

**Customer Compensation Policy of the Bank****Contents**

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## 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 not only for the financial loss incurred by him/her due to deficiency in the services offered by the Bank but 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, delay in release of movable/immovable property documents, removal of charges registered with any registry for **personal loans**<sup>1</sup> given to individuals which consist of (a) **consumer credit**<sup>2</sup>, (b) education loan, (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and (d) loans given for investment in financial assets (shares, debentures, 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 the entry will be reversed after due verification. Such actions will be taken as and when highlighted by the customer or when self-identified by the bank.
- 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, overdraft facility or credit card 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.

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<sup>1</sup> Please refer to annexure for details regarding Personal loans

<sup>2</sup> Please refer to annexure for details regarding Consumer credit

- 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 the same when pointed out by the customer, or when self-identified, 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 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 honouring 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 / RTGS transaction not credited within 30 minutes from the receipt of credit, 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%. The penal interest payment on NEFT & RTGS transactions is guided by the relevant clause in the Penal interest policy forming a part of the CMS policy on collections and payments.

### **Remittances in India**

Compensation for delay in collection of instruments is as described in the Bank's Cheque Collection Policy, and provides for:

- a) Payment of interest for delayed collection of local and outstation cheques,
- b) Cheques/instruments lost in transit / in clearing process or at paying Bank's branch. 6.2 NECS / ECS / NEFT - For NECS / ECS / NEFT credits, the Bank will pay penal interest at the current RBI Liquidity Adjustment Facility (LAF) Repo Rate plus two per cent from the due date of credit till the date of actual credit for any delayed credit to the beneficiaries' account on account of error, negligence or fraud on the part of any employee of the Bank. Penal interest shall be credited to the beneficiary's account even if no claim is lodged. In the event of delay in return of the funds transfer instruction for any reason whatsoever, the Bank shall refund the amount together with interest at the current RBI LAF Repo Rate plus two per cent till the date of refund.

For a delay in crediting RTGS/NEFT to the beneficiary beyond the timeline as per the procedural/ regulatory guidelines, the Bank shall pay the customer penal interest at the current repo rate plus two percent per day. In case of a delay in the credit with the credit passed on the same day, compensation shall be paid for one day. The penal interest shall be paid to the customer even if no claim is lodged by the customer to that effect.

## **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**

- i. 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
- ii. Further bank would also compensate the customer for any possible loss on account of adverse movement in foreign exchange rate.

### **Compensation for delayed payment / delayed credit of foreign inward remittance**

Authorized Dealers shall pay or send intimation, as the case may be, to the beneficiary in two working days from the date of receipt of credit advice / Nostro statement. On receipt of disposal instruction complying with guidelines, required documents from the beneficiary the Bank shall transfer funds for the credit of beneficiary's account immediately but not exceeding two business days from date of such receipt.

In case of delay, the Bank shall pay the beneficiary interest @ 2 % over its savings bank interest rate. The Bank shall also pay compensation for adverse movement of exchange rate, if any, as per its compensation policy specifying the reference rate and date applicable for calculating such exchange loss.

In case, the beneficiary does not respond within five working days from receipt of credit intimation as above, the Bank shall initiate action to crystallize the remittance

- a. Bank notify due action to the remitting bank and the beneficiary
- b. Bank shall crystallize the remittance within certain period as per their policy, not exceeding the time allow not exceeding the time allowed for surrendering of foreign currency under any Stature or Regulation or RBI Directions

## **2.9 Collection of Instruments within India**

- i. In case of cheques and other instruments sent for collection by the local branches through CTS clearing or to the centres within the country (outstation cheques), the TAT shall be adhered as defined in the cheque collection policy.

- ii. The bank will compensate customers on account of breach of TAT for realization of cheques as mentioned below:

**Local Cheques presented through CTS clearing:** Compensation at savings bank interest rate shall be paid for the corresponding period of delay.

**Outstation Cheques sent to the centres within the country:** As part of the Policy, 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 for delayed collection shall be paid at the following rates.

- i. For a period of delay up to 14 days, savings bank rate of interest and for delay beyond 14 days, applicable term deposit rate of interest will be paid.
- ii. 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.
- iii. In the event the proceeds of cheque under collection were 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.

