

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 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. Unauthorized / Erroneous Debit

Part (A) "Unauthorized Electronic Banking Transactions"

2.1 Limited Liability of a Customer

(a) Zero Liability of a Customer

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

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

(b) Limited Liability of a Customer

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

- i. 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 shall be borne by the bank.
- ii. 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 shall be limited to the transaction value or the amount mentioned in Table 1, whichever is lower.

Table 1	
Maximum Liability of a Customer under paragraph b (ii)	
Type of Account	Maximum liability (Rs)
• BSBD Accounts	5,000.00
• 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 • Credit cards with limit up to Rs.5 lakh	10,000.00
• All other Current/ Cash Credit/ Overdraft Accounts Credit cards with limit above Rs.5 lakh	25,000.00

Further, if the delay in reporting is beyond **Seven working days**, the customer liability shall be determined by on merits and on case to case basis. Committee based approach will be applied for determining the customer liability and the delegated authority based on the customer liability will be as per table mentioned in para 2.10 below. Bank shall convey the decision to the customer within a maximum period of three months. Banks shall provide the details of their policy in regard to customers' liability formulated in pursuance of these directions at the time of opening the accounts. Banks shall also display their approved policy in public domain for wider dissemination. The existing customers must also be individually informed about the bank's policy.

Overall liability of the customer in third party breaches, as detailed in paragraph a (ii) and paragraph b (ii) above, where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, is summarized in the Table 2 given below:

Table 2		
Summary of Customer's Liability		
Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's liability (Rs)	
Within 3 working days	Zero liability	
Within 4 to 7 working days	The transaction value or the amount mentioned in <u>Table 1</u> , whichever is lower.	
Beyond 7 working days up to 15 days	As per the table below	
Type of Account	Minimum liability of Customer (A)	Maximum liability of the Bank (B)
<u>Category 1</u> BSBD Accounts	Rs. 5,000.00 plus 50% of the remaining claim amount	Rs. 10,000.00 or amount as per column (A), whichever is lower
<u>Category 2</u> <ul style="list-style-type: none"> • 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 • Credit cards with limit up to Rs.5 lakh 	Rs. 10,000.00 plus 50% of the remaining claim amount	Rs. 20,000.00 or amount as per column (A), whichever is lower
<u>Category 3</u> <ul style="list-style-type: none"> • All other Current/ Cash Credit/ Overdraft Accounts • Credit cards with limit above Rs.5 lakh 	Rs. 25,000.00 plus 50% of the remaining claim amount	Rs. 50,000.00 or amount as per column (A), whichever is lower
Beyond 15 working days	No liability of the Bank	

The number of working days mentioned in Table 2 shall be counted as per the working schedule of the home branch of the customer excluding the date of receiving the communication.

***Examples:**

1. If a customer from category 1 has lost Rs. 6000.00 in a fraudulent transaction treatment would be as under:

- i. If Time taken to report the fraudulent transaction from the date of receiving the communication is up to 3 days – Zero liability of the customer hence Bank would reimburse Rs. 6000.00
- ii. If Time taken to report the fraudulent transaction from the date of receiving the communication is from 4 to 7 days – Customer's liability will be Rs. 5000.00, hence Bank would reimburse Rs. 1000.00
- iii. If Time taken to report the fraudulent transaction from the date of receiving the communication is from 8 to 15 days – Customer's liability will be Rs. 5000.00 plus 50% of remaining claim amount i.e. Rs. 500.00, hence Bank would reimburse Rs. 500.00
- iv. If Time taken to report the fraudulent transaction from the date of receiving the communication is beyond 15 days – No liability of the Bank.

