

## Compensation cum Customer Relation Policy 2022-23

### A: Compensation Policy

#### Introduction:

Technological progress in payment and settlement systems and the qualitative changes in operational systems and processes that have been undertaken by various players in the market have enabled banks, financial institutions and other market forces of competition to come into play to improve efficiencies in providing better service to their customers and other users of the system. It will be the bank's endeavour to offer services to its customers with best possible utilization of its technology infrastructure. This compensation policy of the bank is therefore, designed to cover areas relating to frauds, 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, lending, etc. The policy is based on principles of transparency and fairness in the treatment of customers.

#### Objective:

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 without having to ask for it at the very initial stage to leverage their genuine financial problems, the bank expects instances of the customer's approach to Banking Ombudsman or any other Forum for redressal to come down significantly.

#### Framework:

The policy covers compensation for financial losses only 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.

The policy covers the following areas: -

#### 1. Unauthorized/Erroneous Debit

If the Branch 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 facts. In the event the unauthorized/erroneous debit has resulted in a direct financial loss for the customer by way of (i) reduction in the minimum balance applicable for payment of interest on savings bank deposit or (ii) 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 direct 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 direct financial losses after taking into consideration all relevant factors. However, financial loss mentioned hereinabove will not cover any loss incurred by the customer due to loss of reputation or loss of profit.

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 a maximum period of 7 working days from the date of reporting of erroneous debit. In case, the verification involves a third party or where verifications are to be done at overseas centers, 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. In order to comply the directions of the RBI and with a view to redressing the grievances of the customers in this regard, the Bank will act as under

(i) In cases where bank is at fault, the bank should compensate customers without demur, and will not defer action till completion of departmental action or police examination / investigation, receipt of insurance claim, reimbursement from other institution/Banks.

## **2. Delay in ECS Debit Instructions.**

The bank will undertake to carry out direct debit/ECS debit instructions of customers in time. In the event of noncompliance /delayed compliance of instructions by the Bank, the customer will be compensated equivalent to the interest calculated on the amount to be debited, for the delayed period, at applicable Saving Bank rate, minimum Rs.20/- subject to a maximum of Rs.1000/-

The bank would debit the customer's account with any applicable service charge as per the schedule of charges notified by the bank from time to time displayed on Bank's website [www.ucobank.com](http://www.ucobank.com), which will be a notice to the public at large. 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 and compensate the customer with a sum equal to the charges levied.

## **3. Payment of Cheques after Stop Payment Instructions.**

In case a cheque has been paid after stop payment instruction is acknowledged by the Bank, the amount of the cheque will be credited by the bank along with value dated effect. Bank will 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. However financial loss mentioned herein above will not cover any loss incurred by the customer due to reputation or loss of profit. Such debits will be reversed within 2 working days of the customer intimating the transaction to the bank.

## **4. 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. Bank however, would consider upfront credit against such instrument by purchasing the cheque/instrument, provided the conduct of the account has been satisfactory in the past. 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 one week 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 :

- Interest for the delay in crediting proceeds as indicated in the collection policy of the bank.
- Compensation for any possible loss on account of adverse movement in foreign exchange rate.

#### **5. Remittances in India**

- If a customer wants to remit money within India, bank will disclose the details of all charges including commission that a customer has to pay for the services as per the Tariff Schedule as amended from time to time.

#### **6. Payment of Interest for delayed Collection of Outstation Cheques.**

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

- Inform the customers about the clearing cycle for local instruments and the outstation instruments including details such as when the customer can withdraw money after lodging collection instruments and when the customer will be entitled to earn delayed interest as per our Cheque Collection Policy.
- Provide details, if bank offers immediate credit for outstation cheques, including the applicable terms and conditions, such as the limits up to which the instruments tendered by the customers can be credited, operating accounts satisfactorily, etc.
- Proceed as per our cheque collection policy and provide all assistance to obtain a duplicate cheque/ instrument in case the tendered instrument is lost in transit.
- The above information will be given at the time of opening of the account and whenever asked for. If there is any change in the policy, the revised policy will be displayed on our website and will be available at all our branches.





### 6.1. Time frame for collection of local/ outstation instruments.

For Local Cheques/Instruments: Credit and Debit shall be given on the same day or at the most the next day of their presentation in clearing. (i.e., bank would give credit to the customer account on the day clearing settlement takes place. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearing house at the centre).

For Outstation Cheques/Instruments:

Drawn on State Capitals	07 days
Drawn on Major Cities	10 days
Drawn on Other Locations	14 days

The time frame for collection shall be treated as outer limit and credit shall be afforded if the process gets completed earlier.

As part of the compensation policy of the bank, the branch will pay interest to its customer on the amount of instruments collected 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.