**Cash Management Services:** For customers availing Cash Management Services (CMS), collection of instruments is carried out as per the terms of the bilateral agreement between the bank and customers. Penalties, if any, will be payable as per the terms of the bilateral agreement.

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

- v. Final resolution will be done within 90 days' basis the type of transactions and the date of request received.

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

### **Aspects of Customer Protection Policy**

Policy outlines the obligations on behalf of bank and customer to ensure the onus of liability arising out of fraudulent transactions. Synopsis of the policy is as under:

#### **Bank must ensure following:**

- Appropriate systems and procedures to ensure safety and security of electronic banking transactions
- Dealing quickly and empathetically with customer grievances
- Mandatorily ask customers to register for SMS & wherever available register for E-mail alerts for electronic banking transactions
- Mandatorily send SMS and wherever available send E-mail alerts for electronic banking transactions
- Advise customers to notify unauthorised electronic banking transactions to Banks instantly upon occurrence
- Facilitate reporting of unauthorised electronic banking transactions through Phone Banking, website (support section) IVR (dedicated helpline) and Branch network
- Ensure immediate acknowledgement of fraud reported by customer
- Take immediate steps on receipt of an unauthorised transaction from customer to prevent further damage
- If the Bank identifies through external intelligence or during the course of its investigations, that the customer is a repeated offender in reporting fraudulent transactions, then it shall not only declare customer's liability, but also terminate the relationship with due notice

#### **Customer must ensure the following:**

- Mandatorily register for SMS & Email alerts at the time of account opening
- Mandatorily notify the Bank about any change of mobile number, email ID & communication address
- Block/hotlist card or account if they suspect any malicious activities or in an event of lost /theft
- Customers at any point should not disclose or share account details, credit card number, PIN, CVV with anyone over mail, calls or any other mode of communication
- Confidentiality of password for internet banking & mobile banking should be ensured at all times.
- Customers to ensure passwords are kept secure and not to be recorded on paper or accessible electronic devices
- Customer should check the transaction message triggered by bank and report any discrepancy immediately
- Customer must submit necessary documentation to the bank as per defined timelines else the case stands closed under customer liability
- Statement of account should be checked regularly and discrepancy if any should be reported to the Bank immediately
- Passbook issued if any should be updated from time to time
- Crossed / account payee cheques should be issued as far as possible

- Blank cheques should not be signed, and customers should not record their specimen signature either on pass book or cheque book
- PIN & passwords should be changed on a regular basis

### Summary of Customer's Liability

Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's liability (₹)										
<input type="checkbox"/> Within 3 working days	Zero Liability										
<input type="checkbox"/> Within 4 to 7 working days	<table border="1"> <thead> <tr> <th colspan="2">All other SB accounts</th> </tr> <tr> <th>Type of Account</th> <th>Maximum Liability ( ₹ )</th> </tr> </thead> <tbody> <tr> <td>BSBD Accounts</td> <td>5,000</td> </tr> <tr> <td>All other SB accounts Prepaid Instruments &amp; Gift Cards/Forex Cards Current/Cash Credit/OD accts. of MSMEs Current Account/Cash Credit/OD accts of individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to Rs.25 lakh Credit Cards with limit up to Rs. 5 lakh</td> <td>10,000</td> </tr> <tr> <td>Current/Cash Credit/OD accounts, Credit Cards with limit above Rs. 5 lacs</td> <td>25000</td> </tr> </tbody> </table>	All other SB accounts		Type of Account	Maximum Liability ( ₹ )	BSBD Accounts	5,000	All other SB accounts Prepaid Instruments & Gift Cards/Forex Cards Current/Cash Credit/OD accts. of MSMEs Current Account/Cash Credit/OD accts of individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to Rs.25 lakh Credit Cards with limit up to Rs. 5 lakh	10,000	Current/Cash Credit/OD accounts, Credit Cards with limit above Rs. 5 lacs	25000
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Current/Cash Credit/OD accounts, Credit Cards with limit above Rs. 5 lacs	25000										
<input type="checkbox"/> Beyond 7 working days	Full Liability However, customer to be compensated up to a limit of Rs.5000/- or the transaction value, whichever is lower, only once in the lifetime of the account as per Bank's Board approved compensation policy										

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

### 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 honour 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 make available at its loan center for collection by borrower/legal heir/ authorised representative, all the securities / documents / title deeds of the mortgaged property, (subject to all linked loans are closed) within 30 days of repayment of all dues agreed to or contracted, including principal amount, interest, EMI, costs, service charges and all other amounts due and remove charges or facilitate removal of charges registered with any registry . This is subject to there being no outstanding under any other loan / overdraft / other financial facility availed by the borrower from the Bank.