2. If a customer from category 2 has lost Rs. 30000.00 in a fraudulent transaction treatment would be as under:

- i. If Time taken to report the fraudulent transaction from the date of receiving the communication is up to 3 days – Zero liability of the customer hence Bank would reimburse Rs. 30000.00
- ii. If Time taken to report the fraudulent transaction from the date of receiving the communication is from 4 to 7 days – Customer's liability will be Rs. 10000.00, hence Bank would reimburse Rs. 20000.00
- iii. If Time taken to report the fraudulent transaction from the date of receiving the communication is from 8 to 15 days – Customer's liability will be Rs. 10000.00 plus 50% of remaining claim amount i.e. Rs. 10000.00, hence Bank would reimburse Rs. 10000.00
- iv. If Time taken to report the fraudulent transaction from the date of receiving the communication is beyond 15 days – No liability of the Bank.

3. If a customer from category 3 has lost Rs. 135000.00 in a fraudulent transaction treatment would be as under:

- i. If Time taken to report the fraudulent transaction from the date of receiving the communication is up to 3 days – Zero liability of the customer hence Bank would reimburse Rs. 135000.00
- ii. If Time taken to report the fraudulent transaction from the date of receiving the communication is from 4 to 7 days – Customer's liability will be Rs. 25000.00, hence Bank would reimburse Rs. 110000.00.
- iii. If Time taken to report the fraudulent transaction from the date of receiving the communication is from 8 to 15 days – Customer's liability will be Rs. 25000.00 plus 50% of remaining claim amount i.e. Rs 55000.00, hence bank would reimburse Rs 55000.00 ,But Bank's liability being maximum Rs 50000.00, Bank will pay Rs 50000.00 only as against Rs 55000.00.
- iv. If Time taken to report the fraudulent transaction from the date of receiving the communication is beyond 15 days – No liability of the Bank.

2.2 Reversal Timeline for Zero Liability/ Limited Liability of customer

On being notified by the customer, the bank shall credit (shadow reversal) the amount involved in the unauthorised 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).

In cases where customer liability is determined by the committee having the delegation as per para 2.10 and in the event of customer not being satisfied with such decision of the bank, in such cases, the delegated powers for waiver of customer liability in case of unauthorized electronic banking transactions (including where customer negligence has been determined by the aforementioned committee) will be as under:

A) Committee of GMs at H.O.	
1. General Manager (Financial Management and Accounts), 2. General Manager (Resource Planning) 3. General Manager (IRM) 4. General Manager (IT & Operations) The meeting will be chaired by Senior most GM	Up to & Inclusive Rs. 100000.00
B) Committee of Executive Director (In charge customer Service)	
Consisting of above 4 GMs (In absence of concerned Executive Director the other Executive Director will chair the committee)	Above Rs. 100000.00 Full Powers

2.3 Further, Bank shall ensure that:

- i. A complaint is resolved and liability of the customer, if any, established within 60 days but not exceeding 90 days from the date of receipt of the complaint, and the customer is compensated as per provisions mentioned in para 2.11.
- ii. Where it is unable to resolve the complaint or determine the customer liability, if any, within 90 days, the compensation as prescribed in para 2.11 is paid to the customer; and
- iii. 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.
- iv. For resolution of customer complaint, the existing resolution mechanism under Customer Service, HO, will monitor the resolution.

2.4 Burden of Proof

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

2.5 Reporting & Monitoring

The monitoring and reporting of the customer liability cases shall be done to the sub-Committee of the Board for Customer Service in a structured format as per RBI directives on quarterly basis. The reporting shall, inter alia, include volume/number of cases viz. card present transactions, card not present transactions, internet banking, mobile banking, ATM transactions etc. The Standing Committee on Customer Service shall 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 during its meeting held every quarter. All such transactions shall be reviewed by the bank's internal auditors.

The report put up to the Standing Committee on Customer Service will be as per RBI guidelines. The report will be based on the parameters viz. volume/ number of cases, aggregate value involved, distribution across various category of cases viz card present transaction, card not present transactions, internet banking, mobile banking, ATM transactions etc.

