

Policy on Customers Grievance Redressal and Compensation to Customers for deficiency in services for the year 2018-19

Customers Grievance Redressal policy for the year 2018-19

1. Introduction

1.1 In the present scenario of competitive banking, excellence in customer service is the most important tool for sustained business. Customer complaints are part of the business life of any corporate entity. This is more so for banks because banks are service organisations. As a service organisation, customer service and customer satisfaction should be the prime concern of any Bank. Providing prompt and efficient service is essential not only to attract new customers, but also to retain the existing ones. This policy document aims at minimising instances of customer complaints and grievances through proper service delivery and review mechanism and to ensure prompt redressal of customer complaints and grievances. The review mechanism should help in identifying the shortcomings in product features and service delivery, as the customer dissatisfaction would tarnish bank's name and image.

2. Principles

2.1 The bank's policy on grievance redressal follows the under noted principles:

- Customers be treated fairly at all times.
- Complaints made by customers are dealt promptly and with compassion.
- Customers are fully informed of avenues to escalate their complaints/ grievances within the organisation and their rights to alternative remedy, if they are not fully satisfied with the response of the Bank to their complaints.
- Bank will treat all complaints efficiently and fairly as they can damage the Bank's reputation and business if handled otherwise.
- Bank employees must work in good faith and without prejudice to the interest of the customer.

2.2 In order to make bank's grievances redressal mechanism more meaningful and effective, a structured system has been built up towards such an end. Such system would ensure that the grievance of the customer is handled promptly and Bank would tell the customer how to escalate the complaint further if the Bank has not redressed the grievance to his/her satisfaction. The policy document would be made available at all branches. The employees at the Branches are aware of such a Complaint handling process.

2.3 The customer complaint arises due to:

- The attitudinal aspects of staff members in dealing with customers
- Inadequacy of the functions/arrangements made available to the customers or gaps in standards of services expected and actual services rendered.

2.4 The customer is having the full right to register his complaint if he/she is not satisfied with the services provided by the bank. He/She could lodge his/her complaint orally, in writing, through web portal, over telephone etc.

2.5 The bank shall examine the grievances as per its internal grievance redressal mechanism and in case the bank decides to reject a complaint and / or decides to provide only partial relief to the complainant, it will be invariably forwarded to the 'Internal Ombudsman' for further examination. The advice to the complainant after examination by 'Internal Ombudsman' in such cases should necessarily have the clause that the grievance has also been examined by the Internal Ombudsman.

2.6 If a customer's complaint is not resolved within a period of one month or if he/she is not satisfied with the solution provided by the bank, he/she can approach the Banking Ombudsman with his/her complaint or seek other legal avenues available for grievance redressal.

3. Committees

3.1 Customer Service Committee of the Board:

3.1.1 This sub-committee of the Board would take steps to strengthen the Corporate governance of the Bank, with regard to customer service. The Committee would review the functioning of the Standing Committee on Customer Service and ensure compliance of the recommendations made by it. This committee would also review the ongoing improvements in the quality of customer service provided at all levels and take innovative and corrective measures, if needed, for enhancing the level of customer satisfaction for all categories of clientele at all times.

3.1.2 The Customer Service Committee of the Board would also periodically review the existing customer grievance redressal mechanism, the efficacy of the grievance redressal, steps taken by the Bank to preclude possibilities of receiving complaints in certain specific areas of functioning such as sanction and disbursement of loans and educational loans in particular, services rendered to senior citizens/pensioners etc.

3.1.3 The committee would periodically review the compliance of the Bank's Code of Commitment to Customers.

3.1.4 The committee would also review the overall status relating to the customer complaints to Banking Ombudsman / Consumer Forum.

3.2 Standing Committee on Customer Service:

3.2.1 The Standing Committee on Customer Service, would meet once in a quarter to review the following areas:

- quality of customer service rendered and feedback received from various quarters.
- Position of unresolved complaints/ grievances.

3.2.2 A report on the performance of the Standing Committee on Customer Service is being submitted to the Customer Service Committee of the Board at quarterly intervals.