For delay on the part of the Bank in return of securities / documents / title deeds to mortgaged property and removal of charges or facilitate removal of charges (Issuance of No objection certificate) registered with any registry beyond 30 days of repayment of all dues contracted, for loans given to individuals which consist of (a) **consumer credit**<sup>3</sup>, (b) education loan, (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and (d) loans given for investment in financial assets (shares, debentures, etc.), the Bank will be liable to pay compensation of Rs.5000 for each day of delay. Said compensation is applicable to **Personal loans**<sup>4</sup> closed w.e.f 1<sup>st</sup> Dec 2023

In case of incident(s) of settlement / write-off or any other pending legal/ recovery proceedings associated with defaulted borrower(s), property document(s) will be returned within 30 days of date of receipt of document(s) from the relevant court / regulatory / statutory authorities by the Bank. In case of balance transfer / takeover of the loan by another lender, Bank will release the original property/ title document(s) to such lender within 30 days from the date of receipt of fund for full and final settlement of the outstanding dues in the loan account.

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
- iii. In case of loss/damage to original movable / immovable property documents, either in part or in full, the Bank shall assist the borrower in obtaining duplicate/certified copies of the movable / immovable property documents and shall bear the associated costs, in addition to paying

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<sup>3</sup> please refer the annexure below for details regarding consumer credit

<sup>4</sup> please refer the annexure below for details regarding personal loans

compensation of Rs 5000 for each day of delay. However, in such cases, an additional time of 30 days will be available to the Bank to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days). The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

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 e.g. If any Borrower(s)/ Guarantor(s) is not available or could not collect documents even after Bank making the requisite documents available at his preferred loan center within 30 days of full settlement/repayment of his loan account or did not get charges removed after receiving no objection certificate from Bank within 30 days of full repayment/collections or does not have required Identity Proof to prove that he/she is the same person.
- iii. If the Borrower(s)/ Guarantor(s) have changed their residential/ mailing address/ phone numbers/ email ids and have not intimated the Bank and the Bank is not able to contact them for collection of original title of documents and Bank is not able to deliver no dues certificate/no objection certificate via e –mail and/or letter (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 timeframe, 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.

### **Cash Withdrawal through ATM**

On receipt of a customer complaint for erroneous debit to his / her Bank Account / Credit Card due to failed cash withdrawal through ATM, the Bank will investigate the matter and endeavour to communicate the outcome to the customer within T+ 5 Calendar days from the date of receipt of complaint. Where it is established that the customer was erroneously debited, the Bank will reimburse the customer, the amount erroneously debited, within T + 5 Calendar days from the date of receipt of the customer complaint. For delay beyond T + 5 Calendar days in crediting back the customer's account, the Bank shall pay compensation of Rs.100/-, per day, to the customer. This compensation shall be credited to the customer's account without any claim from the customer, on the day the Bank affords the credit for the failed ATM transactions

### **2.16 Delay in crediting failed IMPS/ UPI transactions**

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 timeframe, the beneficiary bank shall pay compensation of INR 100/- per day beyond the said timeframe.

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 timeframe, the beneficiary bank shall pay compensation of INR 100/- per day beyond the said timeframe.

### **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.

### **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 Compensation for unsolicited issuance/upgradation of Credit Cards**

The bank does not issue or upgrade any credit card or offer any associated credit facility without the explicit consent from the customer/applicant. The consent is obtained in writing or through appropriate digital modes after due authentication of the applicant/customer.

