

Compensation Policy of the Bank

Introduction

Technological progress in payment and settlement system and the qualitative changes in operational systems and process 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 services to their customers we have already introduced Cheque Collection Policy in the Bank to increase our efficiency for better performance & to have transparency & fairness in the treatment of customers. To have further opportunities to our customer and improve our efficiency, it has been decided to frame compensation policy of the Bank 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.

Objectives

- * Establish a system whereby the Bank compensate the customer for any financial loss he/she might incur due to deficiency in the services on the part of the Bank or any act of omission or commission directly attributable to the Bank.
- * Ensuring effective system, where customer is compensated without having to ask for it.

Frame Work

The policy covers only compensation for financial losses which customers might incur due to deficiency in service offered by the Bank which can be measured directly and as such the commitment under the policy are without prejudice to any right, the Bank will have defending its position before any forum duly constituted to adjudicate Banker Customer dispute.

The Bank will Compensate Customer relating to :-

01. Unauthorized/erroneous debit in the customer account

- * The entry will be reversed immediately on being informed of the erroneous debit after verifying the position.

- * If financial loss for the customer on such unauthorized/ erroneous debit by way of reduction in the minimum balances applicable for payment of interest on saving bank deposits or payment of additional interest on loan account, the bank will compensate for such loss.
- * The return of the cheque or failure of direct debit instruction due to insufficient balance an account of the unauthorized/erroneous debit, the bank will compensate the customer to the extent of such financial losses.
- * **Time frame**
 - ⇒ In case verification of the entry does not involve third party - Process of verification within the period of -7- working days from the date of reporting of erroneous debit.
 - ⇒ In case verification involve third party the Bank will complete the process within a maximum period of one month from the date of reporting.

Other Debit to Accounts

The Bank will undertake to carry out direct debit/instructions of customer in time.

In the event the bank fails to meet such commitment customer will be compensated to the extent & any financial loss the customer would incur on account and delay in carrying out the instructions/failure to carry out the instructions.

The Bank would debit the customers account with any applicable service charges as per the schedule of charges by the bank. In the event the Bank levies any charge in violation of arrangement, the Bank will reverse the charges when pointed out by the customer subject to scrutiny on agreed terms and conditions. Any consequent financial loss to the customer will also be compensated by the Bank.

Payment of Cheques after Stop Payment

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 consequent financial loss to the customer will be compensated. Such debit will be reversed within 2 working days after the customer intimating the transaction to the Bank.

Remittance

The compensation on account of delays in collection of instrument would be as indicated in bank's collection policy which is reproduced below.

“Payment of interest for delayed collection of Local /Outstation cheque”

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 as 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.

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

Outstation cheques

- a) Saving Bank rate for the period of delay beyond 7/10 days as the case may be up to 14 days in collection of outstation cheques. For cheques and other instrument sent for collection to the various centres, the following norms shall be adopted :-

Drawn on Centres	Maximum Period
Cheques payable at any of the four major metro centre i.e. New Delhi, Mumbai, Kolkata and Chennai.	07 days
Cheques drawn on other metro centre and state capitals (other than those of North Eastern States and Sikkim)	10 days
All other Centres	14 days

- b) Where the delay is beyond 14 days but up to 90 days interest will be paid at the rate applicable to term deposits for the respective period.
- c) In case of extra ordinary delay i.e. delays exceeding 90 days interest will be paid at the rate of 2% above the corresponding Term Deposits rate.
- d) In the event the proceeds of cheque under collection are to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account. For extra ordinary delays interest will be paid at the rate of 2% above the rate applicable to the loan account.

Local cheques

In case of delay in realisation of local cheques, compensation at saving bank interest rate shall be paid for corresponding period of delay.

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, is also incorporated in our collection policy. The same is reproduced below:

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 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 lost cheque/instrument.

The bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque. 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 (7/10/14 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 Saving 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 reissue charges he/she incurred in getting duplicate cheque/instrument upon production of in the event the instrument is to be obtained from a bank/institution who would charge a fee for issue of duplicate instrument. The charges incurred for making stop payment of the lost cheque by the customer with the paying bank will be compensated by the Bank.
- d) In cases, where cheque is lost after it has been discounted, Bank will not recover the interest for a period of 15 days when it comes to know about the loss of the instrument. This will give ample time to the borrower to obtain duplicate instrument from the drawer. In case borrower fail to liquidate the account after lapse of 15 days, the interest at contractual rate will be recovered from them till the amount advanced is fully paid.

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. For delay beyond the above stipulated period, interest at the rate applicable for Fixed Deposit of Corresponding period will be paid as compensation to the customer for such delay.

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 banks the compensation will cover out of pocket expenses for obtaining duplicate documents plus a lumpsum amount as decided by the bank.

Force Majeure

The bank shall not be liable to compensate customer for delayed credit if some unforeseen event (including but not limited to civil commotion, sabotage lockout, strike or other labour disturbance, accident, fires, natural disorder or other Acts of God, war damage to the bank facilities or of its correspondent bank(s) absence of usual means of communication or all types of transportation etc.) beyond the control of bank, prevent it from performing its obligations within the specified service delivery parameter.

Violation of the code by Bank Agent

In the event of receipt of any complaint from the customer that the Bank's representative/counter agent has engaged in any improper conduct or active in violation of the code of Bank's commitment to customer which we have adopted, bank shall take appropriate steps to investigate and handle the complaint and compensate the customer for financial loss, if any.