### 6.2. Interest for delayed collection:

- For Local Cheques: Compensation at Savings Bank interest rate shall be payable for the period of delay.
- For Outstation Cheques: Savings Bank rate for the period of delay beyond 07/10/14 days as the case may be in collection of outstation cheques, i.e., from 08<sup>th</sup>/11<sup>th</sup>/15<sup>th</sup> day, the interest will be payable.
- Where the delay is beyond 14 days after the time frame for collection of outstation instruments (07/10/14 days as the case may be in collection of outstation cheques) interest will be paid at the rate applicable for term deposit for the respective period.
- In case of extraordinary delay, i.e. delays exceeding 90 days after the time frame (07/10/14 days as the case may be in collection of outstation cheques) for collection of outstation instruments interest will be paid at the rate of 2% above the corresponding Term Deposit rate.
- In the event the proceeds of cheque under collection is to be credited to an overdraft/loan account of the customer, the bank would consider value-dating the proceeds keeping normal period required for collection in mind. 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 be as indicated in our Bank's Cheque Collection Policy.

#### **7. 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 account holder so that the account holder 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.

The bank will compensate the account holder in respect of instruments lost in transit in the following way:

- In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (07/10/14 days as the case may be) interest will be paid for the period exceeding the stipulated collection period at the rates specified above.
- 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.

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.

#### **8. Violation of the Code by Banks Agent.**

In the event of receipt of any complaint from the customer that the bank's representative/courier or Direct sales agent (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 endeavour to communicate the findings to the customer within 7 working days from the date of receipt of complaints and whenever justified and to compensate the customer for financial losses, if any.

#### **9. Transaction of "at par instruments" of Co-operative Banks.**

The branches will not honour such cheques drawn on current accounts maintained by other banks with it unless arrangements are made for funding such 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. Therefore, once arrangement made is in public domain (Bank's website) the paying bank should honour the cheque and settle





the matter separately with the issuing bank.

### 10. Issue of Duplicate Draft and Compensation for Delay.

Duplicate draft will be issued on receipt of such request from the purchaser thereof. For delay beyond 15 days, interest at the rate applicable for Fixed Deposit of corresponding period will be paid as compensation to the customer for such delay.

### 11. Lenders Liability, Commitment to borrowers.

The Bank has adopted the principles of lenders' 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 mortgaged property at the hands of the Bank, the compensation will cover out of pocket expenses for obtaining duplicate documents plus a lump sum amount subject to a maximum of Rs. 5000/- only.

### 12. Harmonisation of Turn Around time (TAT) and customer compensation for failed transactions using authorised payment system.

Reserve bank of India has introduced Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorized Payment system to be implemented. The Frame work on Turn Around Time for resolution of customer complaints and compensation is as under,

S. No	Description of the incident	Frame work for auto reversal and compensation	
		Timeline for auto reversal	Compensation payable
I	II	III	IV
1.	Automated Teller machine (ATMs) including Micro-ATMs		
a.	Customer account debited but cash not dispensed	Pro-active reversal of failed transaction within a maximum of T+5 days	Rs. 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 latest within T+1 day, if credit is not effected to the beneficiary account	Rs. 100/- per day of delay beyond T+1 day
b.	<u>Point of Sale (POS) (Card Present) including Cash at POS</u>	Auto reversal within T+5 days	Rs. 100/- per day of delay beyond T+5 days.





	Account debited but confirmation not received at merchant location i.e charge-slip not generated		
c.	<u>Card Not Present (CNP e-commerce)</u>  Account debited but confirmation not received at merchant's system	Auto reversal within T+5 days	Rs. 100/- per day of delay beyond T+5 days.
3.	Immediate Payment System (IMPS)		
a.	Account debited but the beneficiary account is not credited	If unable to credit to beneficiary account, auto reversal by the beneficiary bank latest on T+1 day	Rs. 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 by the beneficiary bank latest on T+1 day	Rs. 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	Rs. 100/- per day if delay is beyond T+5 days
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	Rs. 100/- per day if delay is beyond T+5 days
b.	Account debited but beneficiary account not credited	Acquirer to initiate Credit Adjustment within T+5 days	Rs. 100/- per day if delay is beyond T+5 days
6.	Aadhaar payment Bridge System (APBS)		
a.	Delay in crediting beneficiary's account	Beneficiary bank to reverse the transaction within T+1 day	Rs. 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	Rs.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	Rs.100/- per day if delay is beyond T+1 day
8.	Prepaid payment Instruments (PPIs)-cards/Wallets		
a.	Off-Us 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.		
b.	On-Us transaction 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	Rs.100/- per day if delay is beyond T+1 day.

General instruction covering TAT:

1. The principle behind the TAT is based on the following

(i) if the transaction is a credit-push funds transfer 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.

