

Customer Compensation Policy Of The Bank

1. Objective of the Policy

Axis Bank offers high level of service standards for customers. In the event, for some reasons beyond the control of the bank or inadvertently, the bank is unable to meet the service levels committed in the dealings with individual customer, this compensation policy will be applicable. The policy is based on the principles of transparency and fairness in the treatment of our customers.

2. Scope

Policy compensates the customer only for the financial loss incurred by him/her due to deficiency in the services offered by the Bank or any act of omission directly attributable to the bank. The policy does not cover and is not applicable in respect of claims made by customers on account of opportunity losses or damages or claims for reputational loss. The Compensation policy 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, remittances within India, foreign exchange services, etc. Policy is also applicable for resolving issues related to the 3rd party products like Insurance and Mutual fund products distributed by Bank.

Following areas are covered in the compensation of policy of the bank

2.1 Erroneous debiting of account

- I. If the Bank has raised an erroneous direct debit to an account, upon being informed of the erroneous debit, the entry will be reversed after due verification.
- II. In the event, the erroneous debit has resulted in a financial loss to 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 or any charges levied for balance falling below the minimum balance requirement or any charges levied for return of cheques due to shortfall in balance, the Bank will compensate the customer to the extent of direct financial loss.
- III. The customer should approach the Bank within a maximum period of one month from the date of the erroneous debit
- IV. In case the verification of the entry reported to be erroneous by the customer does not involve a third party, the Bank shall complete the process of verification within a maximum period of 7 working days from the date of reporting of the erroneous debit.
- V. 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 the erroneous transaction by the customer.
- VI. The Bank reserves its right to debit the customer's account for reversing the amounts in case a wrong credit is posted to the account without payment of any compensation.

2.2 Debits towards Service Charges

The Bank would debit the customer's account with any applicable service charge as per the schedule of charges notified by it. In the event, the Bank levies any charges in violation of the arrangement it will reverse

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the same when pointed out by the customer subject to verification of the agreed terms and conditions. Any consequential financial loss to the customer will be compensated as provided under Para 2.1 point sub-point ii.

2.3 Payment of Cheques after Acknowledgement of Stop Payment Instructions

In case a cheque has been paid after stop payment instruction is acknowledged by the the Bank, the transaction will be reversed and value-dated credit will be given to protect the interest of the customer. Such debits will be reversed within 7 working days of the customer intimating the transaction to the Bank. Any consequential financial loss to the customer will be compensated as provided under Para 2.1 sub-point ii.

2.4 Payment of cheque with mismatch in Positive Pay details

In the event of cheque being paid in CTS clearing despite mismatch in payee name or amount on the cheque image with positive pay details submitted by the customers, such transaction will be reversed and value dated credit will be given to the customer. Such debits will be reversed within 7 working days of the customer intimating the incident to the Bank. These reversals will not be applicable if the customer has provided the confirmation for honoring the cheque even though there is mismatch in positive pay details previously submitted by the customer.

2.5 Debit of account, despite revocation of the NACH debit mandate with the Bank by the customer

In event, a debit has been made to the customers' account, despite the revocation of the debit mandate with the Bank by the customer, the Bank shall reverse the transactions and shall give value dated credit to protect the interest of the customer. Such debits shall be reversed within 1 calendar day from the date of transaction (T+1 calendar day) (T represents the date of transaction). In event the Bank fails to reverse the transaction within the said period, compensation shall be payable for the amount of INR 100/- per day for each day of delay beyond T+1 calendar days.

2.6 Funds transfer using NEFT & RTGS

Penal interest to be paid by the Bank in case of delay in crediting the beneficiary customers account or on delayed return of un-credited amount to the remitter/remitting bank. The definition of delay in this case would be changed to "Time of Credit"

If the NEFT transaction is not credited or returned within two hours after batch settlement, then the bank is liable to pay penal interest to the affected customer at the current RBI LAF Repo Rate plus two percent for the period of delay / till the date of credit or refund, as the case may be, is afforded to the customers' account without waiting for a specific claim to be lodged by the customer in this regard. In case of any delay in returning the failed payment, the originating customer is eligible to receive compensation at current repo rate plus 2%.

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2.7 Failure to execute Direct Debits / ECS Debits/ Standing Instructions

The Bank undertakes to carry out Direct Debits / ECS debits / standing instructions of customers in time subject to the following: -

- i. Customer having already provided valid and complete mandate to accept any debit received through ECS. Customer having already submitted a mandate for standing instructions.
- ii. Direct debit/ ECS received is complete and correct.
- iii. Customer has sufficient balance in the account at the time of executing direct debits/ standing instructions/ ECS.

In case of failure to carry out the instructions subject to the aforesaid clauses and for reasons directly attributable to the Bank, the Bank will compensate the customers on the following lines: -

For direct debits / ECS debits - The Bank shall compensate the customer by paying penal interest at the current RBI LAF Repo Rate plus 2% from the due date of credit till the date of actual credit without any claims raised by customer.

