



Compensation Policy

Introduction

Technological progress in payment and settlement systems and the qualitative changes in operational systems and processes that have been undertaken by various players in the market have enabled market forces of competition to come into play to improve efficiencies in providing better service to the users of the system. It will be the Bank's endeavor to offer services to its customers with best possible utilization of its technological infrastructure. This Compensation policy of the Bank is therefore, designed to cover areas relating to unauthorized debiting of account, payment of interest to customers for delayed collection of cheques/instruments, payment of cheques after acknowledgement of stop payment instructions, remittances within India, foreign exchange services, lending, etc. The Policy is based on principles of transparency and fairness in the treatment of customers.

The 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. By ensuring that the customer is compensated without having to ask for it, Bank expects instances when the customer has to approach Banking Ombudsman or any other Forum for redressal to come down significantly. It is reiterated that the policy covers only compensation for financial losses which customers might incur due to deficiency in the services offered by the Bank which can be measured directly. 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.

1. Unauthorized / Erroneous Debit:

If the Bank has raised an unauthorized/erroneous direct debit to an account, on being informed of such erroneous debit, verification will be undertaken immediately and entry will be reversed immediately on confirmation. 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 customer will be compensated for such loss. In case of 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 with an amount equivalent to interest calculated on the unauthorized/erroneously debited amount at applicable Savings Bank rate, minimum Rs.50/-, besides refunding the cheque return charges. In case verification of the entry reported to be erroneous by the customer does not involve a third party, 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, Bank shall complete the verification process within a maximum period of one month from the date of reporting of erroneous transaction by the customer. 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.

1.1 Reversal of erroneous debits arising on fraudulent or other transactions:

- If a fraud, in the account of a customer, has been committed by a member of staff, and has been established, Bank will not only restore the amount, it will also pay compensation @ 1% above the specified rate 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.
- 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.

2. ECS direct debits/other debits to accounts

Bank will undertake to carry out direct debit/ ECS debit instructions of customers in time. In the event 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. Bank would debit the customer's account with any applicable service charge as per the schedule of charges notified. In the event Bank levies any charge in violation of the arrangement, the same will be reversed

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.

Where it is established that the Bank had issued and activated a credit card without consent of the recipient, 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 as per regulatory guidelines in this regard.

3. Payment of Cheques after Stop Payment Instructions:

In case a cheque has been paid after stop payment instruction is acknowledged, Bank shall reverse the transaction and give value-dated credit to protect the interest of the customer. Bank would also pay Rs 100 as compensation in such cases. Such debits will be reversed within 2 working days of the customer intimating such transaction.

4. Foreign Exchange Services:

Bank would not compensate the customer for delays in collection of cheques designated in foreign currencies sent to foreign countries as Bank would not be able to ensure timely credit from overseas banks. It is Bank's experience that time for collection of instruments drawn on banks in foreign countries differs 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, may consider upfront credit against such instrument by purchasing the cheque/instrument, provided the conduct of the account has been satisfactory in the past. However, Bank will compensate the customer for undue delays in affording credit once proceeds are credited to the Nostro Account 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 collection policy of the Bank.
- b) Compensation for any possible loss on account of adverse movement in foreign exchange rate.

5. Payment of Interest for delayed Collection of Outstation Cheques:

As part of the compensation policy of the Bank, it shall 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 the said 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:

- a) Savings Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques.
- b) Where the delay is beyond 14 days interest will be paid at the rate applicable for term deposit for the corresponding respective 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 was to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account.

6. Compensation for loss of instrument in Transit

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 Cheque Collection Policy of the Bank. The same is extracted below for information:

6.1. 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 the paying bank's branch, Bank shall immediately on coming to know of the loss, bring the same to the notice of the accountholder so that the accountholder 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 cheques / instruments. 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 of the Bank, the accountholder will be compensated in respect of instruments lost in transit in following way:

- a) 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.
- b) 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.
- c) 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 provided all required formalities/indemnity etc are complied by the purchaser. 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. 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 is committed to investigate the matter and endeavor to communicate the findings to the customer within 7 working days from the date of receipt of complaint and wherever justified, compensate the customer for financial loss, if any, as contemplated under this policy.

9. 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.

10. Lenders liability; Commitments to borrowers

Bank has adopted the principles of lenders of liability. In terms of the guidelines for lenders liability, and the Code of Bank's Commitment to Customers, 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. 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 Bank, the compensation will cover out of pocket expenses for obtaining duplicate documents plus Rs 500/-.

11. ATM Failure

It is mandatory for Bank to reimburse the customer, the amount wrongfully debited on account of failed ATM transaction 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 credit for the failed ATM transactions.

12. Force Majeure

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 labour disturbances, accident, fires, natural disasters or other "Acts of God", war, damage to the Bank's facilities or of its correspondent bank(s), absence of the usual means of communication or all types of transportation, etc beyond the control of the Bank prevents it from performing its obligations within the specified service delivery parameters.

13. Disclaimer

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

- a) Any deficiency in regard to loans and advances activities of the Bank.
- b) Credit Card operations where the Bank is only an agent of other banks etc.
- c) Dishonour of at par payment agreement with other banks, due to non-funding and security compliance.

- d)** Delays on account of non-functioning of business due to factors beyond the control of the bank, the period of such events shall be removed for calculation of delays etc.
- e)** Where the issues are sub-judice and are placed under the disposal at the third parties like Courts, Ombudsman, arbitration, Governments etc. no compensation will be payable.