

**Annexure 17: Compensation Policy**

The objective of this policy is to establish a mechanism whereby the Bank may compensate for any direct financial loss, 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. This Compensation Policy of the Bank is therefore, designed to cover areas relating to unauthorized debit 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. The policy is based on principles of transparency and fairness in the treatment of customers.

The policy covers only compensation for direct reasonable financial losses, which can be measured, which customers might incur due to deficiency in the services offered by the Bank. The policy explicitly excludes any indirect or consequential financial, reputational or other losses like lost business opportunities etc. The provisions of this policy are without prejudice to any right(s) the Bank will have in defending its position before any forum duly constituted to adjudicate banker customer disputes or any court of law.

**1. Unauthorized / Erroneous Debit**

If the Bank has raised an unauthorized /erroneous direct debit to an account, the entry will be reversed on being informed of the erroneous debit after verifying the transaction. In the event the unauthorized /erroneous debit has resulted in a direct financial loss to the customer caused by the Bank by way of penalty for non -maintenance of minimum balance requirements or 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.

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 verification within a maximum period of 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.

Debits in the account in respect of failed transactions attempted /carried out a ATMs of our Bank /other Banks/networks with whom the Bank has entered into an arrangement will be reversed as per the terms of the said arrangement or 7 working days, whichever is earlier. For delay beyond 7 working days, the Bank will compensate the customer with Rs. 100/- per day and such compensation will be credited to the customer's account on the same day when Bank affords credit for the failed ATM transaction.

**2.Reversal of Erroneous Debits arising on Fraudulent or Other transactions**

- In case of any fraud, if the Bank is convinced that an irregularity /fraud has been committed by its staff towards any customer, branch should at once acknowledge its liability and pay the just claim.
- In cases where the Bank is at fault, they may compensate the customer without demur.
- In case where neither the Bank nor the customer is at fault, but the fault lies elsewhere in the system, Bank would compensate the customers for any direct financial loss described in para 1 above, subject to a maximum amount not exceeding Rs. 3,500/-.

**3.NACH debits/ECS direct debits /other debits to accounts**

The Bank will undertake to carry out standing instructions for ECS debit /NACH debit and other debits to accounts of customers. In the event the Bank fails to meet such commitments, customer will be compensated to the extent of any direct reasonable financial loss on account of penalties and interest payable on delayed payments the customer would incur on account of delay /failure on part of the Bank in carrying out the instructions(s) subject to a maximum amount not exceeding Rs. 3,500/-.

The Bank would debit the customer's account with any applicable service charges as per the schedule of charges notified by the Bank as modified from time to time. In the event the Bank levies any charge not keeping in line with the arrangements, the Bank will reverse the charges within 3 working days when pointed out by the customer subject to agreed terms and conditions.

**4.Payments of Cheques after Stop Payment Instructions**

In case a Cheque has been paid after the Bank having acknowledged stop payment instruction, the Bank shall reverse the transaction and give value dated credit to protect the interest of the customers. Any consequential financial loss to the customer will be compensated as provided under para 1 above subject to maximum amount not exceeding Rs. 3,500/-. Such debits will be reversed within 3 working days of the customer intimating the transaction to the Bank

**5.Foreign Exchange Services**

Bank 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 the guidelines, required documents from the beneficiary, Bank shall transfer funds for credit of beneficiary's account immediately but not exceeding two business days from date of such receipt.

In case of delay, the Bank shall also 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.

**6.Collection of Cheques and Remittances in India**

The compensation on account of delays in collection of instruments would be as indicated in the Bank's Cheque collection policy.

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 Cheque collection policy.

The Bank will compensate customers for delay directly attributable to the Bank in affording credits of inward remittance like EFT, NEFT, RTGS, ECS, NACH or by any other means, received on behalf of the customers. The compensation would be restricted to direct reasonable financial loss in terms of interest or penalties levied due to 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 penalties charged for non- maintenance of minimum balance due to such delays on part of the Bank

**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 thereof. 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

**8. Violations by Bank’s agent**

In the event of receipt of any complaint from the customers that the Bank’s representative/courier or Direct Selling Agent (DSA) has engaged in any improper conduct. Bank shall take appropriate steps to investigate and to handle the complaint and compensate the customer for direct reasonable financial losses, if any, in terms of interest or penalties levied due to 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 penalties charged for non- maintenance of minimum balance.

**9. Transaction of “at par instruments” of Co-operative Banks by Commercial Banks**

The Bank will not honor 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

**10. Compensation in cases of Unauthorized Electronic Banking Transactions shall be as per the Board Approved Policy in this regard from time to time.**

**11. Force Majeure**

The Bank shall not be liable to compensate customers for any delayed credit / debit, if some unforeseen event like ( including but not limited to), lockout, strike, or other labour disturbances, civil commotion, acts of terrorism, sabotage, accidents, fires, natural disasters or other “Acts of God “, war, damage to the Bank’s facilities or, at any of the Bank’s involved process or, at its Correspondent Banks or partner agencies due to any reason whatsoever, absence of the usual means of communication of communication etc., beyond the control of the Bank , prevents it from performing its obligations within the service delivery parameters specified herein above . Approval under this Policy for granting compensation will rest with the Business Unit Head (BUH) of the unit concerned.

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