(ii) If there is delay in initiation of a transaction at the originator bank's end beyond the TAT, then penalty has to be paid to the originator.

Terms like Acquirer, Beneficiary, Issuer, Remitter, etc have meaning as per common banking parlance. T is the day of transaction and refers to the calendar date.

### 13. Delay in credit of Electronic Clearing Service (ECS).

In terms of the RBI ECS (Credit Clearing) procedural guidelines which clearly stipulate that if a destination bank branch is not in a position to credit a particular transaction for reason like "Account Closed/transferred"; "No such Accounts"; "Account description does not tally"; etc. it should report the same and forward it to the Service Branch/Main Branch on the same day.

In the event of non-compliance by the Destination Bank branch, it would be held liable to pay penal interest at the rate of prevailing RBI's Bank Rate plus two percent from the due date of credit till the date of actual credit to the beneficiary's account

### 14. Delay in Credit/ return of NEFT/NECS/ECS Transactions.

Bank will pay penal interest at the current RBI LAF Repo Rate plus two percent from the due date of credit till the actual credit for any delayed credit to the beneficiaries' account. Penal interest shall be paid to the beneficiary's account even if no claim is lodged.





### **15. Issue of ATM/Debit Cards without written consent of customers:**

Where the Bank had issued ATM / Debit card without written consent of the customer, which has been disputed by the customer without using the card, the said ATM/Debit card will be taken back by the Bank and got cancelled. The Bank would not only reverse the charges, if levied, immediately but also pay compensation to the customer maximum Rs.50/- if cancellation is done within 7 days of the representation or else maximum Rs.100/- for cancellation done after 7 days.

### **16. Other areas of deficiency in services**

(a) Where loan has been allowed against Bank's own Fixed Deposit Receipt and the Branch, after maturity of the FD does not adjust the loan account and thereby interest is charged on the loan outstanding, excess interest so charged in the loan account will be refunded to the customer.

(b) Where the Branch after adjustment of the loan account does not remit/ credit the remaining amount of the pledged FD to the customer's account but keeps the balance in Deposit Suspense Account, the Bank will compensate the customer by the interest on such deposit kept in suspense at Saving Bank rate, if the customer has not been duly informed.

(c) Where loan has been allowed against NSCs, KVPs, LIC policy and the Branch after maturity of the instruments does not collect the proceeds of the instruments in question from the Post Offices/ LIC Offices concerned & thereby charging of interest in the loan account is continued, excess interest so charged in the loan account will be reversed to the customer, for such delayed period after deducting actual time (days) taken for collection (i.e. deposit and realisation) of NSCs, KVPs, LIC policy's value by the Post office/LIC.

### **17. Lockers**

The relationship with customer with regard to locker is that of Lessee/ Licensee and Lessor/ Licensor. In general, lessee/licensee is sole responsible for his or her valuables kept in the locker which is owned by the bank.

The Bank will take all possible steps for the safety and security of the premises in which the safe deposit vaults are housed. Bank will ensure that incidents like fire, theft/ burglary/ robbery, dacoity, building collapse do not occur in the it's premises. However, in extreme case, when bank is found negligent to curb incidents mentioned above or attributable to fraud committed by its employee(s), the bank's maximum liability shall be for an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker.

### **18. Wealth Management Product**

Bank is a Corporate Agent and distributor of Insurance and Mutual Fund products respectively. For any deficiencies in services branches will assist customers to raise their grievances with the tie-up partners. For any deficiencies in services at branch 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 suitably, based on the facts and circumstances of the case.

### **19. Bank Customer's Gold Jewellery that is pledged with the bank in its premises against Gold Loan to customer.**

Customer's Gold Jewellery that is pledged with the bank in its premises against Gold Loan to customer to be compensated in case of theft, robbery, dacoity etc. Amount of compensation due to loss or damage to Gold Jewellery pledged with the bank against Gold Loan kept within its premises will be ascertained on the basis of closing rate of gold prevailed with Indian Bullion and Jewelers' Association carat wise (available in their web site) on preceding date of settlement of compensation claim to the borrower(s). Further 10% making charges will also be added based on the said value of Gold. And waiver of interest in the gold loan accounts from the date of incidence i.e. the date of robbery, theft, dacoity etc. will be allowed.

