



COMPENSATION FOR DELAYED PAYMENTS, COMPLIANT AND GREIVENCE HANDLING POLICY

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1. COMPENSATION FOR DELAYED PAYMENTS, COMPLIANT AND GREIVENCE HANDINGLING POLICY

Technological progress in payment and settlement systems and the qualitative changes in operational systems and processes 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 system users. The bank will endeavour to offer services to its customers with the best possible utilization of its technology infrastructure. Withdrawal of the Reserve Bank of India instructions to banks on a time frame for collection of outstation cheques, payment of interest on a delayed collection of outstation cheques/instruments, with effect from 1st November 2004, had offered the bank further opportunities to increase its efficiency for better performance. This Compensation Policy of the Bank is, therefore, designed to cover areas relating to unauthorized debiting of accounts, payment of interest to customers for delay in collection of cheques/instruments, payment of cheques after acknowledgement of stop payment instructions, remittances within India, foreign exchange services, lending, etc. The policy is based on principles of transparency and fairness in the treatment of customers. The objective of this policy section is to 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. By ensuring 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. It is reiterated that the policy covers only compensation for financial losses which customers might incur 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 will have in defending its position before any forum duly constituted to adjudicate banker-customer disputes. Includes to cover RBI directive as regards to Uniformity in penal interest payable by banks for delays in credit / return of NEFT / NECS / ECS transactions RBI/2010-11/188 DPSS (CO) EPPD No. 477/ 04.03.01 / 2010-11

And Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorised Payment Systems RBI/2019-20/67 DPSS.CO.PD No.629/02.01.014/2019-20

The Bank has put in place a Cheque Collection Policy with a view to providing efficient and effective instrument collection facilities to its constituents in a timely manner. However, there may be instances when, due to internal or external factors, there could be delay in realizing these instruments which may result in possible financial losses to the customers. Besides, there could also be instances, where despite the best intentions,

erroneous debits are made to the constituent accounts which results, directly or indirectly, in some financial loss to the customer. The purpose of this policy is to provide a guideline for handling such customer grievances in a transparent and efficient manner, so that the customers financial losses, if any, are adequately compensated in a timely manner and protect the Bank from Reputational and Operational Risks.

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1.1 Unauthorized / Erroneous Debit

- a) If the bank has raised an unauthorized / erroneous direct debit to an account, the entry will be reversed immediately on being informed of the erroneous debit, after verifying the position. In the event the unauthorized / 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 will compensate the customer for such loss. 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 after taking into consideration all relevant factors.
- b) In case verification of the entry reported to be erroneous by the customer does not involve a third party, the bank shall arrange to complete the process of verification within 7 working days from the date of reporting of erroneous debit. 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 erroneous transaction by the customer.
- c) Unauthorized Erroneous transaction reported by customers in respect of Debit card operations, which require reference to a merchant establishment will be handled as per rules laid down by card association.

1.2 Unauthorized Electronic Transactions Reported by Customers

As per the circular no. DBR.No. Leg.BC.78/09.07.005/2017-18 dated July 6, 2017, issued by the Reserve Bank of India, all Banks are required to formulate a Board Approved Customer Protection Policy (please refer the section 18) for unauthorized electronic Banking transactions reported by customers.

The policy is inter alia, required to cover in detail, the liability of customers in different scenarios depending on whether compromise was at the Bank's end, customer's end or elsewhere in the system.

1.3 ATM Failure

A failed ATM transaction generally refers to one of the following or other similar events:

- a) Account of the customer is debited with the amount of intended withdrawal, but no cash is dispensed by the ATM.
 - i. **Doha bank customer on Doha bank ATM** - If the customer does not receive cash and customer A/C is debited, then Doha bank needs to forward this dispute to the Service Providers reconciliation team, and their reconciliation team will check and confirm the status of the transaction as per Electronic Journal and switch and confirm the status of the transaction. Accordingly, bank will accept or reject the dispute to the customer.
 - ii. **Doha bank customer on Other Bank ATM:** - If the customer does not receive cash and customer A/C is debited, then bank needs to raise chargeback in Rupay or VISA dispute management Application. After that the acquirer bank will check and revert on the dispute status (Accepted or rejected) within 7 days to the customer.
 - iii. **Other bank Customer on Doha ATM** - If the customer does not receive cash and customer A/C is debited, then Doha bank needs to forward this dispute to Service Providers reconciliation team, and the Service Provider reconciliation team will check and confirm the status of the transaction as per Electronic Journal and switch and confirm the status of the transaction. Accordingly, bank should accept or reject the dispute.
- b) Account of the customer is debited with the amount of intended withdrawal, but the entire amount of transaction is not dispensed by the ATM. For example, the account is debited with Rs. 10,000 but only Rs. 1,000 is dispensed by the ATM.

