

# **Compensation Policy**

**Approved By**

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**Resolution no. ....21**

# **Compensation Policy**

## **Overview**

The customer compensation policy is designed to compensate customer in the events of unauthorised debits or delay during banking transaction. The policy is applicable to all the products and schemes. The policy is to be followed meticulously by the field functionaries while resolving complaints.

With reference to the RBI circular number RBI/2019-20/67 dated 20 September, 2019 on 'Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorised Payment Systems', the bank has made Compensation Policy.

## **Policy Details**

### **Background:**

Compensation policy of the bank is designed to cover areas relating to unauthorised debiting of account, unauthorised electronic banking transaction, and payment of interest to customers for delay in collection of cheques/instruments, payment of cheques after acknowledging stop payment instructions, remittances within India, lending etc. The policy is based on principles of transparency and frames in treatment of the customers and regulatory guidelines.

### **Objective:**

The objective of the policy is to establish a system, whereby the customer is compensated for the financial loss due to deficiency in service or an act of omission or commission directly attributable to the Bank.

The customers, as far as possible, will be compensated without having to ask for it. The policy covers only compensation for financial losses 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 the 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.

### **Scope and Applicability:**

The customer Compensation Policy shall cover the customer Compensation function of all the officers of the bank.

### **Policy Contents:**

The Customer Service Policy covers the following aspects, the details of the same have been outlined in the operational guidelines of the policy.

**Erroneous Debits arising on fraudulent or others transactions:**

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 case, the unauthorised / erroneous debit has resulted in financial loss to the customer by way of reduction in minimum balance applicable for payment of interest on Savings Fund 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 loss incidental to return of the cheque or failure of direct debit instruction due to insufficiency of balance on account of the unauthorised / erroneous debit ( other than those on account of third-party breaches), the bank will compensate the customer to extent of such financial losses after taking into consideration all relevant factors.

**Payment of interest for delays in collection:**

In cases of delay in collection of cheques, the bank would suitably compensate the customer.

**Payment of interest for delay in issue of duplicate draft:**

For delay beyond the stipulated period, interest at the rate applicable for fixed deposit of corresponding period will be paid as compensation to the customer for such delay.

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

- a. Saving bank rate for the period of delay beyond 3 working days in case of local cheques.
- b. Saving bank rate for the period of delay beyond 7 days in collection of outstation cheques payable at CTS centres and 10/14 days in non-CTS centres.
- c. Where the delay is beyond 14 days, interest will be paid at the rate applicable for term deposit for the respective period.
- 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.
- e. In the event of delay where 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 accounts.

**Customer compensation for delayed reversal of digital failed transactions:**

Bank has a detailed framework for auto reversal of the failed Digital transaction and compensation, in events of delay beyond the prescribed Turn Around Time (TAT).

**ATM including Micro ATM:**

Customer's account debited but cash not dispensed.

Reversal of failed transaction within a maximum of T+5 days.

INR 100 per day of delay beyond T+5 days, to the credit of the account holder.

**IMPS:**

Account debited but the beneficiary account is not credited.

If unable to credit to beneficiary account, auto reversal latest on T+1 day.

1. 25/- per day if delay is beyond T + 1 day.
2. Rs.50/- per day (over and above Rs.25/- for the delay beyond T+1 day) if delay is beyond T+2 day.
3. Rs.100/- per day (over and above Rs.25/- for the delay beyond T+1 day and Rs.50/- for the delay beyond T+2 day) if delay is beyond T+3 day.

**UPI:**

Account debited but the beneficiary account is not credited. (Transfer of fund)

If unable to credit to beneficiary account, auto reversal latest on T+1 day.

1. 25/- per day if delay is beyond T + 1 day.
2. Rs.50/- per day (over and above Rs.25/- for the delay beyond T+1 day) if delay is beyond T+2 day.
3. Rs.100/- per day (over and above Rs.25/- for the delay beyond T+1 day and Rs.50/- for the delay beyond T+2 day) if delay is beyond T+3 day.

**NACH:****Adhaar Payment Bridge System (APBS)**

Delay in crediting beneficiary account, Rs.100/- per day if delay is beyond T+1 day.

**Other unauthorised actions of the bank leading to a financial loss to customer**

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

1. Contributory fraud/negligence/deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer).
2. 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. Here, the communication means information to the customer through SMS, mails, passbook and other means.

**Customer compensation in various incidents involving Safe Deposit Vault (Lockers):**

The customer Compensation Policy in respect of incidents involving Safe Deposit Vault (Lockers), shall be governed by RBI circular No. RBI/2021-2022/86 dated August 18, 2021 or any subsequent changes introduced from time to time.

**Disclaimer Clause:**

Notwithstanding anything contained hereinabove the bank shall not pay compensation in the following cases:

1. Any deficiency regarding loan and advances activities of the bank.
2. Dishonour of at par payment agreement with other bank, due to non-funding and security compliance.
3. Delays on account of non-functioning of business due to factors beyond the control of the bank and the period covered by such events shall be omitted for calculation of delay etc.
4. Where the issues are sub-judice and pending before courts, ombudsman, arbitrator, government and matter put on hold due to stay.

**Force Majeure:**

The bank shall not be liable to compensate customers for delayed credit if some unforeseen events (including but limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fires, natural disaster or other "Act of God", war, damage of Banks facilities or if its correspondent bank(s), absence of usual means of communication or all types of transportation, etc.) beyond the control of bank prevents it from performing its obligations within the specified service delivery parameters.

**Chief Executive Officer**