3.3 Nodal Officer and other designated officials to handle complaints and grievances

3.3.1 General Manager in-charge of Customer Service would be the Nodal Officer responsible for implementation of Customer Service and complaint handling mechanism of the entire Bank. All the Zonal Managers would be Customer Relation Officers for their respective Zonal Offices to handle complaint grievances in respect of branches in their Zones.

3.3.2 Any complaints related to non-compliance of the Code of commitment to customers would be referred to General Manager incharge of Customer Service who is also the Principal Code Compliance officer of the Bank.

3.4 Internal Ombudsman for the Bank

3.4.1 Internal Ombudsman has been appointed with a view to further boosting the quality of customer service and ensuring that there is undivided attention to resolution of customer complaints in the bank,

3.4.2 There is no necessity for the customer to make a separate representation/ complaint to the Internal Ombudsman.

4. Mandatory display requirements

4.1 Bank would mandatorily provide the following minimum requirements as a notice to the customers in the Banking Hall at all the branches, in order to help them register their grievances:

- Appropriate arrangement for receiving complaints and suggestions.
- The name, address and contact number of Nodal Officer(s), in case they are not satisfied with the response at branch level.
- Contact details of Banking Ombudsman of the area.
- Code of Bank's Commitment to Customers / Fair Practice Code would be made available on demand by the customers at the branches.

5. Resolution of Grievances

5.1 The entire Bank's grievances redressal machinery is committed to resolve the complaints received against the Branches or any other organ of the Bank. Branch Manager would be responsible to resolve and ensure closure of all complaints received at the branches. Branch Manager's foremost duty would be to see that the complaint is resolved to the customer's satisfaction.

5.2 If the Branch is unable to resolve the problem the Complainant can refer the case to Zonal Office for guidance. Similarly, if Zonal Offices find that they are not able to solve the problems, such cases may be referred to the Customer Service Cell at Corporate Office.

5.3 Standardised Public Grievance Redressal System – (SPGRS)

- 5.3.1 Bank has introduced online complaint management system, viz., Standardised Public Grievance Redressal System (SPGRS) to integrate complaints received through various modes like telephonic complaints, e-mail, letters, Online grievance redress site of Banking Ombudsman, Govt. of India (CPGRAMS) etc.
- 5.3.2 All complaints 'received through all modes' would be entered online in SPGRS for data management and speedy disposal of complaints. These complaints would be attended / resolved by the respective Branches / Zones / Corporate Office within the given time frame viz. 21 days.
- 5.3.3 SPGRS is enabled in such a way that branches can only reply to the complaints but could not close. It would be closed only by Zonal Office or CO: Customer Service Cell.

5.4 Time frame for Complaint/Grievance Redress Mechanism

- 5.4.1 Any Complaint would be seen in the right perspective because they indirectly reveal a weak spot in the working of the Bank. Complaint received would be analyzed from all possible angles.
- 5.4.2 Communication of bank's stand on any issue to the customer is a vital requirement. Complaints received which would require some time for examination of issues involved should invariably be acknowledged promptly.
- 5.4.3 Specific time schedule has been set up for handling complaints and disposing them at all levels including Branches, Zonal Office and Corporate Office. Branch Manager would try to resolve the complaint within specified time frame, decided by the bank.
 - i) Customer has to lodge his/her complaint to the Branch Manager / Zonal Office / Corporate Office / Web Portal of the Bank etc.
 - ii) Bank would initiate steps for resolving and replying to the customer to his satisfaction on his/her complaint within a maximum period of 21 days (Branch would resolve within 5 days from the date of receipt of the complaint, if not by Zonal Office within 10 days from the date of receipt of the complaint and Corporate Office totally within 21 days from the date of receipt of the complaint). Escalation of the complaint to the next higher level would be taken care by the SPGRS, without any manual intervention.

iii) If the customer is not satisfied with the reply given by the Branch, the complainant may take up with Zonal Office / CO: Customer Service Cell.

