

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 Banking system. Withdrawal of the Reserve Bank of India instructions to banks on time frame for collection of outstation cheques, payment of interest on delayed collection of outstation cheques/instruments, with effect from 1st November 2004, had offered banks further opportunities to increase its efficiency for better performance. This Compensation policy of the Bank is 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 compensate 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, the bank expects instances when the customer has to approach Banking Ombudsman or any other Forum for redressal to come down significantly. 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.

1. Unauthorised / Erroneous Debit:

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. The bank shall also compensate the customer by paying interest at savings bank rate for the period between the debit and the reversal of the entry. This provision however, would not apply to recovery of legitimate bank charges by debit to the account.

In case verification of the entry reported to be erroneous by the customer relates to a transaction passed within the previous 18 months and/or does not involve a third party, the bank shall arrange to complete 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 the transaction is more than 18 months old, 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. Disputed transactions reported by customers in respect of credit card operations relating to Retrieval Requests and Charge Backs, which require reference to a merchant establishment or their Bankers, will be handled as per rules/regulations and time frames allowed by the card associations ie. Visa International & MasterCard.(refer to clause 9 of Cardholder Rules & Regulations).

2. ECS direct debits/other debits to accounts

The bank will undertake to carry out direct debit/ ECS debit instructions of customers in time. In the event the bank fails to meet such commitments customer will be compensated to the extent of financial loss the customer would incur on account of delay in carrying out the instruction/failure to carry out the instructions, subject to the customer mandate being in order.

The bank would debit the customers 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 when pointed out by the customer subject to scrutiny of agreed terms and conditions. Any consequential interest loss on the account will also be compensated.

Unsolicited Credit Cards

Where it is established that the bank had issued and activated a credit card without written consent of the recipient, the 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 in this regards.

3. Payment of Cheques after Stop Payment Instructions:

In case a cheque has been paid after stop payment instructions are acknowledged by the bank, the bank shall reverse the transaction and give value-dated credit to protect the interest of the customer. Such debits will be reversed within 2 working days of the customer intimating the transaction to the bank.

4. Foreign Exchange Services:

a) Cheques drawn on foreign countries: Bank enters into specific collection arrangements with its correspondent banks for collection of such instruments. Currently the Bank has collection arrangement for Foreign Currency instruments in USD, GBP, EUR, AUD, CAD, CHF, NOK, NZ\$, HK\$, SG\$ & AED and would give credit to the customers on credit of proceeds to the bank's Nostro Account with the correspondent bank after taking into account cooling periods applicable as under and converted at the exchange rate applicable on the date of credit:

Currency of Instrument	Customer relationship < 6 months old	Customer relationship > 6 months old
USD cheque payable at New York	21 calendar days from date of credit into Nostro	12 calendar days from date of credit into Nostro
All other Foreign Currency cheques _		
USD cheque payable outside New York	21 calendar days from date of credit into Nostro	21 calendar days from date of credit into Nostro

The bank will, for Fcy collection Cheques, compensate the customer for undue delays in affording credit beyond three working days from due date of credit. Such compensation will be worked out as under:

- a) Interest for delay in crediting proceeds at rates indicated in the collection policy of the bank.
- b) Compensation for delays in affording credit on foreign inward remittances will be as recommended in FEDAI Rule 4.A.3(ii)

5. Remittances in India:

The compensation on account of delays in collection of instruments would be as indicated in the bank's collection policy which is reproduced below for information:

Payment of Interest for delayed Collection of Local / Outstation Cheques:

As part of the compensation policy of the bank, 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 in the Collection Policy. Such interest shall be paid without any demand from customers in all types of accounts. There shall be no distinction between instruments drawn on the bank's own branches or on other banks for the purpose of payment of interest on delayed collection.

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

- a) For local cheques, savings Bank rate for the period of delay beyond 2 & 3 working days as the case may be (depending on cut off time) for delay in crediting of local cheques.
- b) Savings Bank rate for the period of delay between 1-14(beyond stipulated period) days as the case may be in Collection of Outstation Cheques
- c) Where the delay is between 14- 90 working days(beyond stipulated period), interest will be paid at Savings Bank rate + 1% for the respective period, as applicable on the day payment due.
- d) 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 as applicable on the day payment due.
- e) In the event the proceeds of cheque under collection was to be credited to a regular overdraft/ loan/ credit card account of the customer, interest will be paid at the rate applicable to the overdraft/ loan/ credit card account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the account.

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

The 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 our cheque collection policy. The same is extracted below for information:

Cheques / Instruments lost in transit / in clearing process or at paying bank's branch (applicable to banking accounts):

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 account holder so that the account holder can inform the drawer to record stop payment and also take care that cheques, if any, issued by him / her are not dishonoured due to non-credit of the amount of the lost 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 account holder in respect of instruments lost in transit at the presenting Bank's end in the following ways:

- 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 (Upto Rs.500/-) 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.

6. Return of Documents of Title

Security documents of title should be returned to customer within 15 working days of repayment of all dues by the borrower, including principal amount, interest, EMI, costs, service charges, and all other amounts due. This is subject to there being no outstanding under any other loan / overdraft / other financial facility availed by the borrower from the bank. Unreasonable delay on the part of the bank in returning such documents will lead to compensation at the rate of Rs100/-per week to be paid to the customer.

7. Violation of Code by Bank agents

In the event of receipt of any complaint from the customer that the bank's representative / courier has engaged in any improper conduct or acted in violation of this Code, bank shall take appropriate steps to investigate and to handle the complaint and to make good direct loss, if any, to the customers.

8. Force Majeure

The bank shall not be liable to compensate customers for delays if some unforeseen event including but not limited to civil commotion, sabotage, accident, fires, natural disasters or other "Acts of God", war, resulting in damage to the bank's facilities or of its correspondent bank(s), etc beyond the control of the bank prevents it from performing its obligations within the specified service delivery parameters.

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9. Abnormal Circumstances

The bank shall not be liable to compensate customers for delays if abnormal circumstances like lockout, strike or other labour disturbances, 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.

10. Issuance of duplicate draft

The bank would issue duplicate Demand Draft in lieu of lost draft, up to and including ` 5,000/- 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. The Bank would issue the duplicate draft as mentioned above, to the customer within a fortnight from the receipt of such request. Further, for the delay beyond this stipulated period, the bank would pay interest at the rate applicable for fixed deposit of corresponding maturity in order to compensate the customer for

such delay. 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.

11. Resolution of ATM related dispute

The time limit for resolution of customer complaints by the issuing banks shall stand reduced from 12 working days to 7 working days from the date of receipt of customer complaint. Accordingly, failure to re-credit the customer's account or reject the claim with proper proof within 7 working days of receipt of the complaint shall entail payment of compensation to the customer @ Rs. 100/- per day by the issuing bank. 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.
