

SHRI RAJKOT DISTRICT CO-OPERATIVE BANK LTD.

CUSTOMER COMPENSATION POLICY

1. Bank shall exercise adequate care in providing desired level of service to its customers. However, Bank has devised the following Customer Compensation Policy in case of any deficiency of service.
2. This Compensation Policy of the Bank is designed to cover all the incidences where the Bank is liable to make good any financial loss suffered by the customer including instances related 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, lending, etc. The policy is based on principles of transparency and fairness in the treatment of customers.
3. The objective of this policy 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, the Bank expects a significantly low number of instances when the customer has to approach Banking Ombudsman or any other forum for redress.
4. 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 shall have in defending its position before any forum duly constituted to adjudicate banker-customer disputes.
5. For an Unauthorized / Erroneous Debit:
 - 5.1. If there is an unauthorized/erroneous direct debit to an account, the entry shall be reversed at the earliest on being informed of the erroneous debit, after verifying the position and obtaining due approval of the competent authority. In the event of the unauthorized/ erroneous debit resulting 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, the Bank shall compensate the customer for such loss.
 - 5.2. 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 shall compensate the customer to the extent of such financial losses.
 - 5.3. The Bank shall compensate the financial loss, supported with documentary evidence, to the extent of actual amount that the customer 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 or its employees. A few instances of such cases of unauthorized debits and/ or erroneous debit or credit entries and their possible impacts on the interest of the customers are enumerated below:

- 5.3.1. Due to erroneous debit in savings account, payment of telephone/ electricity bill, school fees, etc. may get delayed and payment after due date may result in deprivation of rebate/ discount/ commission and/ or imposition of fine/ penalty etc. In such cases, the Bank shall compensate the actual amount of rebate/ discount/ commission/fines/penalty etc., as the case may be.
 - 5.3.2. Due to wrong debit in a Savings account the balance in the same may be less by that sum for the purpose of calculation of interest. To compensate the loss, the amount wrongly debited shall be credited with value-dated effect.
 - 5.3.3. Consequent upon unauthorized/ erroneous debit, due to fall in minimum balance in the account resulting in levying of service charges, if any, shall be refunded to the customer.
 - 5.3.4. Where amount deposited towards repayment/ installments in a loan account is not credited, additional interest is accrued on account of that amount. In such cases, the amount of excess interest so charged shall be refunded in the loan account as compensation.
 - 5.3.5. In case of a running borrowal account, if an amount deposited by the customer is not credited in that account by mistake of the Bank, additional interest pertaining to that amount accrues in the account. On detection of such error, the amount shall be immediately credited in the account with value dated effect.
 - 5.3.6. In case of borrowal accounts, the cheque deposited by the customer for collection through local clearing if not sent by the branch for reason whatsoever, additional interest accrued in the account arising out of non-credit of the amount of the cheque shall be compensated by crediting the amount with value dated effect.
6. Time limit for verification of the entry reported to be erroneous by the customer:
- 6.1. In case of 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 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 time period of 30 days from the date of reporting of erroneous transaction by the customer to be defined by circular instructions from time to time.
7. Erroneous Debits arising on account of fraudulent or other transactions
- 7.1. In case of any fraud, if the Bank is convinced that an irregularity / fraud has been committed by its employees towards any customer, the Bank shall at once acknowledge its liability and pay the just claim. However, such claims for restitution shall be disposed
of as per the powers delegated to authorities at various levels by the Bank via circularized instructions from time to time.
 - 7.2. In cases where the Bank is at fault, the customer shall be compensated without demur in accordance with this policy.

8. ECS/direct debits/other debits to accounts:

8.1. Bank, in the event of failure to meet the ECS/ direct debit instructions of the Customer in time, shall compensate to the extent of any financial loss that the customer would incur on account of delay in carrying out the instruction/failure to carry out the instructions. The Bank shall refund the amount of service charges debited in the customer's account in excess/ in violation of schedule of service charges when pointed out by the customer after proper scrutiny. The Bank shall also compensate the consequential financial loss, if any, to the customer for debit of excess service charges after proper verification/ scrutiny of agreed terms and conditions.

9. Payment of Cheques after Stop Payment Instructions:

9.1. In case a cheque has been paid after stop payment instruction is acknowledged by the Bank, the amount of the cheque shall be credited by the Bank along with value-dated effect within 14 days from the date of the customer intimating the transaction to the Bank. The Bank shall compensate the financial loss, to the extent of actual amount that the customer might incur, after ascertaining and being satisfied about the amount of such loss.

10. Remittances in India:

10.1. Payment of Interest for delayed Collection of Outstation Cheques:

10.1.1. The Bank shall pay interest at the prevailing savings bank deposit rate (rate applicable for Saving deposit) to the customer on the amount of collection instruments in case there is delay in giving credit beyond the reasonable time period. 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 the event the proceeds of cheque under collection are credited to an overdraft/loan account of the customer, interest shall be paid at the rate applicable to the respective loan account. Payment of interest as stated above shall be applicable only for instruments sent for collection within India.

