

Customer Protection and Compensation Policy

Commissioned by : **Customer Service Department**

Approved by : **Board of Directors**

Effective Date : **27th March 2024**

Customer Protection and Compensation Policy

1. This Compensation policy of the bank is designed to cover areas where the Bank is liable to make good any financial loss suffered by the customer including 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.

2. The objective of this policy is to establish a system whereby 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. The bank shall strive to compensate customers without them having to ask for it, wherever appropriate, which would minimize the need for further escalation.

3. 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.

4. For an Unauthorized/ Erroneous Debit:

4.1. If there is an unauthorized/erroneous direct debit to an account, the entry shall be reversed immediately on being informed of the erroneous debit, after verifying the position. In the event of the unauthorized/erroneous debit resulting in a financial loss to 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 shall compensate the customer for such loss.

4.2. 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 shall compensate the customer to the extent of such financial losses within reasonable limits.

4.3. The Bank shall compensate the financial loss, supported with documentary evidence, to the extent of actual amount that the customer 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 or its employees. A few instances of such cases of unauthorized debits and/ or erroneous debit or credit entries and their possible impacts on the interest of the customers are mentioned in the table below:

Sl. No.	Impact on customer	Compensation to be provided by the Bank
1	Payment of telephone/ electricity bill, school fees, etc. may get delayed and payment after due date may result in deprivation of rebate/ discount/ commission and/ or imposition of fine/ penalty etc.	Actual amount of rebate/ discount/ commission/ fines/ penalty etc.,
2	The balance in the savings account may be less by that sum for the purpose of calculation of interest	The amount wrongly debited shall be credited with value-dated effect
3	The balance in the savings account may fall below the minimum account balance requirement resulting in levying of service charges	Any such charge levied shall be refunded to the customer
4	Where amount deposited towards repayment/ installments in a loan account is not credited, additional interest is accrued on account of that amount	The excess interest so charged shall be refunded in the loan account
5	If an amount deposited by the customer is not credited in a overdraft account by mistake of the Bank, additional interest pertaining to that amount accrues in the account	The amount shall be credited with value-dated effect
6	In case of loan accounts, additional interest may accrue to the account if the cheque deposited by the customer for collection through local clearing is not sent by the branch for reason whatsoever	The amount shall be credited with value-dated effect

4.4. In case of any fraud, if the Bank is convinced that an irregularity/ fraud has been committed by its employees towards any customer, the Bank shall at once acknowledge its liability and pay the just claim in line with the powers delegated to authorities at various levels by the Bank via circularized instructions from time to time.

4.5 In cases where neither the Bank nor the customer is at fault, but the fault lies elsewhere in the system, the Bank shall compensate the customers. The authority for approving this shall be as per the board approved Delegation of Authority. The concerned zonal/ regional offices shall forward such claims/ approvals with their views/ comments to the Corporate Head Office (or other appropriate departments) for approval or for payment on approval.

4.6. The Bank reserves its right to debit the customer's account for reversing the amounts in case a wrong credit is posted to the account without payment of any compensation.

4.7. Time limit for verification of erroneous entries reported by the customer: If the verification of the reported erroneous entry does not involve a third party, the Bank shall arrange to complete the process of verification within 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 time period of one month from the date of reporting of erroneous transaction by the customer.

4.8. The approval matrix for payment of compensation is as follows:

Amount	Competent Authority
Upto Rs.1000/-	Head-Customer Service
Above Rs.1000 up to Rs.5000/-	Business Heads-Assets & liability
Above Rs.5000/-- up to Rs.25000/-	Business Heads & COO
Above Rs.25000/up to Rs. 5,00,000/-	MD & CEO
Above Rs. 5,00,000/-	Standing Committee on Customer Service, to be reported to the Board in the upcoming Board meeting

4.9. 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 just claim.

- In cases where the branch is at fault, they may compensate the customer without demure.
- In cases where neither the branch nor the customer is at fault, but the fault lies elsewhere in the system, branch would compensate the customer on a case to case basis for an amount of 25% of the loss incurred by the customer or Rs. 25000/-, whichever is lower subject to the customer furnishing proper documentary evidences for having incurred the loss. The maximum amount that would be compensated per incident involving a number of customers would be limited to Rs 5 lakhs.