- **For standing instructions** - The Bank shall compensate the customer to the extent of the financial loss not exceeding Rs 100 per occasion (maximum of Rs.1,000/-) subject to providing proper supporting documents for having incurred the loss. In addition, the service charges, if any, recovered for execution of the Standing Instruction shall also be refunded.

2.8 Foreign Exchange Services – Collection of cheques outside India denominated in Foreign Currency

- The Bank would compensate the customer for delays in collection of cheques designated in foreign currencies sent to foreign countries as per Bank's cheque collection policy
- Further bank would also compensate the customer for any possible loss on account of adverse movement in foreign exchange rate.

2.9 Collection of Instruments within India

The bank will compensate customers on account of breach of TAT for realization of cheque as defined in the cheque collection policy

2.10 Erroneous debits arising on account of unauthorized banking transactions

The following is laid down for all fraud cases, other than those pertaining to electronic transactions:

If a fraud, in the account of a customer, has been committed by a member of staff, and has been so established, Bank will not only restore the amount, it shall compensate the customer without demur.

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In cases where neither the Bank nor the customer is at fault, but the fault lies elsewhere in the system, the Bank will compensate the customer up to a limit of Rs.5000/-. Such compensation would be paid only once in the lifetime of an account.

2.11 Unauthorized electronic banking transactions reported by customers

Unauthorized electronic banking transactions are broadly categorized as under:

- i. Funds transfer to another account (within the Bank and outside the Bank)
- ii. Transaction done using Credit / Debit card
- iii. Transactions in shopping malls using Credit / Debit card
- iv. UPI transactions , Prepaid cards or Forex cards

For all such transactions, compensation will be as per Bank's Customer Protection Policy, which is available on the bank's website.

2.12 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 will take appropriate steps to investigate and to handle the complaint and to compensate the customer for direct financial loss (if any), subject to the customer providing proper supporting document for having incurred the loss. This is also applicable to sale of Third Party Products by Axis Bank staff.

2.13 Transaction of 'at par instruments' of Co-operative Banks

The Bank will not honor cheques drawn on current accounts maintained by other banks with it unless arrangements are made for funding against cheques issued. The co-operative bank from whose account the cheques have been issued would be responsible to compensate the cheque holder for non-payment / delayed payment of cheques in the absence of adequate funding arrangement.

2.14 Delay in release of Securities / Documents / Title deeds (loss of securities/ title deeds)

The Bank has adopted the principles of liability of lenders. In terms of the guidelines for lender's 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 of the mortgaged property, within 15 days of repayment of all dues agreed to or contracted, including principal amount, interest, EMI, costs, service charges and all other amounts due. This is subject to there being no outstanding under any other loan / overdraft / other financial facility availed by the borrower from the Bank.

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For mortgage loans, if the Bank has misplaced the securities / documents / title deeds provided by the customer at the time of availing the loan, it will issue a certificate indicating;

- i. that the securities/ documents / title deeds are misplaced
- ii. it will extend all assistance to the customer by obtaining duplicate documents, etc. at the cost of the Bank

There will be no compensation paid to the Borrower(s)/ Guarantor(s) in following circumstances:

- i. Force Majeure Events
- ii. If there is delay on the part of Borrower(s)/ Guarantor(s). For eg. If any Borrower(s)/ Guarantor(s) is not available or does not have required Identity Proof to prove that he is the same person.
- iii. If the Borrower(s)/ Guarantor(s) have changed their residential/ mailing address/ phone numbers and have not intimated the Bank and the Bank is not able to contact them for collection of original title of documents. (Intimation by way of phone, letter or email to any of the Borrower(s)/ Guarantor(s) will be deemed intimation to all Borrower(s)/ Guarantor(s).)

In case the Bank receives any complaint/ claim/ demand from the Borrower(s)/ Guarantor(s), legal heirs, executors, successors, joint owners/ holder(s), etc. intimating the Bank about inter se disputes and/ or not to hand over the title documents or hand over the same to particular person(s), etc. Bank shall direct the parties to resolve their disputes and thereafter approach the Bank with joint application signed by all concerned for release of such title documents or obtain necessary direction from competent authority/ court. Till such time, the Bank shall not be liable to release the title documents to the Borrower(s)/ Guarantor(s) (as the case may be) and shall not be liable to pay any party.

2.15 Delay in crediting failed ATM transactions

The Bank shall facilitate pro-active reversal of failed ATM transactions within 5 calendar days from the date of the transaction. In event of failure on the Bank's part to reverse the transaction within the said time-frame, the Bank shall compensate the customer an amount of INR 100/- for each day of delay beyond 5 calendar days.