2.6 Reversal/Payment of compensation for Unauthorized Electronic Banking Transactions

After it is established that the transaction under question is a fraudulent transaction, the sanction for reversal/payment of compensation to the complainant for Unauthorized Electronic Banking Transactions shall be as per delegated powers (per reference) as mentioned below through a committee approach –

Committee of Dy. General Manager, Operations at H.O. 1. Dy. General Manager (Operations), 2. Chief Manager (Customer Service) 3. Chief Manager (Mahaseva) 4. Chief Manager (Card Cell)	Up to & Inclusive Rs.200000.00
Committee of General Manager, Operations at H.O. 1. General Manager, Operations 2. Dy. General Manager (Operations), 3. Chief Manager (Customer Service) 4. Chief Manager (Mahaseva)	From Rs. 200001.00 to Rs. 500000.00
Committee of GMs at H.O. 1. General Manager (Financial Management and Accounts), 2. General Manager (Resource Planning) 3. General Manager (IRM) 4. General Manager (IT & Operations) The meeting will be chaired by Senior most GM	From Rs. 500001.00 to Rs. 1000000.00
Committee of Executive Director (In charge customer Service) Consisting of above 4 GMs (In absence of concerned Executive Director the other Executive Director will chair the committee)	From Rs. 1000001.00 to Rs. 2000000.00
Committee of Managing Director & C.E.O. Consisting of above 4 GMs & Executive Director (In charge customer Service) In absence of concerned Executive Director the other Executive Director will attend the committee.	From Rs. 2000001.00 to Rs. 5000000.00
Management Committee	Full Powers Above Rs. 5000000.00

- If claim of the customer is considered favorably, the amount may be debited to G/L COMP FOR SUSP ELECTRONIC BANKING TXN, maintained by Customer Service Dept. HO A monthly information for subsequent reporting to the Board should be sent to the Fraud Monitoring Cell by Customer Service Department.

Part (B) – Other than “Unauthorized Electronic Banking Transactions”

2.7 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.

2.8 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 5 working days from the date of reporting of erroneous debit. In case, the verification involves a third party, the Bank shall strive to complete the verification process within a maximum period of one month from the date of reporting of erroneous transaction by the customer.

Erroneous transaction reported by customers in respect of credit card/ debit card operations, which require reference to a merchant establishment, will be handled as per rules laid down by card association, Refer RBI circular no. DPSS.CO.PD No.629/02.01.014/2019-20 dated September 20, 2019. The General Instructions covering the TAT is annexed (Annex I)

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

- i. 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 & forward the note to competent authority, recommending for paying compensation.
- ii. In cases where the branch is at fault, they may forward the note to competent authority for paying compensation to the customer without demur.
- iii. In cases where neither the branch nor the customer is at fault, but the fault lies elsewhere in the system, branches should forward the note to competent authority for paying compensation.

2.10 Compensation will be sanctioned to the customer up to a limit as per the extant powers (per instance), specified as under

Designation	Powers for settling claims of Customers
Branches Headed by Scale I to Scale III	NIL*
Committee of Branch Head: Branch Heads in Scale IV comprising of : Branch Head, Deputy Branch Head and one officer of the branch. Presence of all three members is mandatory.	Up to & Inclusive Rs. 20000.00
Committee of Branch Head /Dy. Zonal Head/Zonal Heads in Scale V comprising of : Branch Head, Deputy Branch Head and one officer of the branch. Presence of all three members is mandatory.	From Rs. 20001.00 to Rs.100000.00
Committee of Branch Head /Dy. Zonal Head/Zonal Heads in Scale VI/Zonal Head in Scale VII comprising of : Branch Head, Deputy Branch Head and one officer of the branch. Presence of all three members is mandatory	From Rs. 100001.00 to Rs. 200000.00