These cases are partial dispense cases; similar procedure needs to be followed as per point number (i).

- i. Account of the customer is debited with the amount of intended withdrawal, but the customer leaves the ATM before collecting cash and the cash is either retracted by the ATM or is collected by another person after the customer has left the ATM.
- ii. As per RBI guidelines if customer forget/failed to collect cash. It is the customer's responsibility to collect cash, but the Bank can raise chargeback for the customer to check with Acquirer bank
- iii. The customer makes a withdrawal (say Rs. 5,000) and his/her account gets debited with double the amount (say Rs. 10,000).
- iv. If there is double debit for the same transaction, then one entry needs to be reversed back to customer A/C i.e. say customer did withdrawal for Rs. 5,000/- and customer A/C is debited twice for Rs. 5,000/-.
- v. Normally, if customer withdraws Rs. 5,000/- and his A/C is debited by Rs.10,000/- then the Bank need to check the Electronic Journal and switch report and then accordingly Bank should credit it Back to the customer.

1.4 Reversal of Erroneous Debits Arising on Fraudulent or Other Transactions

- a) In case of any fraud, if the branch is convinced, based on the customers statement of accounts maintained by the Bank, that an irregularity / fraud has been committed by its staff towards any constituent, branch should acknowledge its liability and pay the just claim. The compensation for such financial losses will be restricted to reimbursement of actual expenses incurred by the customer e.g., penalty/interest paid by the customer to regularize the schedule which got disturbed on account of delay in carrying out or failure to the instruction.
- b) In cases where the branch is at fault, they may compensate the customer without demur.
- c) In cases where neither the branch nor the customer is at fault, but the fault lies elsewhere in the system, branches may compensate the customers to the extent of 50% of the amount involved with a maximum of Rs.10,000, which can be authorized by the Country Manager based on his delegated authority.

1.5 ECS Direct Debits / Other Debits to Accounts

The bank will undertake to carry out direct debit / ECS debit instructions of customers in time, as mentioned by the customer. 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 customer's account with any applicable service charge as per the schedule of charges notified by the bank. In the event the bank levies any charge in violation of the arrangement, the bank will reverse the charges when pointed out by the

customer subject to scrutiny of agreed terms and conditions. Any consequential financial loss to the customer will also be compensated.

Where it is established that the bank had issued and activated a Debit card without 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.

1.6 Payment of Cheques after Stop Payment Instructions

In case a cheque has been paid after stop payment instruction is acknowledged by the bank in writing, the bank shall reverse the transaction and give value-dated credit to protect the interest of the customer. Any consequential financial loss to the customer will be compensated as provided. Such debits will be reversed within maximum 2 working days of the customer intimating the transaction to the bank.

1.7 Foreign Exchange Services

The Bank would not compensate the customer for delays in collection of cheques designated in foreign currencies sent to foreign countries as the bank would not be able to ensure timely credit from overseas banks.

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.

However, the bank will compensate the customer for undue delays in affording credit once proceeds are credited to the Nostro Account of the bank with its correspondent. Such compensation will be given for delays beyond the cooling period (refer table below) from the date of credit to Nostro Account. The compensation in such cases will be worked out as follows:

Cooling Period

Country/Currency	No. of working days
USA/USD	20 days
Qatar / Riyal	10 days
Europe / EUR	10 days
UK / GBP	10 days
Others	20 days

Interest for the delay in crediting proceeds of cheques is as indicated in section below.

Compensation for any possible loss on account of adverse movement in foreign exchange rate calculated by considering the difference between the current exchange rate and the exchange rate that prevailed on the day the credit should have been accorded to the account, which shall be authorized by the Country Manager, if the amount is within his delegated powers, else the same shall be referred to HO for approval.

Interest for delay in crediting inward remittance proceeds will be as per FEDAI Rule 4.5. Bank shall pay or send intimation (convert and remit for amounts up to USD 10,000 and intimate for amounts above USD 10,000 or its equivalent) to the beneficiary in 2 working days from the date of receipt of credit advice / Nostro statement.

1.8 Collections in India

The compensation on account of delays in collection of instruments would be as indicated in para below.

1.8.1 Payment of Interest for delayed Collection of Local and Outstation Cheques

As part of the compensation policy of the bank, 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 mentioned above. 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.

