

CUSTOMER COMPENSATION POLICY



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Introduction

Technological progress in payment and settlement systems and the qualitative changes in operational systems and processes undertaken by various players in the market have enabled to improve efficiencies in providing better service to the users of the system. It will be the Bank's endeavour to offer services to its customers with best possible utilization of its technology infrastructure. 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, delayed remittances within India, foreign exchange services, lenders liability 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 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.

1. Unauthorized /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. 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.

In case verification of the entry reported to be erroneous by the customer does not involve a third party, the Bank will endeavour 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.

Erroneous transaction reported by customers in respect of credit card operations which require reference to a merchant establishment will be handled as per rules laid down by card networks (VISA, MASTER and RUPAY).

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 without 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 as per regulatory guidelines in this regard.

2.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.

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. 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. 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. Bank shall pay or send intimation, as the case may be, to the beneficiary in two working days from the date of receipt of credit advise/ Nostro statement. On receipt of disposal instruction complying with guidelines, required documents from the beneficiary the Bank shall transfer funds for the credit to beneficiary's account immediately but not exceeding two business days from such receipt.

The compensation for delay as per FEDAI rule 4.5 as follows:

- a) The bank shall pay the beneficiary interest @ 2% over its saving bank interest rate.
- b) The bank shall also pay compensation for adverse movement of exchange rate, if any as per the compensation policy specifying the reference rate and date applicable for calculating such exchange loss.

5. Remittances in India:

The compensation on account of delays in collection of instruments would be as indicated in the Bank's cheque collection policy which is reproduced below for information:

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

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 specified in Bank's cheque collection policy. 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 payment for delayed collection:

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

- a) Savings Bank rate (as per the applicable slab rates) for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques.
- b) Where the delay is beyond 14 days interest will be paid at the rate applicable for term deposit for the corresponding period or Savings Bank rate, whichever is higher.
- c) In case of extraordinary delay, i.e. delays exceeding 90 days interest will be paid at the rate of 2% above the corresponding Term Deposit rate.
- d) In the event the proceeds of cheque under collection was to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account.

6. Compensation for Loss of Instrument in Transit:

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 be as under:

6.1 "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 accountholder so that the accountholder 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 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 (7/10/14 days as the case may be) interest will be paid for the period exceeding the stipulated collection period at the rates specified above (5.a).
- 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.

7. 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.

8. 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, the Bank is committed to investigate the matter and endeavour to communicate the findings to the customer within 7 working days from the date of receipt of complaint.

9. 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 dishonour of such instruments when the remitter has already paid for the instruments. In this connection it is clarified that the Bank will not honour 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.

10. Responsible Lending Conduct – Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans:

As per RBI guidelines DoR.MCS.REC.38/01.01.001/2023-24 dated 13.09.2023 Bank shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account. The borrower shall be given the option of collecting the original movable / immovable property documents either from the banking outlet / branch where the loan account was serviced or any other office of the RE where the documents are available, as per her / his preference.

In case of delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, the Bank shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Bank, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay.

In case of loss/damage to original movable / immovable property documents, either in part or in full, the Bank shall assist the borrower in obtaining duplicate/certified copies of the movable / immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated above. However, in such cases, an additional time of 30 days will be available to the Bank to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

The compensation provided shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law. The guidelines are applicable to all cases where release of original movable / immovable property documents falls due on or after December 1, 2023.

In case of delay on account of the Borrower/guarantor/ Title Holder/Auction Purchaser not turning up within 30 days, the Bank is not liable to pay any compensation after the expiry of 30 days from the date of closure of the account.

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 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.

12. Customer compensation for failed transactions using authorized Payment Systems:

Bank shall pay compensation for failed transactions as per RBI circular DPSS.CO.PD No.629/02.01.014/2019-20 dated 20.09.2019. The details of compensation payable to customers as per the above referred circular are furnished below:

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 (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	Card to card transfer 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	Point of Sale (PoS) (Card Present) including Cash at PoS Account debited but	Auto-reversal within T + 5 days.	₹ 100/- per day of delay beyond T + 5 days.

	confirmation not received at merchant location i.e., charge-slip not generated.		
c	Card Not Present (CNP) (e-commerce) 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.
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	₹100/- per day if delay is beyond T + 1 day.

