the stipulated date, bank will reimburse the loss to the customer further without demur.

15) Lenders' commitments to borrowers

The bank would return to the borrowers / mortgagors all the securities / documents / title deeds obtained related to mortgaged property within **15 days** of repayment of all direct / indirect liabilities agreed to or contracted with/by all the parties concerned. The bank will also execute and register the deed of discharge / receipt with the office of the registrar concerned, at the expense of the borrower / mortgagor.

The bank will compensate the borrower or the property owner with **Rs 100/- per day**, in case of delay **beyond 15 days** in this regard. This will not apply to cases where there is any legal dispute / litigation. In the event of loss of the securities / documents / title deeds in the hands of the bank, bank will compensate for the loss. Bank will issue a certificate indicating the securities / documents / title deeds are lost and extend all assistance for obtaining duplicate documents etc. The compensation in such cases will cover out of pocket expenses for obtaining duplicate documents plus incidental expenses upto a maximum of Rs 10,000/-.

The bank would return to the borrowers / mortgagors all the securities / documents / title deeds obtained related to mortgaged property within **30 days** of repayment of all direct / indirect liabilities agreed to or contracted with/by all the parties concerned. The bank will also execute and register the deed of discharge / receipt with the office of the registrar concerned, at the expense of the borrower / mortgagor.

15.1 Release of Movable/Immovable Property Documents on Repayment/Settlement of Personal Loans

Personal loan refers to loan given to individuals and consist of (a) consumer credit, (b) education loan, (c) loans given for creation /enhancement of immovable assets (e.g.,housing, etc), and (d) loans given for investment in financial assets (share, debenture,etc).

Consumer credit refers to the loans given to individuals, which consists of (a) loans for consumer durables, (b) credit card receivables, (c) auto loans (other than loans for commercial use), (d) personal loans secured by gold, gold jewellery, immovable property, fixed deposits (including FCNR(B)), shares and bonds, etc., (**other than for business / commercial purposes**), (e) personal loans to professionals (**excluding loans for business purposes**), and (f) loans given for other consumptions purposes (e.g., social ceremonies, etc.). However, it excludes (a) education loans, (b) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), (c) loans given for investment in financial assets (shares, debentures, etc.), and (d) consumption loans given to farmers under KCC. For risk weighting purposes under the Capital Adequacy Framework, the extant regulatory guidelines will be applicable.

The bank will compensate the borrower or the property owner with **Rs.5000/- for each day**, in case of delay **beyond 30 days** in this regard.

In case of delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment / settlement of loan, the bank shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the bank, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay.

In case of loss / damage to original movable / immovable property documents, either in part or in full, the bank shall assist the borrower in obtaining duplicate / certified copies of the movable / immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated as stated above. However, in such cases, an additional time of 30 days will be available to the bank to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

In order to address the contingent event of demise of the sole borrower or joint borrowers, the bank shall follow all the terms and conditions as stipulated in the Death Claim Policy of our Bank, for return of original movable / immovable property documents to the legal heirs. Such procedure shall be displayed on the website of the bank for customer information.

The timeline and place of return of original movable / immovable property documents shall be incorporated in the loan sanction letters issued on or after the effective date (i.e. 01.12.2023)

Applicability

These Directions shall be applicable to all cases where release of original movable / immovable property documents falls due on or after December 1, 2023.

The borrower shall be given the option of collecting the original movable / immovable property documents either from the banking outlet / branch where the loan account was serviced or any other office of the bank where the documents are available, as per her / his preference.

15.2 Delayed Updation/ rectification of Credit Information

- The Bank shall pay compensation to the complainant if the Bank fails to send updated credit information to the CICs by making an appropriate correction or addition or otherwise within twenty-one (21) calendar days of being informed by the complainant or a CIC (Credit Information Company).
- The complainant shall be advised by the CI/ CIC of the action taken on the complaint in all cases, including the cases where the complaint has been rejected. In cases of rejection, the reasons for rejection shall also be provided by the Bank and CIC.
- Compensation shall be provided by the Bank to the complainant (for delayed resolution beyond thirty (30) calendar days of filing the complaint) apportioned

among the Bank and CICs concerned as per the RBI Master Circular DoR.MCS.REC.48/20.16.003/2023-24 dated 26.10.2023.

- The compensation amount shall be credited to the bank account of the complainant within five (5) working days of the resolution of the complaint.

16) Wrong levy of charges

The bank would debit the customer's account with 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 immediately when it was pointed out by the customer, subject to scrutiny of the agreed terms and conditions. Any consequential financial loss to the customer will also be compensated.

17) Disclaimer clause

Notwithstanding anything contained herein, the bank shall not pay any compensation in respect of the following cases.

- a) Any deficiency with regard to loans and advances
- b) Dishonor of at par payment agreement with other banks, due to non - funding and security compliance.
- c) Delay 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. where the issues are sub-judice and pending before Courts, Ombudsman, arbitrator, Government and when such matter is put on hold due to a stay, etc.

18) Force majeure

The bank shall not be liable to compensate customers for delayed credit, if any, due to any unforeseen event (including but not limited to civil commotion, sabotage, accident, fires, natural disasters or other "Acts of God", war, damage to the bank's facilities or of its correspondent bank(s), total / partial system failure, absence of the usual means of communication or all types of transportation beyond the control of the bank, preventing from performing the obligations within the specified service delivery parameters.

19) Review of the policy

The bank shall review the policy on an annual basis.

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