5.4.4 If the complaint is not redressed by the Bank to the complainant's satisfaction within a period, as mentioned above, he/she could approach the Office of Banking Ombudsman of the jurisdiction at the address displayed in the Branch for redressal.

5.5. National Pension System (NPS) – Grievance Redressal under PFRDA (Redressal of Subscriber Grievance) Regulations – 2015

5.5.1 As per PFRDA draft redressal policy, the complaint, if remains unresolved by the concerned Point of Presence (POP) even after 30 days, then the same will be escalated to NPS Trust. The Subscriber who is not satisfied with the resolution provided by the NPS Trust may prefer an appeal to the Ombudsman against the concerned intermediary or entity.

6. Interaction with customers

6.1 The bank recognizes that customers' expectation / requirement / grievances could be better appreciated through personal interaction with customers by bank's staff.

7. Sensitising operating staff on handling complaints

7.1 Staff would be properly trained for handling complaints.

8. Anonymous and Pseudonymous complaints

8.1 In view of the fact that complainants who desire to protect their identify now have the protection of the Public Interest Disclosure & Protection of Informers' Resolution – 2004 (PIDPI),

Policy on Compensation to Customers for deficiency in services for the year 2018-19

1. Introduction

1.1 Technological progress in payment and settlement systems and the qualitative changes in the operational systems and processes 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 service to the users of the system. It is the Bank's endeavour to offer services to its customers with best possible utilisation of its technology infrastructure.

1.2 This compensation policy of the Bank covers areas relating to

- a. unauthorised / erroneous debiting of account,
- b. payment of interest to customers for delayed collection of cheques/ instruments,
- c. payment of cheques after acknowledgement of stop payment instructions,
- d. remittances within India,
- e. foreign exchange services and
- f. lending and release of securities.

1.3 The policy is based on principles of transparency and fairness in the treatment of our customers.

2. Objectives of the Policy

2.1 The objective of this policy is to

2.1.1 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 subject to the maximum limit prescribed under para 14.5 below.

2.1.2 ensure 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.

2.2 The policy prescribes compensation only for financial losses which customers have incurred 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 has/will have in defending its position before any forum duly constituted to adjudicate the banker-customer disputes.

3. Definitions of Certain Terms used

3.1 Deficiency

Sec. 2(1)(g) of The Consumer Protection Act, 1986, defines the term Deficiency as any fault, imperfection, shortcoming or inadequacy in the quality, nature and manner of performance which is required to be maintained by or under any law for the time being in force or has been undertaken to be performed by a person in pursuance of a contract or otherwise in relation to any service.

3.2 Service

3.2.1 Sec. 2(1)(o) of the same Act defines that Service means service of any description which is made available to potential users and includes facilities in connection with banking, financing but does not include the rendering of any service free of charge or under a contract of personal service.

4. Quantum of Compensation and time limit on specific occasions

4.1 Unauthorised / Erroneous debit

4.1.1 If the bank has raised an unauthorised/erroneous direct debit to an account, the entry will be reversed immediately on being informed of the erroneous debit, after verifying the position.

4.1.2 In the event, the unauthorised/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 shall compensate the customer to the extent of such interest loss by value dating the transaction. Further if the customer has suffered any financial loss incidental to return of a cheque or failure of direct debit instructions due to insufficiency of balance on account of the unauthorized/erroneous debit, the bank will compensate the customer to the extent of such financial losses.

4.1.3 In case the entry reported to be erroneous does not involve a third party, the bank shall arrange to complete the process of verification within a maximum period of seven working days from the date of reporting by the customer of the erroneous debit.

4.1.4 In case, the verification involves a third party or where verifications are to be done at overseas centres, the Bank shall complete the verification process within a maximum period of one month from the date of reporting of the erroneous transaction by the customer.

4.1.5 Erroneous transactions reported by customers in respect of Credit Card operations which require reference to a merchant establishment will be handled as per the rules laid down by the Card Association.

4.2 *ECS direct debits/other debits to accounts*

4.2.1 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 customers account with any applicable service charge as per the schedule of charges notified by the bank. In the event any charge is levied in violation of the arrangement, the Bank will reverse the same when pointed out by the customer subject to scrutiny of the agreed terms and conditions. Any consequential financial loss to the customer will also be compensated.

