



Customer Compensation Policy

History of Revisions

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Preamble

1.1 Objective of the Policy

The objective of this Policy is to establish a system, which will enable the Equitas Small Finance Bank to compensate the customer for any direct financial loss the customer might have incurred due to deficiency in services on the part of the Bank or any act of omission or commission directly attributable to the Bank.

1.2 Scope of the Policy

This 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. 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.

Regulatory Framework Applicable Regulations

2.1 [RBI Master Circular on Customer Service in Banks dated July 1, 2015](#)

2.1.1 Bank to have a Board approved policy in place for compensating its customers. Bank policy should, incorporate the following aspects

- a. Erroneous Debits arising on fraudulent or other transactions
- b. Payment of interest for delays in collection
- c. Payment of interest for delay in issue of duplicate draft
- d. Other unauthorised actions of the bank leading to a financial loss to customer.(Clause 3.3 of Circular)

2.1.2 Issue of Duplicate Demand Draft

Banks should issue duplicate Demand Draft to the customer within a fortnight from the receipt of such request. Further, for the delay beyond this stipulated period, bank pay interest at the rate applicable for fixed deposit of corresponding maturity in order to compensate the customer for such delay. (Clause 12.2.3 of Circular)

2.1.3 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 uncredited amount to the remitter in case of NEFT, bank should pay penal interest. Under the extant guidelines, bank is required to pay penal interest at the current RBI LAF Repo Rate plus two percent for the period of delay / until the date of refund as the case may be to the affected customer's suo moto, without waiting for claim from customers. (Clause 12.3.2 of Circular)

2.1.4 Delays in Cheques Clearing

Bank to comply with the final order on 'timeframe for collection of outstation cheques passed by the National Consumer Disputes Redressal Commission in case no. 82 of 2006. Further, bank to comply with

- a. Timeframe for collection of cheques drawn on State Capitals / major cities / other locations to be 7/10/14 days respectively. If there is any delay in collection beyond this period, interest at the rate specified in the CCP of the bank, should be paid. (Clause 14.1.2 of Circular)

2.1.5 Bills for collection

- a. Payment of interest for Delays in collection of bills

The lodger's bank should 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. (Clause 14.3.1 of circular)

2.1.6 Erroneous Debits arising on fraudulent or other transactions

2.1.6.1 Vigilance by banks

Bank should remain vigilant in opening deposit accounts in the name/s similar to already established concern/s resulting in erroneous and unwanted debit of drawers' accounts to avoid such lapses (Clause 17.1 of circular)

2.1.6.2 Compensating the customer

Banks to restore funds promptly to customers even in bona-fide cases as below

- a. In case of any fraud, if the branch is convinced that an irregularity / fraud has been committed by its staff towards any constituent, the branch should at once acknowledge its liability and pay the just claim,
- b. in cases where bank is at fault, the bank should compensate customers without demur, and
- c. in cases where neither the bank is at fault nor the customer is at fault but the fault lies elsewhere in the system, then also the banks should compensate the customers (up to a limit) as part of a Board approved policy. (Clause 17.2 of circular)

2.2 RBI Circular – Harmonization of Turnaround Time (TAT) and Customer Compensation for Failed Transactions using Authorized Payment Systems dated September 20, 2019

2.2.1 A large number of customer complaints emanate on account of unsuccessful or 'failed' transactions. Failure could be on account of various factors not directly attributable to the customer such as disruption of communication links, non-availability of cash in ATMs, time-out of sessions, noncredit to beneficiary's account due to various causes, etc. Rectification / Compensation paid to the customer for these 'failed' transactions is not uniform.

2.2.2 The framework for TAT for failed transactions and compensation therefore has been finalized which will result in customer confidence and bring in uniformity in processing of the failed transactions.

2.2.3 The TAT prescribed is the outer limit for resolution of failed transactions and the banks and other operators / system participants should endeavor towards quicker resolution of such failed transactions.

2.2.4 Wherever financial compensation is involved, the same should be effected to the customer's account suo moto, without waiting for a complaint or claim from the customer.

2.2.5 Customers who do not get the benefit of redress of the failure as defined in the TAT can register a complaint to the Banking Ombudsman of Reserve Bank of India.

