

POLICY ON CUSTOMER COMPENSATION

Introduction

The Compensation Policy (the Policy) of DCB Bank Ltd is a reflection of the Bank's on-going efforts to provide superior quality of services to our customers and set higher standards for performance. This Policy is based on principles of transparency and fairness in the treatment of customers.

Objectives

The objective of the Policy is to establish a system where the Bank compensates the customer for any direct financial loss, which can be measured, the customer might have incurred due to deficiency in service on the part of the Bank or any act of omission or commission directly attributable to the Bank.

Scope:

The policy is designed to cover the following areas

1. Unauthorized/erroneous/fraudulent debits from accounts
2. Deficiency of service with regard to NACH direct debits/other debits instruction to accounts
3. Payment of cheques by the Bank even after acknowledgement of stop payment instructions from the customer
4. Delayed collection of Cheques/instruments".
5. Deficiency of service with respect to Remittances within India, Foreign Exchange Services etc
6. Loss of cheque/instrument in Transit/in clearing process or at paying bank's branch"
7. Delay in issue of duplicate draft
8. Delay in release of Securities/Documents/Title deeds
9. Violations by Bank's agent
10. Transaction of "at par instruments" of Co-operative Banks by Commercial Banks
11. Failed Transactions using Authorised Payment Systems
12. Unsolicited cards
13. Loss of contents of safe deposit lockers
14. Mis-selling of third party products
15. Cash management services
16. Force Majeure

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.

The compensation amount would be approved as per the Delegation on Financial Powers

The policy explicitly excludes any indirect or consequential financial, reputational or other losses like lost business opportunities etc.

1. Unauthorized/Erroneous/Fraudulent Debit

a. Debits by Bank

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, wherein such reversals shall be executed with value date of the erroneous debit. 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.

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.

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 at 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 5 working days, whichever is earlier. For delay beyond 5 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.

The Bank reserves the right to debit the account for reversing the amounts in case a wrong credit is posted to a customer's account without payment of any compensation. Such reversals shall also be executed with value date of the erroneous credit being made.

Further, this provision, would not apply to recovery of legitimate bank charges by debit to the account, which is as per terms and conditions accepted by the customer and executed only after the laid down process has been followed by the Bank

Unauthorized erroneous transactions reported by customers in respect of card operations, which require reference to a merchant establishment will be handled as per rules laid down by card association.

b. Reported by Customers

The Bank has formulated a Board approved Customer Protection Policy for Electronic Banking Transactions reported by customers. The policy covers in detail, the liability of a customer in different scenarios.

The compensation to the customer in the matter related to unauthorized electronic banking transactions will be guided by the aspects of Customer Protection Policy.

For more details, please refer to Customer Protection Policy:

https://www.dccbanc.com/pdfs/Customer_Protection_Policy_for_Electronic_Banking_Transactions_final.pdf

Besides in cases of the above kind,

(i) In case of any fraud, if the Bank is convinced that an irregularity / fraud has been committed by its staff towards any constituent, it will at once acknowledge its liability and pay the just claim, (ii) in cases the Bank is at fault, it will compensate customers without demur, and (iii) in cases where neither the Bank is at fault nor the customer is at fault but the fault lies elsewhere in the system, then also the Bank will compensate the customers (up to a limit) as part of a Board approved Customer Protection Policy.

2. Deficiency of service with regard to NACH direct debits/other debits instruction to accounts

a) NACH direct debits/other debits instruction to accounts

The Bank will 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 (despite all conditions being fulfilled by the customer), 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). This would include accounts that may have been debited despite revocation of debit mandate with the bank.

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.

b) NACH credit / Account debited despite revocation of debit Mandates

If the transaction is a 'credit-push' funds transfer (ACH Credit & APBS Credit) and the beneficiary account is not credited while the debit to originator has been effected, then credit is to be effected within the prescribed time period failing which the penalty has to be paid to the beneficiary.

3. Payment of cheques after acknowledgement of 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. Such debits will be reversed within 2 working days of the customer intimating the transaction to the Bank. In such cases, the Bank shall compensate the customer to the extent of direct financial loss, if any, by way of loss of savings account interest on account of reduction in the daily closing balance applicable for payment of interest on savings bank deposit or payment of additional interest to in a loan account or

any charges levied for reason of balance falling below minimum balance requirement or any charges levied for return of cheques due to shortfall in balance.

4. Payment of interest to customers for delayed collection of Cheques/instruments

The Bank's compensation 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 or penalties due to return of cheques resulting out of non-credit of monies through these channels.

Interest for delayed collection shall be paid at the Savings Bank rate for the period of delay beyond 14 days as the case may be in collection of outstation cheques.

Collection of Foreign Currency Cheque

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. The compensation will be given for delays beyond 14 days as per the saving bank interest rate, from the date of credit to Nostro Account/ due date after taking into account normal cooling period stipulated.

The compensation in such cases will be worked out as follows:

- (i) Interest for the delay in crediting proceeds as indicated in the Cheque Collection Policy of the Bank.
- (ii) Compensation for any possible loss on account of adverse movement in foreign exchange buying rate of the Bank as applicable for the transaction.