In case Interest for delayed collection of local cheques, compensation will be paid at Savings Bank interest rate for the corresponding period of delay. In respect of our Outstation cheques, compensation shall be paid at the following rates:

- a) Savings Bank rate for the period of delay beyond 7/10/14 days in collection of outstation cheques.
- b) Where the delay is beyond 14 days interest will be paid at the rate applicable to for term deposit for the respective period.
- c) 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.
- d) 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.

It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India.

The bank's compensation policy for financial loss suffered by the customers due to loss of instrument after it has been handed over to the bank for collection by the customer would also be as indicated in our collection policy.

1.8.2 Cheques / Instruments Lost in Transit / in Clearing Process or at Paying Bank's Branch

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, the bank shall immediately on coming to know of the loss, bring the same to the notice of the accountholder so that the accountholder can inform the drawer to record stop payment and also take care that cheques, if any, issued by him / her are not dishonored due to non- credit of the amount of the lost cheques / instruments. The bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

In line with the compensation policy of the bank the bank will compensate the accountholder in respect of instruments lost in transit in the following way:

- a) 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 above.
- b) 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 duplicate cheque/instrument and collection thereof.
- c) The bank would also compensate the customer for any reasonable charges he / she incurs in getting 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.

1.8.3 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, bank shall take appropriate steps to investigate and to handle the complaint and to compensate the customer for financial losses, if any. Such compensation will be restricted to reimbursement of actual expenses.

1.8.4 Force Majeure

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

1.8.5 Reporting and Escalation

The Branch shall report all such events as described in the preceding sections of this policy to the Operational Risk Management Department monthly. A proper register should be maintained at the Branch covering the following details:

- Name of the Customer.
- Account No
- Instrument No
- Date
- Bank and Branch on which the instrument was drawn.
- Amount of the instrument.
- Reasons for the delay.
- Compensation Paid to the customer.
- Remarks which shall include brief particulars about the claim, if any made by the customer, efforts undertaken to resolve the issue without monetary loss to the Bank and the outcome.

The report to be sent monthly, should include the above details and steps put in to avoid recurrence as well as the action, if any, recommended, in the event the resultant loss was due to any negligence on the part of the staff.

1.8.6 Compensation for Loss of Instrument in Transit

The bank's Compensation Policy for financial loss suffered by the customers due to loss of instrument after it has been handed over to the bank for collection by the customer would also be as indicated in Collection Policy.

Cheques / Instruments lost in transit / in clearing process or at paying bank's branch:

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, the bank shall immediately on coming to know of the loss, bring the same to the notice of the accountholder so that the accountholder 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 the lost cheques / instruments. The bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque. In line with the compensation policy of the bank the bank will compensate the accountholder in respect of instruments lost in transit in the following way:

- a) 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 above.
- b) 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 duplicate cheque/instrument and collection thereof.
- c) The bank would also compensate the customer for any reasonable charges he/she incurs in getting 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.

1.8.7 Issue of Duplicate Draft and Compensation for Delays

Duplicate draft will be issued within a fortnight from the receipt of such request from the purchaser along with submission of documents as prescribed by the banks. 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.

1.8.8 Transaction of “At Par Instruments” Of Co-Operative Banks by Commercial Banks *

The RBI has expressed concern over the lack of transparency in the arrangement for payment of “at par” instruments of co-operative banks by commercial banks resulting in dishonour of such instruments when the remitter has already paid for the instruments. In this connection it is clarified that the bank will not honour cheques drawn on current accounts maintained by other banks with it unless arrangements are made for funding cheques issued. Issuing bank should be responsible to compensate the cheque holder for non-payment/delayed payment of cheques in the absence of adequate funding arrangement.

1.8.9 Lenders Liability; Commitments to Borrowers

The bank has adopted the principles of lenders of 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 the borrowers all the securities/documents/title deeds to mortgaged property within 15 days of repayment of all dues agreed to or contracted. The bank will compensate the borrower for monetary loss suffered, if any due to delay in return of the same. In the event of loss of title deeds to mortgage property at the hands of the banks the compensation will cover out of pocket expenses for obtaining duplicate documents plus a lumpsum amount as decided by the bank.

1.8.10 Wealth Management Products

Bank is a corporate Agent and distributor of Insurance and Mutual Fund products respectively. For any deficiencies in services bank will assist customers to raise their grievances with the tie-up partners.

For any deficiencies in services at bank level raised by customer, the issue will be examined 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.