4.2.2 Where it is established that the Bank had issued and activated a Credit Card without the written 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.

4.3 *Payment of Cheques after Stop Payment Instructions*

4.3.1 In case a cheque has been paid, after stop payment instruction is acknowledged by the Bank, the transaction shall be reversed within 2 working days of the customer intimating the transaction to the Bank and value-dated credit shall be given to protect the interest of the customer. Any consequential financial loss to the customer will be compensated as provided under Para 4.1 above.

4.4 *Foreign Exchange Services*

4.4.1 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.

4.4.2 The Bank, may however consider upfront credit against such instrument by purchasing the cheque/ instrument provided the conduct of the account has been satisfactory in the past.

- 4.4.3 Bank would pay interest on the amount of cheque on a value date concept from the date of sighting of credit in their Nostro account till such time the credit is actually afforded to customers' accounts. Quantum of such Interest would be minimum at the savings bank rate calculated on the amount of proceeds credited to the customers' account.
- 4.4.4 Compensation by way of additional interest, at 2% over the above SB interest, would be paid to the customer for delay in collection beyond the declared collection period mentioned in the Bank's Cheque Collection Policy, (viz. for the delay beyond 21 days for USD denomination cheques which are payable at USA) from the date of deposit of the cheque till the date of credit to customers account. Such interest shall be on "step-up basis" for the period of delay. The compensation would be paid automatically without the customer requesting for the same.
- 4.4.5 Bank would also compensate for any possible loss on account of adverse movement in foreign exchange rate.
- 4.4.6 The foreign exchange rate around the date of credit (in reasonable time from the date of credit to our Nostro account) shall be the basis for calculation of interest irrespective of the rate prevailing on the date of claim/calculation/settlement.

4.5 *Collection of instruments within India*

4.5.1 Local Clearing Cheques

- (i) For Local Cheques presented in clearing, credit will be afforded as on the date of settlement of funds in clearing and the account holder will be allowed to withdraw funds as per return clearing norms ranging from 48 to 72 hours (in the normal circumstances) depending on the location of the branch.
- (ii) In case there is delay in giving credit beyond the time period mentioned in sub para no.(i) above, the Bank will pay interest to the customer concerned at savings bank interest rate on the amount of collection instruments.
- (iii) Such interest shall be paid without any demand from the customers in all types of accounts.

4.5.2 Outstation Cheques

(a) In case of Outstation Cheques and other instruments sent for collection to centres within the country the following time schedule shall be adhered to for realisation by branches:

State Capitals	Maximum period of 7 days
Major Cities (other than those of North Eastern States and Sikkim)	Maximum period of 10 days.
In all other centres	Maximum period of 14 days

(b) In case there is delay in giving credit beyond the time period mentioned above, the Bank will pay interest to the customer concerned at the following rates on the amount of the instrument:

i) Savings Bank rate for the period of delay beyond 7/10/14 days, as the case may be.

ii) Where the delay is beyond 14 days, interest will be paid at the rate applicable to a term deposit of the respective period.

iii) In case of extraordinary delay (i.e., delay exceeding 90 days), interest will be paid at the rate of 2% above the corresponding Term deposit rate.

iv) In the event of the proceeds of the cheque under collection is 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 delay, interest will be paid at the rate of 2% above the rate applicable to the loan account.

(c) 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.

4.6 *Collection Instruments Lost-in-Transit*

4.6.1 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 (after it has been handed over to the bank for collection by the customer), the Bank shall, immediately on coming to know the loss, bring the same to the notice of the account holder so that he/she 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 cheques/instruments. The bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

4.6.2 The bank will compensate the account holder in respect of instruments lost in transit in the following way:

i) 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 in para 4.5.2 above, provided the duplicate gets realised.

ii) 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 a duplicate cheque/instrument and collection thereof.

4.6.3 The bank would also compensate the customer for any reasonable charges he/she incurs in getting a duplicate cheque/instrument upon production of receipt, in the event the instrument is to be obtained from a bank/institution who would charge a fee for issue of duplicate instrument.