Committee of GMs at H.O. Comprising of : General Manager (Financial Management and Accounts), General Manager (Resource Planning) General Manager (IRM) & General Manager (IT & Operations) The meeting will be chaired by Senior most GM	From Rs. 200001.00 to Rs. 500000.00
Committee of Executive Director (In charge customer Service) Consisting of above 4 GMs (In absence of concerned Executive Director the other Executive Director will chair the committee)	From Rs. 500001.00 to Rs. 1000000.00
Committee of Managing Director & C.E.O. Consisting of above 4 GMs & Executive Director (In charge customer Service) In absence of concerned Executive Director the other Executive Director will attend the committee.	From Rs. 1000001.00 to Rs. 2000000.00
Management Committee	From Rs. 2000001.00 Full Powers
*These branches shall recommend the proposal to respective Zonal Offices.	
<p>i. The sanctioning authority shall exercise delegated powers as above through a committee approach</p> <p>ii. If claim of the customer is considered favorably, the amount may initially be debited to G/L Sundry Debtors-General Account and after receipt of letter from the FRM Department confirming the case as 'fraud', the amount may be transferred to G/L Sundry Debtors-Fraud Account.</p> <p>iii. The Branch Managers up to Scale III will recommend cases to the Zonal heads. The Branch Heads in Scale IV, V, VI & Zonal heads may recommend claim cases exceeding their powers to H.O. At H.O. note will be placed before appropriate committee for sanction. It is necessary that while exercising powers for setting claims of customers, the same judicious approach as in respect of write off is adopted by various authorities. It is also mandatory on the part of each sanctioning authority to prepare a sanction note stating precisely and substantially the reason / ground for according such sanctions for setting a claim. A copy may be sent to immediate next higher authority for noting purpose.</p> <p>After reimbursement, the same should be informed to the Fraud Monitoring Cell by the office approving the reimbursement.</p>	

2.11 Harmonization of Turn Around Time (TAT) and customer compensation for failed transactions using authorized Payment System.

SI r	Description of the Incident	Timeline for auto-reversal	Compensation payable
I	II	III	IV
1	Automated Teller Machines (ATMs) including Micro-ATMs		
a	Customer's account debited but cash not dispensed.	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.
2	Card Transaction		
a	<u>Card to card transfer</u> Card account debited but the beneficiary card account not credited.	Transaction to be reversed (R) latest within T + 1 day, if credit is not effected to the beneficiary account.	₹ 100/- per day of delay beyond T + 1 day.
b	<u>Point of Sale (PoS) (Card Present) including Cash at PoS</u> 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 days.
c	<u>Card Not Present (CNP) (e-commerce)</u> 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 days.

SI no.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
I	II	III	IV
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	<u>Off-Us transaction</u> The transaction will ride on UPI, card network, IMPS, etc., as the case may be. The TAT and compensation rule of respective system shall apply.		
b	<u>On-Us transaction</u> 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.

All the above claims are to be forwarded to Digital Banking Division Head Office.

3. ECS / NACH / direct debits /other debits to accounts

The Bank will undertake to carry out direct debit/ ECS / NACH 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 as per delegated powers mentioned para 2.10

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. 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 point no. 2.10. Such debits will be reversed within 2 working days of the customer intimating the transaction to the Bank, as per delegated powers mentioned para 2.10

5. 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 (Cooling period is dependent on the mode and area of collection and varies from 5-8 days for cheques in New York area and 15-21 days for other cities collected under CLA mode). 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.

The compensation will be sanctioned as per delegated powers mentioned para 2.10

6. 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:

The compensation will be sanctioned as per delegated powers mentioned para 2.10

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" i.e. unforeseen events explained at Point No 11, Bank should pay compensation / interest at saving bank interest rate to the depositor/customer for the corresponding period of delay. The compensation will be sanctioned as per delegated powers mentioned para 2.10

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 10 / 14 days as the case may be in case of outstation cheques of own bank / other banks.
- 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.

The compensation will be sanctioned as per delegated powers mentioned para 2.10.

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:

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 (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 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.

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 purchaser, 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 a fixed rate of 8% per annum for the delay in crediting pension/ arrears thereof 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.

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

As per RBI guidelines, Customer Facilitation Centers (CFC) are to be established where customer can contact over phone/ mail for getting resolution of NEFT/ RTGS related issues. TIBD will act as CFC and single point of contact for RTGS/ NEFT related complaints.