5. NACH/direct debits/ standing instructions/ other debits to accounts:

The Bank undertakes to carry out Direct Debits / NACH debits / standing instructions of customers in time subject to the following:

- Customer having already provided valid and complete mandate to accept any debit received through NACH.
- Customer having already submitted a mandate for standing instructions.
- Direct debit/ NACH received is complete and correct.
- Customer has sufficient balance in the account at the time of executing direct debits/ standing instructions/ NACH

In case of failure to carry out the instructions subject to the aforesaid clauses and for reasons directly attributable to the Bank, the Bank will compensate the customers on the following lines:

- If the Bank fails to execute NACH/ direct debit instructions of the Customer in time, the Bank shall compensate the customer to the extent of any financial loss incurred (including penal interest, late payment charges levied by the debit/ NACH originating bank, upon producing evidence for the same) on

Account of delay in carrying out the instruction/failure to carry out the instructions.

- In case of failure to execute Standing Instructions, the Bank shall compensate the customer to the extent of the financial loss not exceeding Rs 100 per occasion, subject to providing proper supporting documents for having incurred the loss. In addition, the service charges, if any, recovered for execution of the Standing Instruction shall also be refunded.

6. Erroneous Debit of additional service charges

The bank would debit the customer's account with any applicable service charge as per the schedule of charges notified by the bank. Any service charges debited in the customer's account in excess/ in violation of schedule of service charges shall be refunded by the Bank when pointed out by the customer after proper scrutiny. The Bank shall also compensate the consequential financial loss, if any, to the customer.

7. 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 with value-dated effect whenever the customer intimates the error to the Bank. The Bank shall compensate the financial loss, to the extent of actual amount that the customer has incurred, after ascertaining and being satisfied about the amount of such loss.

8. Foreign exchange services

1. The Bank may not compensate the customer for delays in collection of cheques designated in foreign currencies sent to foreign countries as the Bank may not be able to ensure prompt credit from overseas banks. 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.
2. The Bank will compensate the customer only for undue delay in affording credit once proceeds are credited to the Nostro Account of the Bank with its correspondent with full particulars. The compensation in such cases will be restricted to the extent of eligible savings bank interest rate which shall be calculated for the period after taking into account the normal cooling period stipulated (Cooling period is maximum 16 international working days from the value date of credit in our Nostro Account with the Correspondent Bank).
3. The foreign exchange rate on the date of credit in our Nostro Account shall be the basis for calculation of interest irrespective of the rate prevailing on the date of claim/calculation/settlement.

9. Compensation for delayed credit of NEFT/RTGS payments

The rate of compensation in case of delays in crediting remittance proceeds received through NEFT/RTGS beyond one day after receipt of the message at our gateway shall be at the prevailing REPO rate.

10. Payment of Interest for delayed Collection of Outstation Cheques:

- 10.1.** The Bank shall pay interest to the customer on the amount of collection instruments in case there is delay in giving credit beyond the time period mentioned hereinafter. 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.

Type of account	Delay (# days)	Rate of interest
CASA	7-14 days	Savings account rate
CASA	14-90 days	Higher of Term deposit rate applicable for the period or Savings account rate
CASA	> 90 days	2% above the corresponding term deposit rate
Overdraft/ Loan account	7 – 90 days	Loan/ overdraft account rate
Overdraft/ Loan account	> 90 days	2% above loan/ overdraft account rate

10.2. The rate of interest to be paid shall be decided based on the delay and the type of account of the customer

10.3. The rate applicable would be the rate of interest prevailing on the date of the deposit of cheque.

10.4. Delay would be calculated from the date of expiry of turnaround time (indicated in the Cheque Collection Policy) on timeframe for collection of local / outstation instruments

11. Compensation for loss of cheques/ instruments lost in transit/ in clearing process or at paying bank's branch:

11.1. In case 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 about the loss, bring the same to the notice of the accountholder so that the accountholder can inform the drawer to record stop payment and can also take care that other cheques issued by him/ her are not dishonored due to non- credit of the amount of the lost cheque/instruments. The Bank shall provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

11.2. The bank will compensate the account holder in respect of instruments lost in transit in the following way:

11.3. 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.

11.4. In addition, the 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.

11.5. 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.