Payment of Interest on Delayed Credits for Remittances

Bank shall pay or send intimation as the case may be to the beneficiary within two working days from the date of receipt of credit advice/Nostro statement. On receipt of disposal instruction complying with the guidelines, and necessary 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 of disposal instruction complying with the requirements. In case of delay, in line with the requirements defined by Foreign Exchange Dealers Association of India (FEDAI) Rules 10th edition, 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.

In the case of export bills sent on collection, on receipt of credit advice / Statement of Nostro account and compliances of guidelines, requirements of the Bank and FEMA, the Bank shall transfer funds for the credit of exporter's account within two working days. If the above stipulated time limit is not observed, the Bank shall pay compensation for the delayed period at the minimum interest rate charged on export credit. The Bank shall also pay compensation for adverse movement of exchange rate, if any.

5. Loss of cheque / instrument in Transit/in clearing process or at paying bank's branch

The Bank's compensation 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 be as indicated in Cheque Collection Policy. For more details, please refer to Cheque Collection Policy hosted in the Customer Corner section on www.dcbbank.com

6. Payment of interest for delay in issue of duplicate draft

Duplicate draft will be issued within a fortnight from the receipt of such request from the purchaser thereof on the basis of adequate indemnity and NOC from the beneficiary. 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. This would be applicable only in cases where the request for duplicate draft drawn on the Bank is made by the purchaser and would not be applicable in the case of third party requests/endorsements.

7. Delay in release of Securities/Documents/Title deeds

The original security documents of title should be returned to the borrower within 15 working days of repayment of all dues by the borrower, including principal amount, interest, EMI, costs, service charges and all other amounts due. This is subject to there being no outstanding under any other loan/overdraft/other financial facility availed by the borrower from the Bank. In case of delay on the part of the Bank in returning such documents, the Bank will compensate the customer at the rate of Rs. 100/- per week, subject to a maximum payment of Rs. 500/-. However, in case of Force Majeure events, the Bank at its own cost would endeavour to retrieve/recreate the title documents and no compensation would be paid in such cases.

8. Violation of the code 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.

The bank is committed to investigate the matter and endeavors to communicate the findings to the customer within 15 working days from the date of receipt of complaint.

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 including co-operative banks for want of sufficient / clear funds in the account on which such cheques are drawn. The cheque drawing /issuing Bank will be responsible to compensate the cheque holder for any non-payment /delayed payment of cheques in the absence of adequate funding arrangement.

10. Compensation Framework for Failed Transactions using Authorised Payment Systems

A ‘failed transaction’ is a transaction which has not been fully completed due to any reason not attributable to the customer such as failure in communication links, non-availability of cash in an ATM, time-out of sessions, etc.

Failed transactions shall also include the credits which could not be effected to the beneficiary account on account of lack of full information or lack of proper information and delay in initiating a reversal transaction.

Compensation in cases of unauthorised electronic banking transactions shall be as per the Board Approved Policy in this regard from time to time covered under the “Customer Protection Policy”

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>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.

B	<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.
5	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.	

11. Unsolicited Cards

The issue of unsolicited cards/upgradation is strictly prohibited. In case, an unsolicited card is issued/existing card upgraded and activated without the explicit consent of the recipient and the latter is billed for the same, the card-issuer/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. In addition, if the person in whose name the card is issued has

approached the RBI Ombudsman, the card-issuer/Bank will compensate the amount that has been determined by RBI Ombudsman as per the provisions of the Ombudsman Scheme.

There could be instances where unsolicited/applied-for cards have been misused before reaching the person in whose names these have been issued. In case, any loss arising out of misuse of such unsolicited cards shall be the responsibility of the card-issuer/Bank. The person in whose name the card has been issued shall not be held responsible for the same.

This compensation shall be paid within 10 working days. The compensation payable for failure to meet the specified timeline will be Rs. 100 per week.

12. Loss of contents of safe deposit locker

- a) *Liability of banks arising from events like fire, theft, burglary, dacoity, robbery, building collapse or in case of fraud committed by the employees of the bank*

The Bank shall take all steps for the safety and security of the premises in which the safe deposit vaults are housed to ensure that incidents like fire, theft/ burglary/ robbery, dacoity, building collapse do not occur in the Bank's premises due to its own shortcomings, negligence and by any act of omission/commission. In instances where loss of contents of locker are due to incidents mentioned above or attributable to fraud committed by its employee(s), the Banks' liability shall be for an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker.

- b) *Liability of Banks arising from natural calamities like earthquake, flood, thunderstorm, lighting etc., or due to the sole negligence of the customer*

The Bank will not be liable for any damage and/ or loss of contents of locker arising from natural calamities or Acts of God like earthquake, floods, lighting and thunderstorm etc., or any act that is attributable to the sole fault or negligence of the customer.

13. Mis-selling of third party products

In case of complaints regarding mis-selling of the third party products by the Bank, or about having engaged in any improper conduct or about having acted in violation of any Code adopted by the Bank, the Bank shall take appropriate steps to investigate and to handle the complaint. In case lapses by the Bank employees are established, the Bank will compensate the customer suitably, based on the facts and circumstances of the case.

14. Cash Management Services

Bank extends Cash Management Services (CMS) like collection of instruments, handling bulk remittances etc., as per the terms of the bilateral agreement between the bank and customers. Penalties, if any, will be payable as per the terms of such bilateral agreements.

15. 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.

Review of the Policy:

The policy will be reviewed once in two years or if there is a change whichever is earlier