The compensation will be sanctioned as per delegated powers mentioned para 2.10

7. 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. 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. 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 lump sum amount as decided by the bank. Zonal Head will be empowered to decide such lump sum amount based on the facts of the case and nature of the documents lost. Zonal Head shall recommend the case and the lump sum amount decided to be compensated as loss customer, to the designated committee as mentioned in point 2.10, for sanction of the compensation amount.

10. 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 as per the provisions of this policy as given hereunder:

Bancassurance:

1. Customers account debited in favor of insurance policy without obtaining written consent of respective customer/ Account Holder. More than one debits against single consent of customer for insurance policy.
2. Account debited but insurance policy not issued/ wrong insurance policy issued.
3. Mismatch of information on insurance policy from signed application form of customer.
4. Policy not renewed/ delay in renewal even after timely receiving of written request from customer.
5. Non-compliance of regulatory authorities.

Mutual Fund:

1. Customers account debited in favor of Mutual Fund Scheme without obtaining written consent of respective customer/ Account Holder. More than one debits against single consent of customer for any scheme.
2. Account debited but units not credited to the folio of investor.
3. Non-processing of application on time.
4. Wrong scheme selection of investor.
5. Non-compliance of regulatory authorities.

DEMAT/ Share trading:

1. DEMAT/ trading account not opened on stipulated time.
2. Shares are not available for sale on trading platform due to any technical/ policy reasons.
3. Instructions given on transaction Slip not executed on time/ executed wrongly.
4. Execution of transaction without obtaining consent of investor.

If loss to the customer occurred because of negligence of the Bank and customer is not at any fault, customer should have zero liability and bank may compensate maximum up to the actual loss to the customer.

11. 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.

12. ATM Failure

Bank will reimburse the customer, the amount wrongfully debited on account of failed ATM transactions within a maximum period of 5 working days from the receipt of the complaint. For any failure to re-credit the customer's account within 5 working days from the date of receipt of the complaint bank shall pay compensation of Rs.100/- per day to the aggrieved customer. 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.

As per RBI guidelines (DBR No. Leg. BC.21/09.07.006/2015-16 dated 01.07.2015, para 5.12.b), customer will be entitled to receive such compensation for delay, only if claim is lodged with the Bank within 30 days of the date of the transaction.

13. Recovery of cost of grievances from service provider wherever applicable

Whenever Bank is 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.

14. Change / Modification

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

15. Review of Policy

The policy shall be reviewed annually.

General Instructions covering the TAT:

- 1 The principle behind the TAT is based on the following:
 - a. If the transaction is a 'credit-push' funds transfer and the beneficiary account is not credited while the debit to originator has been effected, then credit is to be effected within the prescribed time period failing which the penalty has to be paid to the beneficiary;
 - b. If there is delay in initiation of a transaction at the originator bank's end beyond the TAT, then penalty has to be paid to the originator.
2. 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 shall 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.
3. Terms like, Acquirer, Beneficiary, Issuer, Remitter, etc., have meanings as per common banking parlance.
4. T is the day of transaction and refers to the calendar date.
5. R is the day on which the reversal is concluded and the funds are received by the issuer / originator. Reversal should be effected at the issuer / originator end on the same day when the funds are received from the beneficiary end.
6. The term bank includes non-banks also and applies to them wherever they are authorized to operate.
7. Domestic transactions i.e., those where both the originator and beneficiary are within India are covered under this framework.

Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorised Payment Systems

Sl. No.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
I	II	III	IV
1	Automated Teller Machines (ATMs) including Micro-ATMs		
a	Customer's account debited but cash not dispensed.	Pro-active reversal® 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.
2	Card Transaction		
a	<u>Card to card transfer</u> Card account debited but the beneficiary card account not credited.	Transaction to be reversed® latest within T + 1 day, if credit is not effected to the beneficiary account.	₹ 100/- per day of delay beyond T + 1 day.
B	<u>Point of Sale (PoS) (Card Present) including Cash at PoS</u> 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 days.
C	<u>Card Not Present (CNP) (e-commerce)</u> 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® 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® 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 days.
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 shall 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.