2.3 RBI Notification – Customer Protection – Limited Liability of Customers in Unauthorized Electronic Banking Transactions dated July 06, 2017

2.3.1 Strengthening of systems and procedures

The electronic banking transactions can be divided into two categories:

- a. Remote/ Online Payment Transactions
- b. Face to Face/ proximity payment transactions

2.3.2 Reporting of unauthorized transactions by Customers to Banks

Banks must ask their customers to mandatorily register for SMS alerts and wherever available register for e-mail alerts, for electronic banking transactions. The SMS alerts should mandatorily be sent to the customers, while email alerts may be sent, wherever registered. The customers must be advised to notify their bank of any unauthorized electronic banking transaction at the earliest after the occurrence of such transaction, and informed that the longer the time taken to notify the bank, the higher will be the risk of loss to the bank / customer. To facilitate this, banks must provide customers with 24x7 access through multiple channels (at a minimum, via website, phone banking, SMS, e-mail, IVR, a dedicated toll-free helpline, reporting to home branch, etc.) for reporting unauthorized transactions that have taken place and / or loss or theft of payment instrument such as card, etc.

2.3.3 Limited Liability of Customer

2.3.3.1 Zero Liability of a Customer

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

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

2.3.3.2 Limited Liability of a Customer

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

- a. 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 should be borne by the bank.
- b. 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 should be limited to the transaction value or the amount mentioned in regulations, whichever is lower.

2.3.3.3 Reversal Timeline for Zero Liability / Limited Liability of customer

On being notified by the customer, the bank should credit (shadow reversal) the amount involved in the unauthorized 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). Banks may also at their discretion decide to waive off any customer liability in case of unauthorized electronic banking transactions even in cases of customer negligence. The credit should be value dated to be as of the date of the unauthorized transaction.

Further, banks should ensure that:

- a. a complaint is resolved and liability of the customer, if any, established within such time, as may be specified in the bank's Board approved policy, but not exceeding 90 days from the date of receipt of the complaint, and the customer is compensated as per provisions as above;
- b. where it is unable to resolve the complaint or determine the customer liability, if any, within 90 days, the compensation as prescribed in paragraphs 6 to 9 is paid to the customer; and
- c. 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.

2.3.3.4 Burden of Proof

The burden of proving customer liability in case of unauthorized electronic banking transactions should lie on the bank.

2.3.4 The banks should put in place a suitable mechanism and structure for the reporting of the customer liability cases to the Board or one of its Committees.

2.3.5 The reporting should, inter alia, include volume / number of cases and the aggregate value involved and distribution across various categories of cases viz., card present transactions, card not present transactions, internet banking, mobile banking, ATM transactions, etc.

2.3.6 The Standing Committee on Customer Service in each bank should periodically review the unauthorized electronic banking transactions reported by customers or otherwise, as also the action taken thereon, the functioning of the grievance redress mechanism and take appropriate measures to improve the systems and procedures. All such transactions should be reviewed by the bank's internal auditors.

2.4 RBI Circular on Safe Deposit Locker/Safe Custody Article Facility provided by the banks - Revised Instructions dated August 18, 2021

2.4.1 Liability of banks arising from events like fire, theft, burglary, dacoity, robbery, building collapse or in case of fraud committed by the employees of the bank.

It is the responsibility of banks to take all steps for the safety and security of the premises in which the safe deposit vaults are housed. It has the responsibility to ensure that incidents like fire, theft/ burglary/ robbery, dacoity, building collapse do not occur in the bank's premises due to its own shortcomings, negligence and by any act of omission/commission. As banks cannot claim that they bear no liability towards their customers for loss of contents of the locker, in instances where loss of contents of locker are due to incidents mentioned above or attributable to fraud committed by its employee(s), the banks' liability shall be for an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker.