10.2. Compensation for financial loss suffered by the customers due to loss of instrument after it has been handed over to the bank for collection:

10.2.1. In case 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 about the loss, bring the same to the notice of the accountholder so that the accountholder can inform the drawer to record stop payment and can also ensure that other cheques issued by him / her are not dishonored due to non-credit of the amount of the lost cheque/instruments. The Bank shall provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

Issue of Duplicate Draft and Compensation for delays:

10.2.2. Duplicate draft shall be issued on request within a defined time period from the receipt of such request from the purchaser thereof. For delay beyond the above stipulated period, interest at the rate applicable for saving Deposit of Corresponding period shall be paid as compensation to the customer for such delay. However, customer has to issue indemnity letter to the bank as prescribed.

10.3. Violation of the Code by Bank's employees and agents:

10.3.1. In the event of receipt of any complaint from the customer that the Bank's employee / representative / courier has engaged in any improper conduct or acted in violation of the Code of Bank's commitment to Customers, the Bank shall compensate to the customer, on merit of the individual cases, the financial losses for the act of such employee / representative / courier after proper investigation.

10.4. Transaction of "at par instruments" of Co-operative Banks by Commercial Banks:

10.4.1. In case of arrangement for payment of "at par" instruments of co-operative banks, the Bank shall not honour cheques drawn on current accounts maintained by other banks with it unless arrangements are made for funding cheques issued. Issuing bank shall be responsible to compensate the cheque holder for non- payment/delayed payment of cheques in the absence of adequate funding arrangement.

10.5. Lenders' Liability:

10.5.1. Commitments to Borrowers: The Bank shall adopt the principles of lenders of liability. In terms of the guidelines for lenders liability and the Code of Bank's Commitment to customers, the Bank shall return to the borrowers all the securities / documents / title deeds to mortgaged property within 30 working days of repayment of all dues agreed to or contracted. The Bank shall compensate the borrower for monetary loss suffered, if any, due to delay in return of the same, at the rate of Rs. 100 per week, subject to maximum Rs. 1000.00 (Rupees One thousand only)

11. 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, lockout, strike 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.

12. ATM Failure:

12.1. The Bank shall refund the customer the amount wrongfully debited on account of failed ATM transactions within a maximum period specified by RBI from time to time from the day of receipt of the complaint. For any failure to re-credit the customer's account within that time period, the Bank shall pay compensation to the aggrieved customer as mandated by RBI from time to time. Any customer is entitled to receive such compensation for delay, only if a claim is lodged with the issuing bank within a specified period mandated by RBI from time to time. As per the present extant guidelines of RBI Circular dated 20/09/2019, the specified period is mentioned as T + 5 days from date of complaint.

13. Other areas of deficiencies in services:

- 13.1. Where loan has been allowed against Bank's own Fixed Deposit Receipt and the branch, after maturity of the FD do not adjust the loan account thereby interest is charged on the loan outstanding, excess interest charged thereof in the loan account shall be refunded to the customer.
- 13.2. Where the Bank after adjustment of the loan account do not remit/credit the remaining amount of FD to the customer's account but keeps balance in sundry creditor's account, the Bank shall compensate to the customer the interest as payable for the amount kept in the sundry creditor's account at savings bank interest rate, if and only if the customer has not been duly informed.
14. However, adoption of the compensation policy shall not absolve accountability of the concerned employee responsible for the lapses/ deficiencies leading to financial loss to the Bank.
15. While considering the compensation on account of the above items, bank will ensure that under no circumstances the compensation amount to be paid out to a specific customer does not exceed the actual amount of nominal financial loss subject to relevant RBI guidelines and awards/directions given by any court of law / statutory bodies. However, the actual compensation may be decided on case to case basis by the competent authority.

RBI/2019-20/67 DPSS.CO.PD No. 629/02.01.014/2019-20, September 20, 2019
(Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorised Payment Systems. Bank has to follow timeline for the respective services used)

Sl. no.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
I	II	III	IV
1	Automated Teller Machines (ATMs) including Micro-ATMs		
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.
2	Card Transaction		
a	<u>Card to card transfer</u> Card account debited but the beneficiary card account not credited.	Transaction to be reversed (R) latest within T + 1 day, if credit is not effected to the beneficiary account.	₹ 100/- per day of delay beyond T + 1 day.
b	<u>Point of Sale (PoS) (Card Present) including Cash at PoS</u> Account debited but confirmation not received at merchant location i.e., charge-slip not generated.	Auto-reversal within T + 5 days.	₹ 100/- per day of delay beyond T + 5 days.
c	<u>Card Not Present (CNP) (e-commerce)</u> Account debited but confirmation not received at merchant's system.		
3	Immediate Payment System (IMPS)		
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.

4	Unified Payments Interface (UPI)		
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 merchant location (payment to merchant).	Auto-reversal within T + 5 days.	₹100/- per day if delay is beyond T + 5 days.
Sl. no.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
I	II	III	IV
5	Aadhaar Enabled Payment System (including Aadhaar Pay)		
a	Account debited but transaction confirmation not received at merchant location.	Acquirer to initiate "Credit Adjustment" within T + 5 days.	₹100/- per day if delay is beyond T + 5 days.
b	Account debited but beneficiary account not credited.		
6	Aadhaar Payment Bridge System (APBS)		
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.
7	National Automated Clearing House (NACH)		
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.	
8	Prepaid Payment Instruments (PPIs) – Cards / Wallets		
a	<u>Off-Us transaction</u> 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.		
b	<u>On-Us transaction</u> Beneficiary's PPI not credited. PPI debited but transaction confirmation not received at merchant location.	Reversal effected in Remitter's account within T + 1 day.	₹100/- per day if delay is beyond T + 1 day.