



Compensation Policy: 2015-16

1.0 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 endeavor to offer services to its customers with best possible utilization of its technological 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 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 to customers.

The objective of this policy is to establish a system where by the Bank compensates 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.

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 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.

2.0 Unauthorized / Erroneous Debit:

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 loss 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 losses.



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2.2 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.

2.3 Erroneous transaction reported by customers in respect of credit card/ debit card operations, which require reference to a merchant establishment, will be handled within 60 days.

2.4 Reversal of erroneous debits arising on fraudulent or other transactions:

- 1) In case of any fraud, if the branch is convinced that an irregularity / fraud has been committed by its staff towards any constituent, branch should at once acknowledge its liability and pay the claim.
- 2) In cases where the branch is at fault, they may compensate the customer without demur.
- 3) In cases where neither the branch nor the customer is at fault, but the fault lies elsewhere in the system, branches should compensate the customer up a limit as specified in Bank's Fraud Risk Management Policy and reviewed from time to time. The extant powers are as under:

Designation	Powers for settling claims of customers arising out of fraudulent withdrawals from their accounts
Branch Managers in Scale-I	Up to Rs. 5000/-
Branch Managers in Scale-II	Up to Rs. 10000/-
Branch Managers in Scale-III	Up to Rs. 20000/-
Branch/Regional Heads in scale IV and V	Up to Rs.100000/-
Branch/Regional Heads in scale VI and Deputy General Manager Financial Management and Accounts, Head Office,	Up to Rs.200000/-
<i>General Manager Financial Management and Accounts, Head Office</i>	Up to Rs.500000/-
Executive Director	Up to Rs. 1000000/-
Chairman and Managing Director	Up to Rs. 2000000/-
Management Committee	Full Powers



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3.0 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 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 when pointed out by the customer subject to scrutiny of agreed terms and conditions. Any consequential financial loss to the customer will also be compensated.

Where it is established that the Bank had issued and activated a credit card/ debit 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*.

4.0 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 consequential financial loss to the customer will be compensated as provided under para 1 above. Such debits will be reversed within 2 working days of the customer intimating the transaction to the Bank.

5.0 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, would 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 date of credit to Nostro Account/ due date after taking into account normal cooling period stipulated. The compensation in such cases will be worked out as follows:

- a) Interest for the delay in crediting proceeds as indicated in the Policy on Collection of Cheques / Instruments.
- b) Compensation for any possible loss on account of adverse movement in foreign exchange rate.



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6.0 Remittances in India:

The compensation on account of delays in collection of instruments and other expenses incurred by the customer would be as indicated in the Bank's Policy on Collection of Cheques/Instruments, which is reproduced below at point No 6.2, for information:

6.1 Payment of interest on delayed collection of local cheques/ instruments

As a policy, Bank would give credit to the customer's account on the day, clearing settlement takes place. In case there is delay in collection of local cheques and in turn delay in crediting the amount of cheques deposited in local clearing in the normal course of business, except for the reasons of "Force Majeure" ie unforeseen events explained at Point No 10, Bank should pay compensation / interest at saving bank interest rate to the depositor/customer for the corresponding period of delay.

6.2 Payment of Interest for delayed Collection of Outstation Cheques:

The Bank will pay interest to its customer on the amount of collection of instruments in case there is delay in giving credit beyond the time period mentioned below. 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.

If the time taken for collection of outstation instruments is beyond stipulated time, interest at following rates will be paid for the period of delay beyond respective time limit

- a) Interest at Savings rate for the period of delay beyond 7/10/14 days as the case may be in case of outstation cheques.
- b) Where the delay is beyond 14 days interest will be paid at the applicable rate for term deposits for the corresponding period or Savings Bank rate whichever is higher.
- c) In case of extraordinary delay, i.e. delays exceeding 90 days additional interest will be paid at the rate of 2% over and above the corresponding term deposit rate.
- d) In the event the proceeds of cheque under collection were to be credited to an overdraft/ loan account of the customer, interest will be paid at the rate applicable to the loan account. In case of extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account.
- e) The claim for payment of interest on delayed collection of instrument should be settled by us, irrespective of the fact whether reasons for such delay are attributable to the paying bank. The issue of reimbursement of such interest paid to customer should be taken up with paying bank subsequently, for settlement.

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 Policy on Collection of Cheques / Instruments. The same is reproduced below for information:



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6.3 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 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 dishonored 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 in the following way:

- a) In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (7/14 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 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. However, Bank's liability will be restricted to a maximum of Rs.100/-

6.4 Payment of interest for delay in issue of duplicate drafts

In case of delay in issue of the duplicate draft beyond a fortnight after completing all relevant formalities by the applicant, Bank will pay interest on the amount of demand draft at term deposit rate of corresponding period

6.5 Delay in credit of pension/Pension Arrears

The Bank shall pay compensation at the Bank Rate plus 2% penal interest to the pensioner's account without any claim from the pensioner on the same day when the credit is afforded for revised pension / pension arrears in respect of all delayed pension payments.



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6.6 Payment of interest for delayed credit /refunds on NEFT instructions.

As per RBI guidelines, banks are required to pay penal interest at the current RBI LAF Repo Rate plus two percent for the period of delay / till the date of refund, as the case may be, to the affected customers.

In case the bank receives NEFT message for crediting a certain sum of money to the account number specified therein, **TIBD** Mumbai processes the same and credits it to the account number mentioned in the message. If for some reason, the credit is not given within the stipulated time penal interest at the current RBI LAF Repo Rate plus two percent for the period of delay / till the date of refund as the case may be, will be paid to the affected customers suo-moto, without waiting for a claim from the customer.

7.0 Violation of the Code by Bank's 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, Bank shall take appropriate steps to investigate and communicate the findings to the customer within 7 working days from the date of receipt of complaints and compensate the customer for financial losses, if any, as contemplated under this policy.

8.0 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 dishonor of such instruments when the remitter has already paid for the instruments. In this connection it is clarified that the Bank will not honor 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.

9.0 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 agreed to or contracted. The Bank will compensate the borrower for monetary loss suffered, if any due to delay in return of the same. 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 for obtaining duplicate documents plus a lumpsum amount as decided by the bank.



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10.0 Force Majeure

The Bank shall not be liable to compensate customers for delayed credit if some 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, beyond the control of the Bank, prevents it from performing its obligations within the specified service delivery parameters.

11.0 ATM Failure:

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.

Such compensation will be paid to the complainant, only if the claim is lodged with the issuing bank within 30 days of the date of transaction.

12.0 Recovery of cost of grievances from service provider wherever applicable:

Whenever we are required to give compensation for deficiency in service by the service provider, possibility should be explored to recover the cost from the service provider, wherever applicable.

13.0 Change / Modification

Bank reserves its right to change or to modify the Policy or any of its provisions from time to time without notice.