2.5 RBI Circular on Responsible Lending Conduct – Release of Movable/Immovable property documents on Repayment/Settlement of Personal Loans dated September 13, 2023

In terms of the guidelines on Fair Practices Code issued to various Regulated Entities (REs) since 2003, REs are required to release all movable / immovable property documents upon receiving full repayment and closure of loan account. However, it has been observed that the REs follow divergent practices in release of such movable / immovable property documents leading to customer grievances and disputes. To address the issues faced by the borrowers and towards promoting responsible lending conduct among the REs, the following Directions are being issued:

2.5.1. Release of Movable / Immovable Property Documents

2. The REs shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account.

3. 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 RE where the documents are available, as per her / his preference.

4. The timeline and place of return of original movable / immovable property documents will be mentioned in the loan sanction letters issued on or after the effective date.

5. In order to address the contingent event of demise of the sole borrower or joint borrowers, the REs shall have a well laid out procedure for return of original movable /immovable property documents to the legal heirs. Such procedure shall be displayed on the website of the REs along with other similar policies and procedures for customer information.

Compensation for delay in release of Movable / Immovable Property Documents

6. 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 RE shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the RE, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay.

7. In case of loss/damage to original movable / immovable property documents, either in part or in full, the REs 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 at paragraph 6 above. However, in such cases, an additional time of 30 days will be available to the REs to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

8. 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.

Applicability

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

2.6 Framework for compensation to customers for delayed updation/ rectification of credit information dated October 26, 2023

- Complainants shall be entitled to a compensation of ₹100 per calendar day in case their complaint is not resolved within a period of thirty (30) calendar days from the date of the initial filing of the complaint by the complainant with a CI/ CIC.
- A CI shall pay compensation to the complainant if the CI has failed 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.
- A CIC shall pay compensation to the complainant if the CIC has failed to resolve the complaint within thirty (30) calendar days of being informed by the complainant or a CI, despite the CI having furnished the updated credit information to the CIC within twenty-one (21) calendar days of being informed by the complainant or the CIC.
- 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 CI and CIC.
- Compensation to be provided by the CICs/ CIs to the complainant (for delayed resolution beyond thirty (30) calendar days of filing the complaint) shall be apportioned among the CIs/ CICs concerned proportionately.
- Where the grievance/ complaint involves inaccurate credit information provided by more than one CI, the complaint shall be registered by the complainant with the concerned CIC. The CIC shall coordinate with all the CIs concerned and furnish the complainant with a comprehensive resolution of the grievance.
- Where the complaint has been received and registered by a CIC and there has been a delay in the resolution of the complaint, the CIC shall inform the concerned CI(s) and the complainant

after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by the CI(s) and/ or CIC.

- Where the complaint has been received and registered by a CI and there has been a delay in the resolution of the complaint, the CI shall inform the concerned CIC(s) and the complainant after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by the CI and/ or CIC(s).
- The date of the resolution of the grievance shall be the date when the rectified Credit Information Report (CIR) has been sent by the CIC or CI to the postal address or email ID provided by the complainant.
- The CICs/ CIs shall make appropriate provision in their complaint submission format (both online and offline) for enabling the complainant to submit the contact details, email ID, and bank account details/ Unified Payment Interface (UPI) ID for crediting the compensation amount. The onus of providing accurate details will lie with the complainant and the CIs/ CICs will not be held responsible for any incorrect information provided by the complainant.
- The compensation amount shall be credited to the bank account of the complainant within five (5) working days of the resolution of the complaint.
- The complainant can approach RBI Ombudsman, under the Reserve Bank - Integrated Ombudsman Scheme, 2021, in case of wrongful denial of compensation by CIs or CICs.
- In case of wrongful denial of compensation by CIs which are yet to be covered under the Reserve Bank - Integrated Ombudsman Scheme, 2021, the complainant can approach Consumer Education and Protection Cell (CEPC) functioning from Regional Offices (ROs) of Reserve Bank of India

Non-Maintainability: The compensation framework shall not be applicable in the following cases:

- (i) disputes for which remedy has been provided under Section 18 of CICRA, 2005. The Section 18 of CICRA, 2005 provides that for disputes arising amongst, CICs, CIs, borrowers, and clients on matters relating to the business of credit information and for which no remedy has been provided under CICRA, 2005, such disputes shall be settled by conciliation or arbitration as provided in the Arbitration and Conciliation Act, 1996.
- (ii) complaints/ references relating to (a) internal administration, (b) human resources, (c) pay and emoluments of staff, and (d) references in the nature of suggestions and commercial decisions of the CIC/CI.
- (iii) complaints pertaining to disputes/ grievances regarding the computation of the credit score/ credit score model.
- (iv) complaints that have been decided by or are already pending in other fora such as Consumer Disputes Redressal Commission, Courts, Tribunals, etc.