4.6.4 The collecting Bank only would compensate the customer, in case of delay in crediting the proceeds of an instrument sent for collection, even if any part of the delay is attributable to the Paying Bank. It is between both the Banks (Collecting and Paying) to settle the issue and in no way the customer should be penalised.

4.7 *Funds transfers using NEFT/RTGS/ NECS /ECS*

4.7.1 The rate of compensation in case of delay or loss on account of error, negligence or fraud on the part of an employee of the bank, in crediting the remittance proceeds received through NEFT/RTGS/NECS/ECS beyond one day after receipt of the message at our gateway shall be the current Repo Rate plus Two percent. This compensation shall be credited to the beneficiary's account, even if no claim is lodged by the customer.

4.7.2 Bank shall also refund the amount together with interest at the current Repo rate plus Two percent till the date of refund, in case of delay in return of the funds transfer instruction for any reason whatsoever.

4.7.3. Originating branch would put through the requests for NEFT transactions received by them, during the NEFT operating hours, either online or across the counters, preferably in the next available batch and in any case, not exceeding two hours from the time of receipt of the requests. In the likelihood of any delay / possible delay in adhering to this requirement, the originators / customers would be informed of the delay / possible delay and the reasons for the same.

4.8 *Failure to execute Standing Instructions*

4.8.1 In case of any failure to execute Standing Instructions (and if it is directly attributable to the Bank), the Bank shall compensate the customer to the extent of the financial loss not exceeding ₹.100/- per occasion subject to providing proper supporting documents for having incurred the loss. In addition, service charges, if any, recovered for

execution of the Standing Instruction shall also be refunded. Branches have to obtain prior approval from their Zonal Manager for making compensation under this category.

5. Issue of Duplicate Draft and Compensation for delays

5.1 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.

6. Violation of the Code by Banks agent

6.1 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, 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 and wherever justified, compensate the customer for financial loss, if any, as contemplated under this policy.

7. Transaction of At Par Instruments of Co-operative banks

7.1 The Bank will not honour cheques drawn on current accounts maintained by Co-operative banks with it, unless arrangements are made for funding cheques issued. Issuing bank would be responsible to compensate the cheque holder for non-payment/delayed payment of cheques, in the absence of adequate funding arrangement.

8. Reversal of erroneous debits arising on Fraudulent or Other Transactions

8.1 With the increased thrust on financial inclusion and customer protection and considering the recent surge in customer grievances relating to unauthorised transactions resulting in debits to their accounts/ cards, the criteria for determining the customer liability in these circumstances have been reviewed.

8.2 Strengthening of systems and procedures

8.2.1 Broadly, the electronic banking transactions can be divided into two categories:

- i. Remote/ online payment transactions (transactions that do not require physical payment instruments to be presented at the point of transactions e.g. internet banking, mobile banking, transactions using various apps like UPI/Wallets etc., Card Not Present (CNP) transactions), Pre-paid Payment Instruments (PPI) and
- ii. Face-to-face/ proximity payment transactions (transactions which require the physical payment instrument such as a card or mobile phone to be present at the point of transaction e.g. ATM, POS, etc.)

8.2.2 The systems and procedures in banks shall be designed to make customers feel safe about carrying out electronic banking transactions. To achieve this, banks shall put in place:

- i. appropriate systems and procedures to ensure safety and security of electronic banking transactions carried out by customers;
- ii. robust and dynamic fraud detection and prevention mechanism;
- iii. mechanism to assess the risks (for example, gaps in the bank's existing systems) resulting from unauthorised transactions and measure the liabilities arising out of such events;
- iv. appropriate measures to mitigate the risks and protect themselves against the liabilities arising therefrom; and
- v. a system of continually and repeatedly advising customers on how to protect themselves from electronic banking and payments related fraud.