12. Issue of Duplicate Draft and Compensation for delays:

12.1. Duplicate draft shall only be issued to the purchaser upon placing a written request, and furnishing an indemnity in case the value of the draft is above Rs. 10,000/-.

12.2. Duplicate draft shall be issued within a fortnight from the receipt of such request from the purchaser thereof. For delay beyond the above stipulated period, interest at the rate applicable for Fixed Deposit of corresponding period shall be paid as compensation to the customer for such delay.

13. Violation of the Code by Bank's employees and agents

In the event of receipt of any complaint from the customer that the Bank's employee/ representative/ courier/ agent has engaged in any improper conduct or acted in violation of the Code of Bank's commitment to Customers, the Bank shall investigate as per the grievance redressal processes and, if required, compensate the customer any financial losses that may have been incurred subject to the customer providing proper supporting document for having incurred the loss.

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

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

15. Lenders' Liability: Commitments to Borrowers

15.1. The Bank shall adopt the principles of lenders of liability. In terms of the guidelines for lenders liability and the Code of Bank's Commitment to customers, the Bank shall return to the borrowers all the securities/ documents/ title deeds to the mortgaged property within a defined time period after repayment of all dues agreed to or contracted.

15.2 The Bank shall compensate the borrower for financial losses suffered, if any, due to delay in return of the same.

15.3. In the event of loss of title deeds to the 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.

16. Force Majeure:

16.1. 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 labour 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.

16.2 The compensation shall be paid by replicating the effect obtained through back -valuation of the affected transaction.

16.3 The compensation as per this Policy is payable to a customer only in those cases where any act of omission or commission is directly attributable to the Bank.

16.4 No claim would be considered, under any circumstance, based on qualitative aspects like reputation damages, loss of image in the society, loss of business, loss of income, etc.

16.5 The amount of compensation is restricted to the actual financial loss of the customer arising out of the amount in the books of the Bank only and in any case, to the maximum limits prescribed for the various services given above.

17. ATM Failure:

The Bank shall reimburse the customer the amount wrongfully debited on account of failed ATM transactions within T+5 working days from the day of receipt of the complaint. For any failure to re-credit the customer's account within that time period, the Bank shall pay a penalty 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.

18. Limiting Liability of Customers in Unauthorised Electronic Banking Transactions

18.1 The Bank shall follow the guidelines issued by RBI vide circular DBR.No.Leg.BC.78/09.07.005 /2017-18 dated 06 July 2017 in this regard.

18.2. The Bank shall ask the customers to mandatorily register for SMS alerts and wherever available register for e-mail alerts, for electronic banking transactions. The SMS alerts shall mandatorily be sent to the customers, while email alerts may be sent, wherever registered.

18.3. The customers shall be advised to notify the bank of any unauthorised electronic banking transaction at the earliest after the occurrence of such transaction, and informed that the longer the time taken to notify the bank, the higher will be the risk of loss to the bank/ customer.

18.4. To facilitate this, banks shall provide customers with 24x7 access through multiple channels for reporting unauthorised transactions that have taken place and/ or loss or theft of payment instrument such as card, etc.

18.5. The loss/ fraud reporting system shall also ensure that immediate response is sent to the customers acknowledging the complaint along with the registered complaint number. The communication systems used by banks to send alerts and receive their responses shall record the time and date of delivery of the message and receipt of customer's response, if any, to them.

18.6. The bank may not offer facility of electronic transactions, other than ATM cash withdrawals, to customers who do not provide mobile numbers to the bank. On receipt of report of an unauthorised transaction from the customer, bank shall take immediate steps to prevent further unauthorised transactions in the account.

18.7. Limited Liability of a Customer

(a) Zero Liability of a Customer

A customer's entitlement to zero liability shall arise where the unauthorised 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 unauthorised transaction.

(b) Limited Liability of a Customer

A customer shall be liable for the loss occurring due to unauthorised 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 unauthorised transaction to the bank. Any loss occurring after the reporting of the unauthorised transaction shall be borne by the bank.
- II. In cases where the responsibility for the unauthorised 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 the following table, whichever is lower.