- The compensation framework shall come into effect six (6) months from the date of this circular. CICs and CIs are directed to put in place necessary systems and processes to implement the compensation framework within this period.
- CICs and CIs which contravene or default in adherence to the above directions shall be liable for penal action as per the provisions of CICRA, 2005.

ESFB Policy framework

3.1 Introduction

In the present day scenario of competitive Banking, it will be the Bank's endeavor 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 will 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.

The Bank will pay the compensation as determined aforesaid immediately upon identifying the deficiency in service directly resulting in financial loss to the customer, without waiting for claim from the customer.

This policy of the Bank will 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 will 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.

3.2 Unauthorized / Erroneous Debit

3.2.1 If the Bank has raised an unauthorized /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.

3.2.2 In case verification of the entry reported to be erroneous by the customer does not involve a third party, the Bank will 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 will 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.

3.2.3 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.

3.3 ECS direct debits/ Standing Instructions /Other Debits to accounts

3.3.1 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.
- c. Failure to carry out the instruction subject to clause (a) and (b) as above and for reasons directly attributable to the Bank, the customer will 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, will 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.

The bank will 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.

3.3.2 Delay in Credit and / or Return of transactions

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

NECS/ECS-Credit: Destination bank will 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 will 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 will 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 will refund the amount together with interest at the current RBI LAF repo rate plus two per cent till the date of refund.

3.4 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 will 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.

3.5 Foreign Exchange Services

3.5.1 The Bank will not compensate the customer for delays in collection of cheques designated in foreign currencies sent to foreign countries, as the Bank will 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

3.6 Payment of Interest for delayed Collection of Outstation Cheques

3.6.1 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 will be paid without any demand from customers in all types of accounts. There will 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 will 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 will be applicable only for instruments sent for collection within India.

3.7 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 will be as indicated in the Banks Policy on Collection of cheques.

3.7.1 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 will 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 dishonored due to non-credit of the amount of the lost cheques / instruments. The Bank will 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 will 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 will charge a fee for issue of duplicate instrument.

3.8 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 will be applicable only in cases where the request for duplicate draft drawn on the Bank is made by the purchaser and will not be applicable in the case of third party endorsements.

3.9 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 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, incurred by him/her on that account limited to the interest loss by the customer subject to production of proof.

3.10 Transaction of “At Par instruments” of Co-operative Banks by Commercial Banks

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

3.11 Lenders Liability: Commitments to Borrowers

3.11.1 The Bank has adopted the principles of lenders liability. In terms of the guidelines for lenders liability, and the Code of Bank’s Commitment to Customers adopted by the Bank, the Bank will endeavor to 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 beyond 30 days after full repayment/ settlement of loan, the Bank will compensate the borrower at the rate of Rs.5,000/- for each day of delay. 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 will endeavor to retrieve/recreate the title documents and no compensation will be paid in such cases.

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

- a. 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.
- b. 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 will 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. Until such time, the Bank will not be liable to release the title documents to the Borrowers/Guarantors (as the case may be) and will not be liable to pay any compensation to any party.

Release of Movable / Immovable Property Documents

2. The Bank will release all the original movable / immovable property documents and will remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account.

3. The borrower will 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.
 4. The timeline and place of return of original movable / immovable property documents will be mentioned in the loan sanction letters issued on or after December 1, 2023.
 5. In order to address the contingent event of demise of the sole borrower or joint borrowers, the Bank will have a well laid out procedure for return of original movable /immovable property documents to the legal heirs. Such procedure will be displayed on the Bank's website along with other similar policies and procedures for customer information.
- Compensation for delay in release of Movable / Immovable Property Documents
6. 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 will communicate to the borrower reasons for such delay. In case where the delay is attributable to the Bank, it will compensate the borrower at the rate of ₹5,000/- for each day of delay.
 7. In case of loss/damage to original movable / immovable property documents, either in part or in full, the Bank will assist the borrower in obtaining duplicate/certified copies of the movable / immovable property documents and will bear the associated costs, in addition to paying compensation as indicated 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).
 8. The compensation provided under these directions will be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.
 9. These Directions shall be applicable to all cases where release of original movable /immovable property documents falls due on or after December 1, 2023.