8.3 Reporting of unauthorised transactions by customers to banks

8.3.1 Banks shall ask their customers to mandatorily register for SMS alerts and wherever available register for e-mail alerts, for electronic banking transactions. The SMS alerts shall mandatorily be sent to the customers, while email alerts may be sent, wherever registered. The customers must be advised to notify the bank of any unauthorised electronic banking transaction at the earliest after the occurrence of such transaction, and informed that the longer the time taken to notify the bank, the higher will be the risk of loss to the bank/ customer. To facilitate this, banks shall provide customers with 24x7 access through multiple channels (at a minimum, via website, phone banking, SMS, e-mail, IVR, a dedicated toll-free helpline, reporting to home branch, etc.) for reporting unauthorised transactions that have taken place and/ or loss or theft of payment instrument such as card, etc. Banks shall also enable customers to instantly respond by "Reply" to the SMS and e-mail alerts and the customers should not be required to search for a web page or an e-mail address to notify the objection, if any. Further, a direct link for lodging the complaints, with specific option to report unauthorised electronic transactions shall be provided by banks on home page of their website. The loss/ fraud reporting system shall also ensure that immediate response (including auto response) is sent to the customers acknowledging the complaint along with the registered complaint number. The communication systems used by banks to send alerts and receive their responses thereto must record the time and date of delivery of the message and receipt of customer's response, if any, to them. This shall be important in determining the extent of a customer's liability. The banks may not offer facility of electronic transactions, other than ATM cash withdrawals, to customers who do not provide mobile numbers to the bank. On receipt of report of an unauthorised transaction from the customer, banks shall take immediate steps to prevent further unauthorised transactions in the account.

8.4 Limited Liability of a Customer

8.4.1 Zero Liability of a Customer

(a) A customer's entitlement to zero liability shall arise where the unauthorised transaction occurs in the following events:

- i. Contributory fraud/ negligence/ deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer).
- ii. Third party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, and the customer notifies the bank within three working days of receiving the communication from the bank regarding the unauthorised transaction.

8.4.2 Limited Liability of a Customer

(a) A customer shall be liable for the loss occurring due to unauthorised transactions in the following cases:

- i. In cases where the loss is due to negligence by a customer, such as where he/ she has shared the payment credentials, the customer will bear the entire loss until he/ she reports the unauthorised transaction to the bank. Any loss occurring after the reporting of the unauthorised transaction shall be borne by the bank.
- ii. In cases where the responsibility for the unauthorised electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and when there is a delay (of four to seven working days after receiving the communication from the bank) on the part of the customer in notifying the bank of such a transaction, the per transaction liability of the customer shall be limited to the transaction value or the amount mentioned in Table 1, whichever is lower.

Table 1	
Maximum Liability of a Customer under para 8.4.2 (a) (ii)	
Type of Account	Maximum liability (₹)
• BSBD Accounts	5,000
• All other SB accounts • Pre-paid Payment Instruments and Gift Cards • Current/ Cash Credit/ Overdraft Accounts of MSMEs • Current Accounts/ Cash Credit/ Overdraft Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to ₹.25 lakh • Credit cards with limit up to ₹.5 lakh	10,000
• All other Current/ Cash Credit/ Overdraft Accounts • Credit cards with limit above ₹.5 lakh	25,000

8.4.3 Further, if the delay in reporting is beyond seven working days, the customer's liability shall be determined as per the bank's guidelines followed

for other than electronic transactions (*refer para no.8.8*). Banks shall provide these details at the time of opening the accounts. Banks shall also display their approved policy in public domain for wider dissemination. The existing customers must also be individually informed about the bank's policy.

8.4.4 Overall liability of the customer in third party breaches, as detailed in para 8.4.1 (a) (ii) and para 8.4.2 (a) (ii) above, where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, is summarised in the Table 2:

Table 2	
Summary of Customer's Liability	
Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's liability (₹)
Within 3 working days	Zero liability
Within 4 to 7 working days	The transaction value or the amount mentioned in Table 1, whichever is lower
Beyond 7 working days	Guidelines followed for other than electronic transactions (<i>refer para no.8.8</i>).

8.4.5 The number of working days mentioned in Table 2 shall be counted as per the working schedule of the home branch of the customer excluding the date of receiving the communication.

