

Bank's Compensation Policy

1. Introduction

Technological progress in payment and settlement systems and the qualitative changes in operational systems and processes that have been undertaken by various players in the market have enabled market forces of competition to come into play to improve efficiencies in providing better service to the users of the system. It will be the bank's endeavour to offer services to its customers with best possible utilization of its technology infrastructure.

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 bank further opportunities to increase its efficiency for better performance.

This Compensation Policy of the Bank is therefore, designed to cover areas relating to unauthorized debiting of account, payment of interest to customers for delay in 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.

2. Objective

The objective of this policy is to establish a system whereby the bank compensates the customer for any reasonable direct financial loss, the customer might incur due to deficiency in service on the part of the bank or any act of omission or commission solely or 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.

3. Framework

It is reiterated that the policy covers only compensation for financial losses which customers might incur due to deficiency in the services offered by the bank and solely attributed to the Bank or its employee, 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.

4. Unauthorised / Erroneous Debit by the Bank

4.1. 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 loss incidental to return of a cheque by the bank without reason 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 reasonable direct financial losses on account of the same, subject to production of documentary proof of direct financial loss.

4.2. In case verification of an erroneous entry reported by the customer does not involve a third party, the bank will endeavour to complete the process of verification within a maximum period of 7 working days from the date of reporting of erroneous debit. In case, the verification involves a third party or where verifications are to be done at overseas centres, the bank shall complete the verification process within a maximum period of one month from the date of reporting of unauthorised / erroneous transaction by the customer.

4.3. Unauthorised Erroneous transaction reported by customers (card holder) in respect of debit / credit card operations, which require reference to a merchant establishment will be handled as per rules laid down by card association / card service providers.

4.4. Customer (Card holder) claims arise due to usage of Card at ATMs, involving net-work of ATMs / any other arrangement made in future, process of verification shall be undertaken as per rules laid down by National Payment Corporation of India, MasterCard Incorporated, VISA Inc. / Other Card Service Providers or the arrangement amongst the member banks, as the case may be, to settle the claims.

5. Unauthorised Electronic Banking Transactions reported by Customers

As per the Notification no. DBR.No.Leg.BC.78/09.07.005/2017-18 dated July 06, 2017 issued by the Reserve Bank of India, Bank has formulated a Board Approved Customer Protection Policy to deal with the unauthorised electronic Banking transactions reported by customers. The policy inter alia, cover in detail, the liability of customers in different scenarios depending on whether compromise was at the Bank's end, customer's end or elsewhere in the system.

The extent of liability of customer in unauthorised electronic banking transaction would be decided as per the Bank's Customer Protection Policy.

6. ECS direct debits/other debits to accounts

6.1. 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 any reasonable direct financial loss, the customer would incur on account of delay in carrying out the instruction / failure to carry out the instructions.

6.2. 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 when pointed out by the customer subject to scrutiny of agreed terms and conditions.

6.3. Where it is established that the bank had issued and activated a credit card without request / consent of the recipient, the bank would not only reverse the charges levied, but also pay a penalty to the recipient amounting to twice the value of charges reversed as per regulatory guidelines in this regard.

7. Payment of penal interest for delay in credit/ return of NEFT/ NECS / ECS transactions:

7.1 In terms of NEFT/ NECS/ ECS procedural guidelines / relevant circulars / instructions issued from time to time by Reserve Bank of India, we at Bank of India need to afford credits to beneficiary accounts or return transactions (uncredited for whatever reason) to the originating / sponsor bank within the prescribed timeline.

7.2 The Bank will pay interest to its customers on account of delay in Credit / Return of NEFT / NECS / ECS transactions solely attributable to the Bank or its employees. The interest will be paid at the rate of prevailing RBI LAF Repo Rate plus two percentage from the due date of credit till the date of actual credit for any delayed credit to the beneficiary account even if no claim is lodged.

8. Payment of Cheques after Stop Payment Instructions

In case a cheque has been paid after stop payment instruction is acknowledged by the bank, the bank shall reverse the transaction and give value-dated credit to protect the interest of the customer. Any direct financial loss to the customer on account of above will be compensated as provided under para 4 above. Such debits will be reversed within 2 working days of the customer intimating the transaction to the bank.

9. 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 specified in banks cheque 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) Savings Bank rate for the period of delay beyond 3 days for local cheque.
- b) Saving Bank rate for the period of delay beyond 7 days for outstation cheques payable at CTS centre and 10 days for outstation cheque payable at Non CTS centre.
- c) Where the delay is beyond 14 days interest will be paid at the rate applicable for term deposit for the corresponding respective period or Saving Bank rate, whichever is higher.
- 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 the proceeds of cheque under collection was to be credited to an overdraft / loan account of the customer and credit is delayed beyond the time period of three days for local cheque, seven days for outstation cheque payable at CTS centres and ten days for non CTS centres, interest for such delay will be paid at the rate applicable to the loan account. For extraordinary delays i.e. delay exceeding 90 days, interest will be paid at the rate of 2% above the rate applicable to the loan account.
- f) The interest will be paid only when such amount is ` 10/- or more.

Non CTS cheques will be presented in the clearing house at the prescribed intervals which is presently once in a month on second Wednesday of the month or as decided by RBI, from time to time.

Keeping in view the global practices due to technological progress, payment and settlement systems and the qualitative changes in operational systems and processes single set of rules may not be appropriate and RBI has issued

guidelines where interest payment for delayed collection have been left to the banks discretion.

