



Compensation Policy

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Classification: Internal / Trusted Parties

1. INTRODUCTION

In the present day scenario of competitive Banking, it will be the Bank's endeavour to offer services to its Customers with best possible utilization of its technology infrastructure and branch network. Bank has undertaken technological initiatives in payment and settlement systems and qualitative proactive measures in operational systems and processes to have optimum efficiencies in providing excellent products and services to the customers. However, at times, inadvertently the Bank may be unable to meet the service levels committed in the dealings with individual Customers. This policy has been designed to compensate the customers in the unlikely event of such situations. The policy is based on principles of transparency and fairness in the treatment of Customers.

The policy covers only compensation for financial loss suffered by way of interest loss/ payment of charges by customers, in the unlikely event of deficiency in the services offered by the Bank which can be measured directly. The Bank shall not be liable for any intangible and/or notional loss or loss of reputation or indirect and consequential losses arising from the Bank's failure in service etc. This policy of the Bank shall not be taken as unfettered and is being formulated without prejudice to its rights to reject any claim which in its opinion is untenable as against the Bank and shall be without prejudice to the rights of the Bank under any law for the time being in force and/or against any other person liable for the act.

2. Objectives

The objective of this policy is to establish a system whereby the Bank compensates the customer for any direct financial loss he/she might incur due to the unlikely event of deficiency in service on the part of the Bank or any act of omission or commission directly attributable to the Bank, such as loss of interest by late credit of amount or fees and charges debited to the customer's account by the Bank. By ensuring that the customer is compensated without having to ask for it, the Bank expects instances when the customer has to approach the Banking Ombudsman or any other forum for redressal to come down significantly.

It is reiterated that the policy covers only compensation for actual financial loss, if any, which customer might incur due to deficiency in the 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.

3. Unauthorized / Erroneous Debit

3.1 If the Bank has raised an unauthorised /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 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 loss.

3.2 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.

However, this is subject to such third party providing information as required from their end in time to the Bank.

3.3 Erroneous/unauthorized transaction reported by customers in respect of Credit/Debit card operations, which require reference to a merchant establishment, will be handled as per rules laid down by card association.

4. ECS direct debits/ Standing Instructions /Other Debits to accounts

The Bank will undertake to carry out direct debit/ ECS debit instructions of customers in time subject to

(a) Customer having already provided valid and complete mandate to accept any debit received from ECS b) Direct debit / ECS received is complete and correct. Failure to carry out the instruction subject to clause (a) and (b) as above and for reasons directly attributable to the Bank, the customer shall be compensated at the prevailing fixed deposit interest rate for the period between the due date of direct / ECS debit and the date of actual debit carried out by the Bank. Direct / ECS debits which are towards payments of an Equated Monthly Instalment (EMI), the Bank would reimburse the customer, penal interest, late payment charges, if any levied upon producing evidence of the same. Electronic payments such as RTGS / EFT / NEFT instructions will be governed by the applicable terms and conditions communicated to the customer.

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.

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 with value when pointed out by the customer subject to scrutiny of agreed terms and conditions and such other terms and conditions as may be communicated from time to time.

4.1 Delay in Credit and / or Return of transactions

In the event of any delayed credit to beneficiaries' account, the destination bank would be held liable to pay penal interest.

NECS/ECS-Credit: Destination bank would be held liable to pay penal interest at the current RBI liquidity adjustment facility (LAF) repo rate plus 2 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.

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 LAF repo rate plus 2 per cent for the period of delay. 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 LAF repo rate plus two per cent till the date of refund.

5. Payment of Cheques after Stop Payment Instructions

In case a cheque has been paid after stop payment instruction is properly submitted and 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 to the extent of direct financial loss that the customer might have incurred, after the customer providing sufficient proof to the satisfaction of the Bank. 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.

For collection of cheques designated in foreign currencies, the Bank will compensate the customer for any undue delay in affording credit after the cheque proceeds are received in the account of the Bank. 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.

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

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 as per the Cheque Collection Policy. Such interest shall be paid without any demand from customers in all types of accounts. There shall be no distinction between the 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 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 of 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.

It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India

8. Compensation for Loss of Instrument in Transit. The compensation on account of loss suffered by customers due to loss of instrument after it has been handed over to the Bank for collection would be as indicated in the Banks Policy on Collection of cheques.

8.1. 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, the 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. 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 of the Bank the Bank will compensate the accountholder in respect of instruments lost in transit in the 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) 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.

9. Issue of Duplicate Draft and Compensation for delays

Duplicate draft will be issued within a fortnight from the receipt of on basis of adequate indemnity on stamp paper and request from the purchaser or beneficiary. For any delay caused by the Bank in issuing duplicate draft beyond the above stipulated period, the Bank will pay interest at the rate applicable for fixed deposit of corresponding maturity in order to compensate the customer for such a delay. This would be applicable only in cases where the request for duplicate draft drawn on the Bank is made by the purchaser and would not be applicable in the case of third party endorsements.

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, the Bank will investigate the matter and endeavour 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, incurred by him/her on that account limited to the interest loss by the customer subject to production of proof.

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 since "at par instruments" are only cheques drawn on accounts maintained with the Bank and are not prepaid instruments, the Bank will not honour cheques drawn on current accounts maintained by other Banks with it unless arrangements are made for funding of cheques issued. Issuing Bank i.e. Cooperative Banks/ Drawer of the cheque would be responsible to compensate the cheque holder for non-payment/delayed payment of cheques in the absence of adequate funding arrangement.