Table 1	
Maximum Liability of a Customer under paragraph 7 (ii)	
Type of Account	Maximum liability (₹)
• BSBD Accounts	5,000
• 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
• All other Current/ Cash Credit/ Overdraft Accounts • Credit cards with limit above Rs.5 lakh	25,000

- III. Further, if the delay in reporting is beyond **seven working days**, the MD & CEO is authorized to determine the customer liability.
- IV. Overall liability of the customer in third party breaches, where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, is summarised in the below table

Summary of Customer's Liability	
Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's liability (₹)
Within 3 working days	Zero liability
Within 4 to 7 working days	The transaction value or the amount mentioned in Table 1 , whichever is lower
Beyond 7 working days	On case to case basis, subject to verification by Fraud team & decision with CRO & MD

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

18.8. Reversal Timeline for Zero Liability/ Limited Liability of customer

- 1) 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). Bank may also at its discretion decide to waive off any customer liability in case of unauthorised electronic banking transactions even in cases of customer negligence. The credit shall be value dated to be as of the date of the unauthorised transaction.
- 2) Further, the bank shall ensure that:
- 3) a complaint is resolved and liability of the customer, if any, established within such time, as may be specified in the bank's Board approved policy, but not exceeding 90 days from the date of receipt of the complaint, and the customer is compensated as above;
 - where it is unable to resolve the complaint or determine the customer liability, if any, within 90 days, the compensation as prescribed above is paid to the customer; and
 - 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.

18.9. Burden of Proof

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

19. Compensation in other cases of deficiencies in service

19.1. In case of a loan against a Term Deposit with the Bank, if the loan outstanding is not adjusted upon maturity of the deposit and instead interest is charged on the loan outstanding, the excess interest charged thereof in the loan account shall be refunded to the customer.

19.2. In case where the Bank after adjustment of the loan account does not remit/credit the remaining amount of FD to the customer's account but keeps balance in sundry creditor's account, the Bank shall compensate to the customer the interest payable for the amount kept in the sundry creditor's account at savings bank interest rate, if and only if the customer has not been duly informed.

19.3. Adoption of this compensation policy shall not absolve accountability of the concerned employee responsible for the lapses/ deficiencies leading to financial loss to the customer or the Bank.

20. Compensation to customers for delayed updation/rectification of Credit Information

20.1. Upon Customer requesting Bank or Credit Bureau/Credit Information Company (CIC) to update his/her credit information by making an appropriate correction or addition, Bank or CIC has to take steps to update the credit information within thirty (30) days from the date of receipt of customer request.

20.2. Bank and CIC has been collectively provided an overall TAT of thirty (30) days to resolve / dispose of the complaint. This means bank get twenty one (21) days and credit bureaus would effectively get remaining nine (9) days for complete resolution of the complaint.

20.3. Complainants/Customers shall be entitled to a compensation of Rs. 100 per calendar day in case their complaint is not resolved within a period of thirty (30) calendar days from the date of the initial filing of the complaint by the complainant/customer with a bank or CIC/bureau (for delayed resolution of the complaint)

20.4. The compensation amount shall be credited to the bank account of the complaint within five (5) working days of the resolution of the complaint.

20.5. Customer to be informed by the bank or bureau on the action taken on the complaint in all cases, including the cases where the complaint has been rejected. In case of rejection, the reason for rejection shall also be shared by Bank and Bureau.

20.6. The complainant can approach RBI Ombudsman, under the Reserve Bank Integrated Ombudsman Scheme, 2021, in case of wrongful denial of compensation by Bank or Bureaus.

20.7. The compensation framework shall not be applicable in the following cases.

20.7.1. Any disputes arising amongst bureau, bank and customer on matters relating to the business of credit information and for which no remediation has been provided under Credit Information Companies (Regulation) Act CICRA, 2005, such disputes shall be settled by conciliation or arbitration as provided in the Arbitration and Conciliation Act, 1996

20.7.2. Complaints pertaining to disputes/grievances regarding the computation of the credit score/credit score model.

20.7.3. Complaints that have been decided by or are already pending in other fora such as Consumer Disputes Redressal Commission, Courts, Tribunals, etc.

20.8. The compensation framework will be effective from 26th April 2024

20.9. Bureau and Bank which contravene or default in adherence to the above directions shall be liable for penal action as per the provisions of CICRA, 2005.