Where it is established that an unsolicited card is issued/existing card upgraded and activated without the explicit consent of the customer and the latter is billed for the same, the Bank shall not only reverse the charges forthwith, but also pay a penalty without demur to the recipient amounting to twice the value of the charges reversed. Further, where it is established that an unsolicited credit facility is extended without the written/explicit consent of the customer, and the latter objects to the same, the Bank shall not only withdraw the facility, but also be liable to pay such penalty as may be considered appropriate by the Banking Ombudsman, if approached. In instances where unsolicited/applied-for cards have been misused before reaching the persons in whose names these have been issued, any loss arising out of misuse of such unsolicited cards shall be the responsibility of the Bank only and the person in whose name the card has been issued shall not be held responsible for the same.

### **2.24 Compensation payable in the event of delays in Closure of Credit Card:**

Any request for closure of a credit card shall be honoured within seven working days by the Bank, subject to payment of all dues by the customer. Failure on the part of the Bank to complete the process of closure within seven working days shall result in a penalty of ₹500 per day of delay payable to the customer, till the closure of the account, provided there is no outstanding in the account.

### **2.25 Mis-selling of 3<sup>rd</sup> 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

### **Wealth Management Products**

Bank is a corporate Agent and distributor of Insurance and Mutual Fund products respectively. For any deficiencies in services, the Bank will assist customers to raise their grievances with the tie-up partners. For any allegations related to deficiencies in services of the Bank as raised by customer, the issue will be examined and investigated internally by the Bank and if the lapse on the part of the Bank is confirmed (mis-selling) customer will be compensated as per the provisions of this policy

## **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 or in case where compensation amounts being specifically stated by the regulator.

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.

#### **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. Or customer not being able to collect movable/immovable property documents after Bank making them available at the preferred loan center within 30 days post full repayment/settlement and closure of loan account.

Wherever Bank has facilitated removal of charges /hypothecation by issuing no dues certificate and customer has not got the charges/hypothecation released with registrar, Bank will not be responsible.

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

- The RBI regulation vide circular bearing reference RBI/ 2020-21/ 41/ DPSS.CO.RPPD.No.309/ 04.07.005/ 2020-21 dated September 25, 2020 states “ that the PPS facility shall be enabled for all account holders issuing cheques for amounts of INR 50,000 and above. While availing of this facility is at the discretion of the account holder, banks may consider making it mandatory in case of cheques for amounts of INR 500,000 and above. In line with the regulation, sharing the cheque details through PPS for cheques amounting to INR 500,000 and above has been made mandatory by our Bank w.e.f. 01st September 2021. In the absence of Positive Pay details for cheque with value INR 500,000 & 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.
- Bank has enabled Positive Pay platform to customers for submitting the cheque details at the time of issuance of the cheques. In case of any fraud, wherein the drawer’s signature and cheque leaf are genuine, and the customer does not submit positive pay details, 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. For e.g., 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.

### 6. Government Investment Products, Pension Scheme (APY and NPS) and Pension

As per the guidelines from PFRDA vide Circular No. **PFRDA/02/05/104/0001/2017-Rns-POPs** dated **15<sup>th</sup> September’ 2017**, all POPs need to adhere to the timelines for processing of Customer requests. The request may be New Account opening / Subsequent Contribution / Shifting PRAN request / exit request / any other kind of customer request. The list of Service Requests with the timelines are defined in the attached Schedule along with the compensation to be paid in case of delay.

In case of delays, the POP is liable to pay a compensation to the customer at the defined rate and credit the same to the Customers PRAN.

To meet the regulatory process, the following framework towards payment of compensation to customers is put in place:

- I. In case it is identified that the Branch has delayed sending the request to the CRS, Branch will immediately be informed, and confirmation taken from branch on accountability to pay compensation to the customer.
- II. In case bank delays the processing of the request, the accountability to pay compensation to the customer lies with bank.

The data of such delays will be published to Senior Management on a periodic basis and the same will be presented to the CSCB.

As per the guidelines from Central Pension Accounting office vide Circular **RBI/2021-22/08 DGBA.GBD. No. S-1/31.02.007/2021-22** dated **17<sup>th</sup> May 2021**, all Agency Banks need to adhere to the timelines for processing of Pension disbursement.

