REVISED POLICY ON COLLECTION OF DUES AND REPOSSESSION OF SECURITY
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Revised Policy on Collection of Dues and Repossession of Security

This is with reference to the Bank’s adoption of the Code of Commitment to Customers, formulated by Banking Codes and Standards Board of India (BCSBI), a self-regulatory body formed by Reserve Bank of India (RBI), with an objective of setting minimum standards of banking practices to be followed by member banks while dealing with individual customers.

In connection with the Code implementation, the Bank has also adopted various policies on customer service, one of which is the Policy on Collection of Dues and Repossession of Security.

The policy has been circulated to the branches for customer information and also displayed at the Bank’s website in public domain.

In this connection, based on the recent recommendations of BCSBI, we have carried out a review of some provisions of the policy. The details of the revised policy are as under;

1. Introduction

The debt collection policy of the Bank is based on principle of dignity and respect to customers. The Bank believes in following fair practices with regard to collection of dues and repossession of security thereby fostering customer confidence and long-term relationship and thereby ensures that there is no coercive practice followed while collecting the dues.

The repayment schedule for any loan sanctioned by the Bank is fixed taking into account repayment capacity and cash flow pattern of the borrower. The Bank explains to the customer upfront the method of calculation of interest and how the Equated Monthly Installments (EMI) or payments through any other mode of repayment are appropriated against interest and principal due from the customers.

The Bank expects the customers to adhere to the repayment schedule agreed to and approach it for assistance and guidance in case of genuine difficulty in meeting repayment obligations.

The Bank’s Security Repossession Policy aims at recovery of dues in the event of default and is not aimed at whimsical deprivation of the property. The policy recognizes fairness and transparency in repossession, valuation and realization of security. All the practices adopted by the Bank for follow-up and recovery of dues and repossession of security are in consonance with the Law. The security repossession procedure is set in motion only after all attempts by the Bank to discuss with the borrower the ways and means to overcome the financial hurdles/default in payment have failed. As an exception, it is to be noted that the Bank has the right to possess the financed asset, as a preventive measure, even in instances where there has been no default but violation of the terms and conditions of the Loan Agreement.

2. General Guidelines

The policy is based on the following guidelines: -

Axiom Bank seeks to be the preferred financial solutions provider excelling in customer delivery through insight, empowered employees and smart use of technology. The policy on Customer Grievance Redressal aims to reiterate the Bank’s core values viz. Customer Centricity, Ethics, Transparency, Teamwork and Ownership by laying down a structured system which would ensure availability of multiple channels within the Bank for customer grievance redressal. The policy would also ensure that redressal would be fair, consistent and in accordance with the extant rules & regulations.

Salient features of the policy:

(a) All communications to the customer are in writing, by telephone or through personal visit. The customer is contacted by telephone on the numbers (residence/work place/mobile) provided by him/her in the application form filled in at the time of taking the loan/modified subsequently as intimated to the Bank. If the customer is not responding/not reachable over telephone, or not paying even after telephonic request, the Bank's representatives make personal visits to the customer's residence/workplace during reasonable hours of the day.
(b) The Bank staff or any person authorized to represent the Bank in collection of dues or/and security reposition identifies himself / herself and displays the authority letter issued by the Bank upon request.

(c) The Bank respects privacy of its borrowers.

(d) The Bank is committed to ensure that all written and verbal communication with its borrowers are in simple business language and the Bank adopts civil manners for interaction with borrowers.

(e) Normally the Bank’s representatives will contact the borrower between 0700 hours and 1900 hours, unless the special circumstance of his/her business or occupation requires the Bank to contact at a different time.

(f) Borrower’s requests to avoid calls at a particular time or at a particular place are honoured as far as possible.

(g) The Bank documents the efforts made for the recovery of dues, as far as possible and the copies of communication sent to customers, if any, are kept on record.

(h) All assistance is given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.

(i) Inappropriate occasions such as bereavement in the family or such other calamitous occasions are avoided for making calls/visits to collect dues.

(j) Up-to-date details of the recovery agency engaged by the Bank are displayed at its website.

(k) The Bank provides the loan account statement to its customers on request basis when changes in period of loan, quantum of EMI etc. take place. Changes in the rate of interest are communicated to the customers as and when they are effected.

(l) The Bank bears the cost of getting duplicate sale deed in case the original furnished to it is misplaced at its end on account of any eventuality.

3. Giving notice to borrowers
   
   (a) While written communications, telephonic reminders or visits by the Bank’s representatives to the borrowers place or residence are being used as follow up measures, the Bank does not initiate any legal or other recovery measures including reposition of the security without giving due notice in writing to the borrower for recovery of dues.

   (b) The Bank follows all such procedures as required under law for recovery / reposition of security.

   (c) The notice mentions the number of days within which the payment is to be made and also stipulates the minimum time that is given to the borrower to pay the debt, failing which the Bank will proceed to take possession of the asset.

   (d) In the case of sale of an asset, a notice is issued to the borrower before proceeding with the sale of the asset.

4. Repossession of Security
   
   (a) Repossession of security is aimed at recovery of dues and not to deprive the borrower of the property. The recovery process through reposition of security involves reposition, valuation of security and realization of security through appropriate means. All these are carried out in a fair and transparent manner.

   (b) Repossession of security is done only after issuing the notice as detailed above in para 3.

   (c) Due process of law is followed while taking reposition of the property. The Bank takes all reasonable care for ensuring the safety and security of the property after taking custody in the ordinary course of the business.

5. Valuations and Sale of Property
   
   (a) Valuation and sale of property repossessed by the Bank is carried out as per legal provisions, if any, and in a fair and transparent manner.

   (b) The Bank has a right to recover from the borrower the balance due, if any, after sale of property. Excess amount, if any, obtained on sale of property is returned to the borrower after meeting all the related expenses provided the Bank is not having any other claims against the customer.
6. Opportunity for the borrower to take back the security

(a) As indicated earlier in the policy document, the Bank resorts to repossession of security only for the purpose of realization of its dues as a last resort and not with the intention of depriving the borrower of the property. Accordingly, the Bank indicates its willingness to consider handing over possession of property to the borrower any time after repossession and before concluding the sale transaction of the property provided the Bank dues are cleared in full.

(b) If satisfied with the genuineness of the borrower’s inability to pay the loan installments as per the schedule, which resulted in the repossession of security, the Bank may consider handling over the property after receiving the installments in arrears and all overdue and penal interest and expenses incurred on repossession of the security. However, this is subject to the Bank being convinced of the arrangements made by the borrower to ensure timely repayment of remaining installments in future.

(c) The Bank returns the repossessed security within 15 days to the borrower after settlement of all claims.

Branches are advised to be fully conversant and ensure strict compliance with the policy provisions while dealing with customer enquiries in this regard. RBI and BCSBI officials would be carrying out incognito visits to branches to ascertain the awareness of the staff on these aspects.

A printout of the policy is to be placed in the booklet for customer information at the ‘May I Help You’ counter and the availability of the same is to be displayed on the branch notice board.

The revised policy has also been placed on the Bank’s website with the perspective of putting it in public domain.