8.5 Reversal Timeline for Zero Liability/ Limited Liability of customer

8.5.1 On being notified by the customer, the bank shall credit (shadow reversal) the amount involved in the unauthorised electronic transaction to the customer's account within 10 working days from the date of such notification by the customer (without waiting for settlement of insurance claim, if any). Banks can also at their discretion decide to waive off any customer liability in case of unauthorised electronic banking transactions even in cases of customer negligence. The credit shall be value dated to be as of the date of the unauthorised transaction.

8.5.2 Further, banks shall ensure that:

- i. a complaint is resolved and liability of the customer, if any, established within such time, as may be specified in the bank's Board approved policy, but not exceeding 90 days from the date of receipt of the complaint, and the customer is compensated as per provisions of para no. 8.4 and 8.5.1 above;
- ii. where it is unable to resolve the complaint or determine the customer's liability, if any, within 90 days, the compensation as prescribed in para no. 8.4 and 8.5.1 shall be paid to the customer; and

- iii. in case of debit card/ bank account, the customer does not suffer loss of interest, and in case of credit card, the customer does not bear any additional burden of interest.

8.6 Burden of Proof

8.6.1 The burden of proving customer's liability in case of unauthorised electronic banking transactions shall lie on the bank.

8.6.2: All the unauthorized electronic banking transactions should be reported to the Police Authorities by the customer concerned and FIR copy should be submitted for claim settlement.

8.7 Reporting and Monitoring Requirements

8.7.1 The bank shall put in place a suitable mechanism and structure for the reporting of the customer liability cases to the Board or one of its Committees. The reporting shall, inter alia, include volume/ number of cases and the aggregate value involved and distribution across various categories of cases viz., card present transactions, card not present transactions, internet banking, mobile banking, ATM transactions, etc. The Standing Committee on Customer Service in each bank shall periodically review the unauthorised electronic banking transactions reported by customers or otherwise, as also the action taken thereon, the functioning of the grievance redressal mechanism and take appropriate measures to improve the systems and procedures. All such transactions shall be reviewed by the bank's internal auditors.

8.8 *Other than electronic banking transactions*

8.8.1 Payment of compensation may be considered by the Bank only in those cases where

- i. it is established that the Bank is at fault in authorising a transaction due to which the customer has suffered a financial loss or there is an act of omission or commission and such happening is directly attributable to the Bank or

- ii. the Competent Authority of the Bank is convinced that the irregularity/fraud has been committed by the staff of the Bank with or without the assistance of another individual or entity or

- iii. neither the Bank nor the customer is at fault but the fault lies elsewhere in the system or the fraud is committed by a third party.

8.8.2 Branches shall pay eligible compensation, after getting an approval from the Competent authority in this regard.

8.8.3 The quantum of compensation shall be fixed by value dating the transactions as provided under para 14 hereunder.

8.8.4 The period for which interest is payable shall be the period between the date of occurrence of the fraud and the date of reimbursement to the customer.

8.8.5 Where a specific date of the fraud is not available/traceable, the date on which it was found may be taken for calculation of interest.

9. Lenders Liability: Commitments to borrowers

9.1 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 our borrowers all the securities / documents / title deeds to mortgaged property within 15 days of repayment of all dues agreed to or contracted and in case of borrowers with Consortium / Multiple Banking Arrangements within 30 days of obtaining a mandate from all the other consortium member Banks. The Bank will compensate the borrower for monetary loss suffered, if any due to delay in return of the same at ₹.100/- per day subject to maximum of ₹.5000/-. In the event of loss of title deeds of the mortgaged property at the hands of the Bank the compensation will also cover out of pocket expenses for obtaining duplicate documents.

10. ATM Failure

10.1 It is mandatory for bank to reimburse the customer, the amount wrongfully debited on account of failed ATM transaction within a maximum period of 7 working days from the receipt of the complaint. For any failure to re-credit the customer's account within 7 working days from the date of receipt of the complaint, bank shall pay compensation of ₹ 100/- per day to the aggrieved customer. This compensation shall be credited to the customer's account automatically without any claim from the customer, on the same day when bank affords the credit for the failed ATM transactions. Details of charge back in case of ATM transaction by a customer of the bank when he uses other bank ATM may be included.

