

viii. NOMINATION RULES – NEED FOR AVAILING NOMINATION FACILITY

Nomination Rules - Avail Nomination Facility

Under the Banking Laws (Amendment) Act of 1983, a provision has been made for providing Nomination facilities to banks' customers in respect of Deposit accounts. The salient features of the Nomination facility are given below:

1. A depositor or depositors jointly may
 - a. nominate a single person in Form - DA-1 to receive the amount, in the case of death of the depositor or all the depositors as the case may be. A nominee cannot be an Association, Trust, Society or any other organisation or any office bearer thereof in his official capacity.
 - b. cancel the nomination already made - in Form - DA-2
 - c. vary the nomination (cancellation of existing nomination and giving fresh nomination) - in Form - DA-3.
2. Nomination may be made only in respect of deposits which are held in the individual capacity or in the name of sole proprietary concerns. However, if there is a change in the constitution of the business concern (For example to Partnership or Limited Company) the nomination will stand cancelled. Nomination should not be made in respect of a deposit which is held in any other representative capacity as the holder of an office or otherwise.
3. If any of the Joint account holders dies without giving any nomination, the surviving depositor(s) can make a valid nomination.
4. In case of a deposit in the name of a minor, the nomination shall be made by a person lawfully entitled to act on behalf of the minor.
5. If the nominee happens to be a minor, the depositor or depositors jointly may, while making the nomination appoint another individual, who is not a minor, to receive the amount on behalf of the nominee (minor) in the event of the death of the depositor/all the depositors, as the case may be, during the minority of the nominee.
6. In case of a deposit held to the credit of more than one depositor, the cancellation or variation of a nomination shall not be valid, unless it is made by all the depositors surviving at the time of cancellation or variation of the nomination.
7. Making of nomination, cancellation and variation of nomination shall be acknowledged by the bank in writing to the concerned depositor or depositors in the tear-off of the relevant duly completed form.
8. Renewal of deposits will not in any way affect the nomination, variation or cancellation already made in respect thereof.
9. The duly completed form of nomination or cancellation of nomination or variation of nomination filed with the bank shall be registered in the books of the bank.

10. Where the nomination is made in the prescribed manner, the nominee shall, on the death of the sole depositor or on the death of all the depositors, as the case may be, become entitled to all the rights of the sole depositor or depositors in relation to such deposits to the exclusion of all other persons, unless the nomination is varied or cancelled.

11. Payment by the Bank in accordance with the provisions, to the nominee will give a valid discharge in so far as the Bank is concerned.

12. It is also specifically provided that the Bank need not take cognisance of any notice of claim by anyone other than the depositor or depositors in respect of deposit where nomination has been made, the only exception being the production of an order, certificate, decree etc., from a court of competent jurisdiction. In case the claim from the legal heir is supported by the documents, the legal heir concerned may be advised to obtain an injunction from the Competent Court to restrain the Bank from effecting payment to the nominee.

13. The third party's rights in the deposits i.e. the right as between the third party and the nominee has to be worked out between them independently and without reference to the Bank.

14. The nomination can be made at the time of opening the deposit or at anytime later during the currency of the deposit.

15. The customer has to indicate his options in the account opening form whether he intends availing nomination facility or not.

16. While lodging the claim in the prescribed format, the nominee should also submit the proof of death of the depositor. As proof of death, certificate in original issued by any of the following authorities with their official seal may be accepted.

- i. Municipality or Corporation
- ii. Village Official
- iii. Panchayat Official
- iv. Registrar of births and deaths
- v. Authorities of a Hospital or a Nursing Home where the account holder died.
- vi. Parish Priest (in case of Christians only).

17. Subject to fulfilling the norms, such claims by the nominee are settled by the Branch Manager irrespective of the amount involved.

18. A letter shall be sent to the nominee in case the claim is not received within three months from the date of notice of death received by the Bank.

19. In respect of term deposits, no loan shall be granted to the nominee on the death of the depositor, before the maturity of the deposit. But foreclosure as per rules is permitted on the request of the nominee, after the death of the account holder.

20. Whenever addition/deletion/substitution of names in a deposit account is made, branches should obtain a fresh nomination from all the joint deposit holders, after such addition/ deletion / substitution.