12. Lenders Liability: Commitments 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, we will return all the securities / documents/title deeds to mortgaged property within 15 days of the repayment of all dues agreed to or contracted provided there are no further amounts due from the customer and the Bank does not have a lien on the same for any dues from such customer, either in their capacity as a borrower, co-borrower, guarantor or any other. In case of delay on the part of the Bank in returning such documents, the Bank will compensate the borrower at the rate of Rs.100/- per week, subject to a maximum payment of Rs.500/- (per borrower). 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 at the Registrar's office for obtaining duplicate documents. However, in case of Force Majeure events, the Bank at its own cost would endeavour to retrieve/recreate the title documents and no compensation would be paid in such cases.

There will be no compensation paid to the Borrower(s) / Guarantor(s) in following circumstances:

1. If there is delay on part of the Borrower(s) / Guarantor(s). For e.g. : if any of the Borrower(s) / Guarantor(s) is not available or does not have required Identity Proof to prove that he is the same person.

2. If the Borrower(s) / Guarantor(s) have changed their residential / mailing address / phone numbers and have not intimated the bank and bank is not able to contact them for collection of original title documents. (Intimation by way of phone, letter or email to any one of the Borrower(s) / Guarantor(s) will be deemed intimation to all Borrower(s) / Guarantor(s).)

In case the Bank receives any complaint/claim/demand from the Borrowers/Guarantors, legal heirs, executors, successors, joint owners/holders, etc. intimating the Bank about inter se disputes and/or not to hand over the title documents or hand over the same to particular person/s, etc., Bank shall direct the parties to resolve their disputes and thereafter approach the Bank with a joint application signed by all concerned for release of such title documents or obtain necessary direction from competent authority/court. Till such time, the Bank shall not liable to release the title documents to the Borrowers/Guarantors (as the case may be) and shall not liable to pay any compensation to any party.

13. ATM related issues

The Bank will reimburse the customer, the amount wrongfully debited on account of failed ATM transactions 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. Details of charge back in case of ATM transaction by a customer of the Bank when he uses another Bank's ATM will be included. If the complaint is not lodged within 30 days of transaction, the customer is not entitled for any compensation for delay in resolving his / her complaint.

14. Erroneous Debits Arising on account of Fraudulent or Other Transactions

14.1

a) In case of a claim raised by any of the customers, the Bank shall investigate the matter and if the Bank is convinced that an irregularity /fraud has been committed by its staff towards any constituent, the Bank will acknowledge its liability and 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, the authorised official can take a decision to reimburse the customer up to an amount of Rs 1,000/-.

14.2 Erroneous/Unauthorised/Fraudulent debits arising on Electronic Banking related transactions

The electronic banking transactions can be divided into two categories:

(i) Remote/ online payment transactions (transactions that do not require physical payment instruments to be presented at the point of transactions e.g. internet banking, mobile banking, card not present (CNP) transactions), Pre-paid Payment Instruments (PPI)

(ii) Face-to-face/ proximity payment transactions (transactions which require the physical payment instrument such as a card or mobile phone to be present at the point of transaction e.g. ATM, POS, etc.)

In case of any fraud, if Bank is convinced that an irregularity/fraud has been committed by its staff towards any constituent, the Bank will at once acknowledge its liability and pay just claim. In cases where the Bank is at fault, Bank will compensate the customer without demur.

A customer will have zero liability if;

a) The fraud / negligence or deficiency is on the part of the bank (irrespective of transaction being reported by the customer or not)

b) A third party breach where the neither the bank nor the customer is responsible for the deficiency but lies in the system and the customer notifies the bank of the anomaly in the transaction within 3 days post receipt of the transaction alert from the bank.

The liability of the customer will be limited for a third party breach where the neither the bank nor the customer is responsible for the deficiency but lies in the system and the customer notifies the bank of the anomaly in the transaction within 4 to 7 days post receipt of the transaction alert from the bank. The liability will be as indicated in the table below:

Table	
Maximum Liability of a Customer	
Type of Account	Maximum liability (₹)
• BSBD Accounts	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	10,000
• All other Current/ Cash Credit/ Overdraft Accounts • Credit cards with limit above Rs.5 lakh	25,000

The customer will be completely liable to bear the entire loss in cases where the loss is due to the negligence of the customer wherein he has shared the password / PIN, until the unauthorized transaction is reported to the bank.

Liability of the customer where the delay in reporting is beyond 7 days from the date of transaction will be waived off either partially or completely on a case-to-case basis. The reversal of the customer liability will be at the discretion of the Bank based on the merits of the complaint lodged by the customer and with approval at a senior level as may be defined by the management

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 received from by the customer (without waiting for settlement of insurance claim, if any).

The Bank may also decide to waive off any customer liability partly or fully in case of unauthorised electronic banking transactions including cases of customer negligence with approval at a senior level as may be defined by the management, on a case-to-case basis.

The Bank will ensure that a complaint is resolved within a timeframe of 90 days from the time of receipt of complaint to ascertain customer liability if any and customer compensated appropriately.

In case the Bank is unable to resolve the complaint within the stipulated period of 90 days, the customer will be compensated as indicated above and the customer does not suffer loss of interest in case of debit card / bank account.

15. Mis-selling of third party products

In the event of Bank receiving of any complaint from the customer regarding mis-selling of the 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 to handle the complaint. In case lapses by the Bank employees are established, the Bank will compensate the customer suitably, based on the facts and circumstances of the case.

16 Force Majeure

The Bank shall not be liable to compensate customers due to 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. The aforementioned instances, (beyond the control of the Bank) prevents the Bank from performing its obligations within the specified service delivery parameters.