10. Compensation for loss of cheque/ instrument in Transit / in clearing process or at paying bank's branch:

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 Collection Policy.

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 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 for local and outstation cheque (3 / 7 / 10 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.

11. Issue of Duplicate Draft and Compensation for delays

Duplicate draft will be issued within a fortnight from the receipt of such request from the purchaser thereof provided all the required documentation as per bank's procedure in vogue is completed by the party, while making such request. For delay beyond the above stipulated period solely attributable to the Bank or its employee, interest at the rate applicable for Fixed Deposit of Corresponding period will be paid as compensation to the customer for such delay.

12. 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 is committed to investigate the matter and endeavour to communicate the findings to the customer within 7 working days from the date of receipt of complaint and Bank shall compensate the customer for reasonable direct financial loss, subject to production of documentary proof of direct financial loss, if any.

13. Transaction of "at par instruments" of Co-operative Banks by Commercial Banks

The Bank will not honour cheques drawn on current accounts maintained by other banks, with it unless arrangements are made for funding cheques issued. Issuing bank should be responsible to compensate the cheque holder for non-payment / delayed payment of cheques in the absence of adequate funding arrangement.

14. ATM Failure

It is mandatory for the bank to reimburse the customer, the amount wrongfully debited on account of failed ATM within a maximum period of 7 working days from the receipt of the complaint without any reasonable cause. For any failure to re-credit the customer's account within 7 working days from the date of receipt of the complaint without reasonable cause, bank shall pay compensation of Rs.100/- per day to the aggrieved customer from the date of expiry of seven days

period as above. 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. A customer is entitled to receive such compensation for delay, only if a claim is lodged with the bank within 30 days of the date of the transaction.

15. 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. It is the bank's experience that time for collection of instruments drawn on banks in foreign countries differ from country to country and even within a country, from place to place. The time norms for return of instruments cleared provisionally also vary from country to country. Bank however, may consider upfront credit against such instrument by purchasing the cheque/instrument, provided the conduct of the account has been satisfactory in the past. However, the bank will compensate the customer for undue delays in affording credit once proceeds are credited to the Nostro Account of the bank with its correspondent.

Such compensation will be given for delays beyond one week from the **due date**, i.e. after taking into account normal cooling period stipulated on credit to NOSTRO Account. The compensation in such cases will be worked out as follows:

i. Interest for the delay in crediting proceeds shall be as under.

- a)** Saving Bank rate for the period of delay beyond 7 days from the due date.
- b)** Where the delay is beyond 14 days from due date, interest will be paid at the rate applicable for term deposit for the corresponding respective period or Saving Bank rate, whichever is higher.
- c)** In case of extraordinary delay, i.e. delays exceeding 90 days from due date, interest will be paid at the rate of 2% above the corresponding Term Deposit rate.

d) In the event the proceeds of cheque under collection was to be credited to an overdraft / loan account of the customer and credit is delayed beyond the time period of seven days from due date, interest for such delay will be paid at the rate applicable to the loan account. For extraordinary delays i.e. delay exceeding 90 days from due date, interest will be paid at the rate of 2% above the rate applicable to the loan account.

ii. Compensation also be considered for any possible loss on account of adverse movement in foreign exchange rate due to delay in crediting cheque proceeds.

16. Lenders liability; Commitments to borrowers

The bank has adopted the principles of lenders of liability. In terms of the guidelines for lenders liability, and the Code of Bank's Commitment to customers adopted by the bank, the bank would return to the borrowers all the securities/documents/title deeds to mortgaged property within 15 days of repayment of all dues to the satisfaction of the Bank, provided that bank has not exercised any lien thereon on account of any other dues to the party. The bank will compensate the borrower for the reasonable monetary loss suffered, if any due to delay in return of the same without any reasonable cause. In the event of loss of title deeds to mortgage property at the hands of the banks, the compensation will cover actual expenses for obtaining duplicate documents plus a reasonable lump sum amount as under or as may be decided by the bank from time to time. The penalty / compensation in respect of following items will be as under;

For Delay in return of all the Securities / Title deed to the mortgaged property:

16th day to 30 th day	: Rs.1000/-; Lump sum
31st day to 45th day	: Rs.2500/-; Lump sum
46th day to 60th day	: Rs.5000/-; Lump sum
From 61st day	: Rs.1000/-: per day, in addition to lump sum amount of Rs.5000/-, subject to MAXIMUM Rs.1 Lac

17. Wealth Management Products

Bank is a corporate Agent and distributor of Insurance and Mutual Fund products respectively. For any deficiencies in services bank will assist customers to raise their grievances with the tie-up partners.

For any deficiencies in services at bank level raised by customer, the issue will be examined by the bank and if the lapse on the part of the bank is confirmed (mis-selling) customer will be compensated for the loss.

18. Force Majeure

Notwithstanding anything contrary contains in this policy, The bank shall not be liable to compensate customers for delayed credit if some unforeseen event (including but not 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), lack of connectivity, 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.

19. Amendment/ Modification of the policy:

The Bank reserves the right to amend/modify this Bank’s Compensation Policy, as and when deemed fit and proper, at its sole discretion. However, the Bank shall endeavor to review the Policy at annual intervals or upon any changes announced / adopted by the Reserve Bank of India.