10.2 All disputes regarding ATM failed transactions would be settled by the issuing bank and the acquiring bank only through the ATM system provider.

11. Relief / Savings Bonds

11.1 An investor in Relief / Savings Bonds shall be compensated at 'a fixed rate of 8% pa' on account of any financial loss incurred by the investor, due to late receipt / delayed credit of interest warrants / maturity value of investment, etc.

12. Pension Payment to Central/State Government Pensioners

12.1 Bank shall compensate in case of delay in payment of regular pension / revised pension/ arrears thereof in respect of Central / State Government pension payments to the pensioner for the delayed period beyond due date at a fixed rate of 8% penal interest and that the compensation shall be credited to the pensioner's account automatically on the same day when the bank

affords delayed credit of the regular pension / arrears etc. as stated above, without any claim from the pensioner.

12.2 Branches would have effective co-ordination with Central Pension Processing Centres (CPPCs) in this regard.

13 Compensation to customers in case of Internet frauds

13.1 Customers will not be liable for losses caused by transactions before their access to Internet Banking facility is activated / made operational.

13.2 In the event of any unauthorized transaction after the customer has received the means to access Internet Banking, their liability will be the lesser of:

- i. The actual loss at the time of notification to the Bank; or
- ii. The balance that would have been available for withdrawal from the customers account(s); or
- iii. The limit the customer may have been set for such transactions;
- iv. Lower of (i) to (iii) or maximum of ₹.10,000/- (Rupees Ten thousand only).

13.3 If the customer advise the Bank as promptly as is reasonably possible that their password or any other security information is or may be known to another person or there has been an unauthorized access to their Internet Banking information or accounts, the customer will not be held responsible for any loss, from the time the customer has notified the Bank, unless the customer has acted fraudulently or negligently or has contributed to such disclosure or unauthorized access.

13.4 If the customer incurs a direct loss that is due to a security breach of the Banks Internet Banking System as a result of the Bank's failure to take reasonable care and is not caused or contributed to by the customer, Bank will reimburse / compensate for that loss.

13.5 The above compensation will however not be available in case of compromise of 'password / security features' by the customer.

14. Award of Compensation

14.1 The compensation as per this Policy is payable to a customer only in those cases where any act of omission or commission is directly attributable to the Bank.

14.2 The award of compensation shall be made only on well recognised legal principles governing quantification of damages or compensation on proof of actual loss suffered.

14.3 Further, the compensation shall be paid only in such cases where the loss could be quantified in terms of money. Therefore, no claim could be considered based on qualitative aspects like reputation damages, loss of image in the society, loss of business, loss of income, etc. in cases where the loss cannot be measured directly.

14.4 In case of compensations payable against deficiency in the services provided by an agency nominated by the Bank on account of an outsourced activity, the compensation shall be the same as prescribed in this Policy.

14.5 The compensation shall be made by putting in place a mechanism which will replicate back-valuing the affected transactions and the amount of compensation, in any case, shall be limited to the financial loss of the customer arising out of amount in the books of the Bank only.

15. Authority for interpretation of this Policy

15.1 Where any discrepancy arises on any of the terms given in this policy, the MD and CEO is the appropriate authority for its interpretation. Any amendment to this document requires the approval of the Board.

16. Force Majeure

16.1 The bank shall not be liable to compensate customers for delayed credit, if some unforeseen event (including but not limited to civil commotion, sabotage, 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 which may prevent it from performing its obligations within the specified service delivery parameters.

17. Conclusion

17.1 To sum up, the gist of the policy on Compensation to Customers for deficiency in services lies in ensuring the guidelines communicated by the Corporate Office about proper implementation in providing timely services to the users of the banking system. All the subsequent guidelines relating to the policy issued by Reserve Bank of India/ GoI/ IBA will automatically form part of this policy.