		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.

Delay in NEFT credit:

Bank shall pay compensation for delayed NEFT credit in the event of any delay or loss on account of error, negligence or fraud on the part of an employee of the destination bank in the completion of funds transfer pursuant to receipt of payment instruction by the destination bank leading to delayed payment to the beneficiary, the destination bank shall pay compensation at current RBI LAF Repo Rate plus two per cent for the period of delay. In the event of delay in return of the funds transfer instruction for any reason whatsoever, the destination bank shall refund the amount together with interest at the current RBI LAF Repo Rate plus two per cent till the date of refund." Bank may adhere to the extant instructions of paying penal interest at the stipulated rate to the customers' suo-moto, without waiting for a claim from the customers.

13. Recovery of wrong RTGS / NEFT credits:

RTGS / NEFT being credit push transactions, the responsibility for accurate input is with the remitting customer / the originating Bank. The Bank as a recipient Bank would process the credits to the beneficiaries of RTGS / NEFT based solely on the account number information received as part of the message from the originating Bank.

In the event of a credit to a wrong beneficiary the reason for which is attributable to the wrong information from the originating Bank / the remitting customer, the Bank will facilitate for recovery as per the cases below:

Full balance available in the account: The Bank will take immediate steps to mark hold for the entire amount of the transaction subject to availability of balance.

Partial balance available in the account: In case only part balance is available in the account, Bank will mark hold to the extent the balance is available in the account. The Bank will facilitate for recovery of the remaining amount.

No Balance available in the account: The Bank will facilitate for full recovery of the amount.

In all the aforementioned cases, the Bank will facilitate for recovery of the amount from the account holder without assuming any commitment on its part for recovery of the remaining amount.

For refund of the amount to the originating Bank, the Bank would request for an indemnity to be issued by the originating Bank. Once the indemnity is received from the originating Bank and accepted by our Bank, the Bank would refund the entire amount (without interest) / part amount (without interest) based on the availability of balance in the account, within two business days of receipt of the indemnity.

14. Locker contents:

In case of financial loss to the customers on the locker contents due to fire, theft, burglary, dacoity, robbery, building collapse or in case of fraud committed by the employees of the Bank, the Bank will compensate the loss to the customer to the extent of loss suffered by the customers or an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker whichever is lower.

The Bank shall not be liable for any damage and/or loss of contents of locker arising from natural calamities or Acts of God like earthquake, floods, lightning and thunderstorm or any act that is attributable to the sole fault or negligence of the customer.

15. Framework for compensation to customers for delayed updation/ rectification of credit information

The following compensation mechanism for delayed updation/ rectification of credit information:

- Complainants shall be entitled to a compensation of ₹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 with a CI/ CIC.
- Bank shall pay compensation to the complainant if the Bank has failed to send updated credit information to the CICs by making an appropriate correction or addition or otherwise within twenty-one (21) calendar days of being informed by the complainant or a CIC.
- CIC shall pay compensation to the complainant if the CIC has failed to resolve the complaint within thirty (30) calendar days of being informed by the complainant or a CI/Bank, despite the CI/Bank having furnished the updated credit information to the CIC within twenty-one (21) calendar days of being informed by the complainant or the CIC.
- The complainant shall be advised by the CI/ CIC of the action taken on the complaint in all cases, including the cases where the complaint has been rejected. In cases of rejection, the reasons for rejection shall also be provided by CI and CIC.
- Compensation to be provided by the CICs/ CIs to the complainant (for delayed resolution beyond thirty (30) calendar days of filing the complaint) shall be apportioned among the CIs/ CICs concerned proportionately as per Rbi instructions in this regard.