In event that the failure ATM transaction is found to be suspect (as per the Banks logs & records available for the said transaction) or in circumstances where the transaction is successful but still disputed by the customer, the Bank shall reverse the amount of the failed transaction, upon receiving claim / dispute from the customer and upon due verification of the claim/ dispute, the Bank shall credit the amount along with compensation of INR 100/- for each day of delay beyond 5 calendar days from the date of transaction till the date of credit of the amount to the customers' account.

In event of disputes, which relates to partial failure / dispensation, the Bank shall upon investigation of the transaction and other records, credit the disputed amount to the customer's account, within a period of 5 calendar days from the date of dispute along with compensation of INR 100/- for each day of delay beyond 5 calendar days from the date of transaction till the date of credit of the amount to the customers' account.

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2.16 Delay in crediting failed IMPS/ UPI transaction:

In case of a failed IMPS / UPI (P2P) transaction, where the account of the remitting customer has been debited but the beneficiary account is not credited (transfer of funds), the beneficiary bank shall reverse the failed transaction within a period of 1 calendar day from the date of the transaction (T+calendar1). In event if the delay in reversal of the failed IMPS/UPI transaction is beyond the said time-frame, the beneficiary bank shall pay compensation of INR 100/- per day beyond the said time-frame.

This compensation shall not be applicable if the remitting customer has transferred funds by way of a UPI/ IMPS transaction to a wrong beneficiary.

In case of a failed UPI (P2M) transaction, where the remitting customer's account is debited but transaction confirmation is not received at the merchant location, the beneficiary bank (acquiring bank) shall initiate an auto-reversal of the transaction within 5 calendar days from the date of transaction (T+ calendar5). In event, the delay in reversal of the failed UPI transaction is beyond the said time-frame, the beneficiary bank shall pay compensation of INR 100/- per day beyond the said time-frame.

2.17 Delay in crediting failed card transactions:

In case of a failed card to card transfer transaction, where the card account is debited but the beneficiary card account is not credited, the proceeds of the failed transaction shall be reversed to the initiating card within 1 calendar day from the date of transaction (T+ calendar1). In event, the delay in reversal of the failed card to card transaction is beyond the said time frame, the beneficiary bank shall pay compensation of INR 100/- per day beyond the said time frame.

In case of failed Point-of-sale (PoS / Card present) and failed e-commerce (card not present) transactions, where the account is debited but confirmation is not received at the merchant location i.e. charge-slip is not generated, the transaction shall be auto-reversed within 5 calendar days from the date of the transaction (T+ calendar5). In event, the delay in reversal of the failed PoS transaction is beyond the said time frame of T+5 calendar days, the beneficiary bank shall pay compensation of INR 100/- per day beyond the said time frame.

2.18 Delay in crediting failed Aadhaar Enabled Payments systems (AEPS) transactions:

In case of a failed AEPS transaction, where the customers' account is debited but confirmation is not received at the merchant location or where the customers' account is debited but beneficiary's account is not credited, the acquiring bank shall initiate the credit adjustment within 5 calendar days from the date of transaction (T+ calendar 5). In event, the delay in initiating credit adjustment is beyond the said time frame of T+5 calendar days, the beneficiary bank shall pay compensation of INR 100/- per day beyond the said time frame.

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2.19 Delay in crediting failed Aadhaar Payment Bridge System (APBS) transactions:

In case of a failed APBS transaction, where beneficiary's account is not credited, the acquiring bank shall initiate the reversal within 1 calendar day from the date of transaction (T+1). In event, the delay in initiating credit adjustment is beyond the said time frame of T+1 calendar day, the beneficiary bank shall pay compensation of INR 100/- per day beyond the said time frame.

2.20 Delay in credit of failed National Automated Clearing House (NACH) transactions:

Beneficiary bank to reverse the uncredited transaction within T + 1 calendar day. Bank will compensate @ Rs 100 per day for delay beyond T+1 calendar day.

2.21 Delay in credit of beneficiary account for transactions initiated through Prepaid Instruments- Cards/Wallets

Offus 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

On-U's transaction- PPI debited but transaction confirmation not received at merchant location. Reversal to be effected in T+1 calendar day. For any delay beyond T+1 calendar day, customer to be compensated @ Rs.100 per day

2.22 Payment of interest for delay in issue of duplicate draft

Duplicate draft will be issued to the purchaser on the basis of adequate indemnity. The Bank will issue duplicate draft (drawn on the Bank) to the customer within -15 working days from the receipt of such request.

For delay beyond the stipulated period, the Bank will compensate the customer at the rate applicable for fixed deposit of corresponding maturity. Such compensation would be paid at the rate applicable for fixed deposit for the number of days over and above the stipulated period.

This would be applicable only in cases where the request for duplicate demand draft is made by the purchaser or the beneficiary and would not be applicable in the case of third party endorsements.