3.12 Failed Transactions

Harmonization of Turnaround Time (TAT) and Customer Compensation for Failed Transactions using Authorized Payment Systems

Sl.No.	Description of the incident	Framework for auto-reversal and compensation	
1	Automated Teller Machines (ATMs) including Micro-ATMs		
a	Customer's account debited but cash not dispensed. (includes ESFB ATMs as well as other Bank ATMs)	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.
	Card Transaction		
a	Card to card transfer	Transaction to be reversed (R) latest within T + 1 day, if	₹ 100/- per day of delay beyond T + 1 day.

	Card account debited but the beneficiary card account not credited.	credit is not effected to the beneficiary account.	
b	Point of Sale (PoS) (Card Present) including Cash at PoS 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 day.
c	Card Not Present (CNP) (e-commerce) 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 day.
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	Off-Us transaction The transaction will ride on UPI, card network, IMPS, etc. as the case may be. The TAT and compensation rule of respective system will apply		
b	On-Us transaction 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.

Failed Transaction: A 'failed transaction' is a transaction, which has not been fully completed due to any reason not attributable to the customer such as failure in communication, links, non-availability of cash in an ATM, time-out of sessions, etc. Failed transactions will also include the credits, which could not be effected to the beneficiary account on account of lack of full information or lack of proper information and delay in initiating a reversal transaction.

T: Day of Transaction and refers to the Calendar Date

R: Day on which the reversal is concluded and the funds are received by the issuer / originator. Reversal will be effected at the issuer / originator end on the same day when the funds are received from the beneficiary end.

3.13 Erroneous Debits Arising on account of Fraudulent or Other Transactions

3.13.1 Fraudulent Transaction

- a. In case of a claim raised by any of the customers, the Bank will 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 authorized official can take a decision to reimburse the customer up to an amount of Rs 1,000/-.

3.13.2 Erroneous/Unauthorized/Fraudulent debits arising on Electronic Banking related transactions

The electronic banking transactions can be divided into two categories:

- a. 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)
- b. 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.)
- c. In case of any fraud, if Bank is convinced that its staff towards any constituent has committed an irregularity/fraud, 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.

The 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 will credit (shadow reversal) the amount involved in the unauthorized 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 unauthorized 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.

The number of working days considered for reporting of unauthorized electronic banking transactions pertaining to liability of customer will be counted as per the working schedule of the home branch of the customer excluding the date of receiving the communication.

3.14 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 will 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.

3.15 Force Majeure

The Bank will not be liable to compensate customers due to unforeseen event (including but not limited to civil commotion, sabotage, lockout, strike or other labor 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) prevent the Bank from performing its obligations within the specified service delivery parameters.

3.16 Locker Charges Compensation:

Any loss or damage to the contents of the lockers due to negligence on the part of the bank will be compensated maximum of 100 times of the annual locker rent paid or chargeable to the Hirer/s. In case a discount is offered to the Hirer/s, the discounted rate of locker will be considered for the compensation as per the policy.

3.17 The Bank will adhere to the framework for compensation to customers for delayed updation/rectification of credit information dated October 26, 2023, as amended from time to time.

4 Provisions in policy over and above but in consonance with RBI guide lines

Nil.

5 Changes to the Policy

Regulatory changes introduced at 2.6, 3.13 and 3.17

6 Periodicity of Review of the Policy

The Board will review this policy at annual intervals and at such intervals as may be required on regulatory and business exigencies.

Author of the Policy	CPC/ Customer Service
Reviewer of the Policy	Compliance
Name of Committee which recommended to the Policy Formulation Committee of the Board	Executive Policy Formulation Committee
Date of Board Approval	28-Mar-24
Date of Next Review	18-24 months from the date of board approval / previous review