

## **Bank's Compensation Policy**

### **Introduction**

It is the bank's endeavor to offer services to its customers with best possible utilization of its technology infrastructure. Withdrawal of the Reserve Bank of India instructions to banks on time frame for collection of outstation cheques, payment of interest on delayed collection of outstation cheques/instruments, with effect from 1<sup>st</sup> 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 cheques after acknowledgement of stop payment instructions, remittances within India, foreign exchange services, etc. The policy is based on principles of transparency and fairness in the treatment of customers.

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. 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 restitution of transactional errors done by the bank which customers might incur due to deficiency in the services offered by the bank 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.

#### **1. Unauthorised / Erroneous Debit:**

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. The bank will immediately arrange for a value dated credit if the debit has resulted in an overdraft position in the account or will pay interest at the savings rate + 2% for the period from the date of debit till rectification..

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. ECS direct debits/other debits to accounts**

The bank will undertake to carry out direct debit/ ECS debit instructions of customers in time. The bank will immediately arrange to pay interest at the savings rate + 2% for the period from the date the instruction should have been carried out till the actual date the instructions were effected.

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.

## **3. 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.

#### **4. 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. 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 collection policy of the bank.
- b) Compensation for any possible loss on account of adverse movement in foreign exchange rate.

#### **5. Remittances in India:**

The compensation on account of delays in collection of instruments would be as indicated in the bank's collection policy.

**Payment of Interest for delayed Collection of Outstation Cheques:**

The Payment of interest for delayed collection will be governed as per the details provided in the Bank's Cheque Collection Policy.

**6. Violation of the Code by banks agent**

In the event of receipt of any complaint from the customer that the bank's representative / courier 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 to handle the complaint and to compensate the customer for financial losses, if any.

**7. 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 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.

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