

CUSTOMER COMPENSATION POLICY
2020



OPERATIONS DEPARTMENT
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CUSTOMER COMPENSATION POLICY

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 endeavor 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 association

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. 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 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 banks 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 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 banks 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. Lenders Liability: Commitments to borrowers :

The Bank has adopted the principles of lenders 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. In the event of delay in releasing the securities / documents pledged / charged to the bank beyond 15 days after repayment of the loan amount availed of

by the customer in full and final settlement and where there is no other direct or indirect liability from the customer, the bank shall pay to the customer, a sum of ` 100/- for every day of delay beyond 15 days for releasing the securities / documents. 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.

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.	<input type="checkbox"/> 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.	<input type="checkbox"/> 100/- per day of delay beyond T + 1 day.
b	Point of Sale (PoS) (Card Present) including Cash at PoS	Auto-reversal within T + 5 days.	<input type="checkbox"/> 100/- per day of delay beyond T + 5 days.

	Account debited but 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.	<input type="checkbox"/> 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.	<input type="checkbox"/> 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.	<input type="checkbox"/> 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.	<input type="checkbox"/> 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.	<input type="checkbox"/> 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.	<input type="checkbox"/> 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	Reversal effected in Remitter's account within T + 1 day.
	Beneficiary's PPI not credited.		□100/- per day if delay is beyond T + 1 day.
	PPI debited but transaction confirmation not received at merchant location.		

13. Recovery of wrong RTGS / NEFT credits:

RTGS / NEFT being credit push transactions, the responsibility for accurate input lies 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. 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 – 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.25000/- the matter will be referred to President & COO for approval.

15. Review of Policy:

The policy will be reviewed once in 3 years and will be placed before the Board for approval.