- If the grievance/ complaint involves inaccurate credit information provided by more than one CI/Banks, the complaint shall be registered by the complainant with the concerned CIC. The CIC shall coordinate with all the CIs/Banks concerned and furnish the complainant with a comprehensive resolution of the grievance.
- Where the complaint has been received and registered by a CIC and there has been a delay in the resolution of the complaint, the CIC shall inform the concerned CI(s) and the complainant after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by the CI(s) and/ or CIC.
- Where the complaint has been received and registered by a CI and there has been a delay in the resolution of the complaint, the CI shall inform the concerned CIC(s) and the complainant after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by the CI and/ or CIC(s).
- The date of the resolution of the grievance shall be the date when the rectified CIR has been sent by the CIC or CI to the postal address or email ID provided by the complainant.
- The CICs/ CIs shall make appropriate provision in their complaint submission format (both online and offline) for enabling the complainant to submit the contact details, email ID, and bank account details/ Unified Payment Interface (UPI) ID for crediting the compensation amount. The onus of providing accurate details will lie with the complainant and the CIs/ CICs will not be held responsible for any incorrect information provided by the complainant.
- The compensation amount shall be credited to the bank account of the complainant within five (5) working days of the resolution of the complaint.
- The complainant can approach RBI Ombudsman, under the Reserve Bank - Integrated Ombudsman Scheme, 2021, in case of wrongful denial of compensation by CIs or CICs.

- In case of wrongful denial of compensation by CIs which are yet to be covered under the Reserve Bank - Integrated Ombudsman Scheme, 2021, the complainant can approach Consumer Education and Protection Cell (CEPC) functioning from Regional Offices (ROs) of Reserve Bank of India
- CICs shall share with the complainant, if he / she desires, the details of action taken with respect to their complaint, the relevant correspondences / follow-up done with the CIs and the reply received from CIs. This would not only help in tracking of complaint by the complainant but also go a long way in making the grievance redressal mechanism more robust.

The compensation framework shall not be applicable in the following cases:

(a) disputes for which remedy has been provided under Section 18 of CICRA, 2005. The Section 18 of CICRA, 2005 provides that for disputes arising amongst, CICs, CIs, borrowers, and clients on matters relating to the business of credit information and for which no remedy has been provided under CICRA, 2005, such disputes shall be settled by conciliation or arbitration as provided in the Arbitration and Conciliation Act, 1996.

(b) complaints/ references relating to (i) internal administration, (ii) human resources, (iii) pay and emoluments of staff, and (iv) references in the nature of suggestions and commercial decisions of the CIC/CI.

(c) complaints pertaining to disputes/ grievances regarding the computation of the credit score/ credit score model.

(d) complaints that have been decided by or are already pending in other fora such as Consumer Disputes Redressal Commission, Courts, Tribunals, etc.

Root Cause Analysis of the Complaints by CIs

(a) CIs shall undertake Root Cause Analysis (RCA) of the customer grievances at least on a half yearly basis. CIs shall also use, among others, information on data rejected by the CICs and DQI provided by CICs as sources of information for carrying out RCA.

(b) Analysis of the RCA shall be reviewed by the Top Management of CIs, at least, on an annual basis.

16. Compensation:

In case of any fraud, if the Bank is convinced that the irregularity/fraud has been committed by its staff towards any constituent, the Bank shall at once acknowledge its liability and pay the just claim.

In cases where the Bank is at fault, they may compensate the customer without demur.

A committee will be formed comprising of the following Executives at Central Office for deciding the payment of compensation/abnormal loss to the customers wherever it is claimed by customers apart from the transaction amount

1. General Manager/Head Operations – Operations
2. Deputy General Manager/ Head of Legal Department
3. Assistant General Manager – Operations

The committee will be vested with powers of Rs.25000/- per case for deciding the compensation to be paid to customers/ third parties and cases where the amount involved is over and above Rs.25,000/- the matter will be referred to MD&CEO/ED for approval.

17. Review of Policy:

The policy shall be reviewed on an annual basis or in the interim as and when there is a change in regulatory stance.