In case of delays, the Pension paying banks should compensate the pensioner for delay in crediting pension/ arrears thereof at a fixed interest rate of 8 per cent per annum for the delay after the due date of payment and the compensation shall be credited to the pensioner's account automatically without any claim from the pensioner on the same day when the bank affords credit for revised pension/ pension arrears, in respect of all delayed pension payments made since October 1, 2008.

With respect to the above, a framework for Compensation for Pensioners Customers is put in place:

- I. In case it is identified that the Branch has delayed sending the request to CRS, Branch will immediately be informed, and confirmation taken from branch on accountability to pay compensation to the Pensioners.
- II. In case bank delays the processing of the request, the accountability to pay Compensation to the Customer lies with bank. Product will have an oversight on the same.

The compensation will be calculated at the rate specified in the Central Pension Accounting office vide Circular RBI/2021-22/08 DGBA.GBD. No. S-1/31.02.007/2021-22. It is calculated at a fixed interest rate of 8 per cent per annum for the delay after the due date of payment and the compensation shall be credited to the pensioner's account.

#### **7. Disclaimer clause**

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

- I. Dishonour of at par payment agreement with other banks, due to non- funding and security compliance.
- II. 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.
- III. Where the issues are sub-judice and pending before Courts, Ombudsman, arbitrator, Government and matter put on hold due to stay.
- IV. 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.

#### **8. 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 endeavour to review the Policy at annual intervals

## Annexure 1.1

### Harmonization of TAT

RBI Circular on Harmonization of Turn Around Time(TAT) and Customer compensation for failed transactions using authorized Payment Systems provides the timelines for resolution of failed transactions where the Account or Credit Card has been debited/charged along with the penalty to be paid in case of delays. This covers transactions on ATMs, Card to Card transfers, Point of sale and Payment Gateway transactions, IMPS, UPI and NACH related transactions. The Bank is in adherence to the circular and the compensation policy is being appended to be in line with the timelines and penalties as mentioned in the table below

Harmonization of Turn Around Time (TAT) and customer compensation for failed transactions using authorized Payment Systems

Sl. no.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
I	II	III	IV
<b>1</b>	<b>Automated Teller Machines (ATMs) including Micro-ATMs</b>		
A	Customer's account debited but cash not dispensed.	Pro-active reversal (R) of failed transaction within a maximum of T + 5 days.	₹ 100/- per day of delay beyond T + 5 days, to the credit of the account holder.
<b>2</b>	<b>Immediate Payment System (IMPS)</b>		
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.	₹100/- per day if delay is beyond T + 1 day.
<b>3</b>	<b>Unified Payments Interface (UPI)</b>		
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.	₹100/- per day if delay is beyond T + 1 day.
B	Account debited but transaction confirmation not received at	Auto-reversal within T + 5 days.	₹100/- per day if delay is beyond T + 5 days.

	merchant location (payment to merchant).		
B	Account debited but beneficiary account not credited.		
<b>4 Aadhaar Payment Bridge System (APBS)</b>			
A	Delay in crediting beneficiary's account.	Beneficiary bank to reverse the transaction within T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
<b>5 National Automated Clearing House (NACH)</b>			
A	Delay in crediting beneficiary's account or reversal of amount.	Beneficiary bank to reverse the uncredited transaction within T + 1 day.	₹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.	

### Annexure 1.2

Consumer credit (as defined as per RBI circular on XBRL Returns – Harmonization of Banking Statistics) refers to the loans given to individuals, which consists of (a) loans for consumer durables, (b) credit card receivables, (c) auto loans (other than loans for commercial use), (d) personal loans secured by gold, gold jewellery, immovable property, fixed deposits (including FCNR(B)), shares and bonds, etc., (other than for business / commercial purposes), (e) personal loans to professionals (excluding loans for business purposes), and (f) loans given for other consumptions purposes (e.g., social ceremonies, etc.). However, it excludes (a) education loans, (b) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), (c) loans given for investment in financial assets (shares, debentures, etc.), and (d) consumption loans given to farmers under KCC.

Personal loans (as defined as per RBI circular on XBRL Returns – Harmonization of Banking Statistics) refers to loans given to individuals and consist of (a) consumer credit, (b) education loan, (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and (d) loans given for investment in financial assets (shares, debentures, etc.).

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**Last Reviewed – May 2024**