2.23 Transactions / charges on Credit Cards

Where it is established that the Bank had issued a credit card without consent of the recipient, the Bank would not only reverse the charges immediately but also pay compensation without demur to the recipient amounting to twice the value of charges reversed in this regard. Charges will include only those charges that are levied to customer even when no transactions have been done on the card and such charges have been actually recovered from the customer.

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Transactions reported as erroneous by customers in respect of credit card operations, which require specific reference to a merchant establishment will be handled as per Chargeback rules laid down by VISA/MasterCard International. The Bank will provide explanation and, if necessary, documentary evidence to the customer within a maximum period of 60 days, provided the dispute/protest is raised within 60 days of transaction date and the required charges for locating the charge slip are paid.

2.24 Mis-selling of 3rd party products

In the event the Bank receives a complaint from customer alleging mis-sell of third party products by Bank or having engaged in improper conduct or having acted in violation of the Code adopted by the Bank, it shall take appropriate steps to investigate the complaint. If the Bank identifies case of mis-selling by its staff it will initiate disciplinary action based on severity of the issue and compensate customer suitably

3. Award of Compensation

The compensation shall be paid by replicating the effect obtained through back-valuation of the affected transaction or in case of compensation amounts being specifically stated by the regulator, the actual amount of compensation calculated in the form and manner prescribed would be credited to the customer along with the proceeds of the failed transaction

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.

No claim would be considered, under any circumstance, based on qualitative aspects like reputation damages, loss of image in the society, loss of business, loss of income, etc.

The amount of compensation is restricted to the actual financial loss of the customer arising out of the amount in the books of the Bank only and in any case, to the maximum limits prescribed for the various services given above.

In case the Bank is liable to pay any compensation in accordance with the Policy, the same would be paid to the complainant within 7 working days from the completion of the investigation or where specifically stated in regulatory guidelines along with the amounts of the failed transactions.

4. Force Majeure

The Bank shall not be liable to compensate customers for delayed credit/non-availability of any service, if some unforeseen event (including but not limited to civil commotion, sabotage, accident, fire, 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.

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5. Customers' responsibility:

Bank will not be responsible for the loss to the customers due to customer's lack of caution in safe-keeping the Cheque book, passbook, cards, PIN, unsecured movement of duly issued cheques or other security information and not following "Do's and Don'ts" issued by the Bank, until the Bank has been notified by the customer.

Customer acts fraudulently and/or acts without reasonable care which has resulted in loss to him/her. Bank will also not be responsible for the losses arising out of misuse of lost PIN, compromise of passwords or confidential information, until the time the Bank has been notified of such loss/compromise and has taken steps to prevent its misuse.

5.1 Submission of Positive Pay details

- Bank has enabled Positive Pay platform to customers for submitting the cheque details at the time of issuance of the cheques for value of Rs.50,000 & above. In case of any fraud, wherein the drawer's signature and cheque leaf are genuine and positive pay details are not submitted by the customer, then Bank is not liable to compensate the customer. In such cases, RBI will not entertain complaints under the Panel for Resolution of Disputes (PRD) mechanism at the CTS Grids. For eg. customer has issued the cheque with different payee name or amount and fraudster has altered these details and there is no lapse from Bank's end at the time of clearing the cheque.
- RBI has allowed member Banks to make Positive Pay details mandatory if cheque value is Rs.5,00,000/- and above (Please refer to the RBI Circular No. RBI/2020-1/41/DPSS.CO.RPPD.No.309/04.07.2005/2020-21 dated September 25th, 2020). However, Bank has decided to implement this clause w.e.f 01.09.2021 post which customer must mandatorily submit Positive Pay details if cheque value is Rs.5,00,000/- & above. In the absence of Positive Pay details for cheque with value Rs.5,00,000/- & above (i.e due to non-submission of details by the customer), the cheque will be returned to the presenting Bank when the cheque is presented through CTS clearing.

6. Disclaimer clause:

Notwithstanding anything contained here above, the Bank shall not pay any compensation in the following cases:-

- Dishonor of at par payment agreement with other banks, due to non-funding and security compliance.
- Delays on account of non-functioning of business due to factors beyond the control of the bank the period covered by such events shall be omitted for calculation of delay etc.
- Where the issues are sub-judice and pending before Courts, Ombudsman, arbitrator, Government and matter put on hold due to stay.

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- Credit Card transactions disputed by customers will be handled as per Chargeback rules laid down by VISA/MasterCard International/Rupay (NPCI). The Bank will provide explanation and, if necessary, documentary evidence to the customer within a maximum period of 120 days.

7. Amendment/Modification of the Policy:

The Bank reserves the right to amend/modify this Policy, as and when deemed fit and proper, at its sole discretion. However, the Bank shall endeavor to review the Policy at annual intervals.

Month of Review: April, 2021