### **20. Discretionary Power for Compensation & Appeals is given in Annexure I.**

## **B: Customer Relations Policy: -**

### **1. Limiting Liability of customers in Unauthorised Electronic Banking Transactions**

1.1 With the increased thrust on Financial Inclusion and customer protection and considering the recent surge in Customer Grievances relating to unauthorized transactions resulting in details in debits to their accounts/cards, the criteria for determining the customer liability in these circumstances, the revised direction in this regard are set out below:

#### **1.2 Strengthening of Systems and Procedures:**

Broadly the electronic banking transactions can be divided into two categories:

- (i) Remote/Online payment transactions (Transactions that do not require Physical payment instruments to be presented at the point of transactions e.g., Internet banking, card not present (CNP transactions), Pre-paid payment instruments (PPI), and
- (ii) Face-to face/ Proximity payment transactions (transactions which require the physical payment instrument such as a card or mobile phone to be present at the point of transaction e.g. ATM, POS etc.)

#### **1.3 Reporting of unauthorized transactions by customers to Banks**

Customers should mandatorily register their mobile number for SMS alerts and wherever available register for e-mail alerts, for electronic banking transactions. The SMS alerts shall be sent to the customers invariably, while email alerts may be sent, wherever registered. The customers are advised to notify their base/ home branch of any unauthorized electronic banking





transaction at the earliest after the occurrence of such transactions. The longer the time taken to notify the base branch, the higher will be risk of loss to the bank/customer. Branches shall not offer facility of electronic transactions, other than ATM cash withdrawals, to customers who do not provide mobile numbers to the branch and/or customers who refuse to avail SMS facility.

#### 1.4 Limited Liability of a customer

##### (a) Zero Liability of a customer

**A customer's entitlement to zero liability shall arise where the unauthorized transaction occurs in the following events:**

1. Contributory fraud/ negligence /deficiency on the part of the bank/ branch
2. Third party breach where the deficiency lies neither with the bank/branch nor with the customer but lies elsewhere in the system, and the customer notifies the bank within three working days of receiving the communication from the bank regarding unauthorized transaction.

##### (b) Limited Liability of a Customer

#### 1.5 A customer shall be liable for the loss occurring due to unauthorized transactions in the following cases:

- (i) In cases where the loss is due to negligence of a customer, such as where he/she has shared the payment credentials, the customer will bear the entire loss until he/she reports the unauthorized transaction to the bank/ base branch. Any loss occurring after the reporting of the unauthorized transaction shall be borne by the bank/base branch.
- (ii) In cases where the responsibility for the unauthorized electronic banking transaction lies neither with the bank/ Branch nor with the customer, but lies elsewhere in the system and when there is a delay (of four to seven working days after receiving the communication from the bank / base branch) on the part of the customer in notifying the bank/branch of such a transaction, the per transaction liability shall be limited to the transaction value or the amount mentioned in Table 1, whichever is lower.

**Table 1**  
**Maximum Liability of a Customer under Paragraph 1.5(ii)**

Type of account	Maximum Liability (Amount In Rs)	Maximum Liability
	Up to 7 days	Above 7 days
• BSBD Account	5,000/-	





<ul style="list-style-type: none"> <li>All other SB accounts</li> <li>Pre-paid payment instruments and Gift Cards</li> <li>Current/Cash Credit/Overdraft Accounts of MSMEs</li> <li>Current Accounts/Cash Credit/Overdraft accounts of individuals with annual average balance ( during 365 days preceding the incidence of fraud)/ limit up to Rs 25 Lakh</li> </ul>	10,000/-	Full liability of the customer
<ul style="list-style-type: none"> <li>All other Current / Cash Credit / Overdraft accounts</li> </ul>	25,000/-	

**1.6 Overall liability of the customer in third party breaches, as detailed in paragraph 1.4 a (2) and paragraph 1.5(ii) above, where the deficiency lies neither with the branch nor with the customer but lies elsewhere in the system, is summarized in the Table 2:**

**Table 2  
Summary of Customer's Liability**

<b>Time taken to report the fraudulent transaction from the date of receiving the communication</b>	<b>Customer's liability (in Rs)</b>
Within 3 working days	Zero Liability
Within 4 to 7 working days	The transaction value or the amount – mentioned in Table 1, whichever is lower.
Beyond 7 working days	Full liability of the customer.

The number of working days mentioned in Table 2 shall be counted as per the working schedule of the home/base branch of the customer excluding the date of receiving the communication.

**1.7 Reversal Timeline for Zero Liability/Limited Liability of customer:**

On being notified by the customer, the branch shall credit (Shadow reversal) the amount involved in the unauthorized transaction to the customer's account within 10 working days from the date of such notification by the customer (Without waiting for settlement of insurance claim, if any). Shadow reversal means entry to be passed from value date and shadow balance will be cleared after completing compensation process/decision, and after getting written permission from respective Zonal Head.





## 2. 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.

## 3. Amendment of the modification of Policy:

This policy will remain in force till fresh policy is approved by the Board.

Bank reserves the right to amend/ modify this policy as and when deemed fit and proper, at its sole discretion.

**Note:** - MD & CEO/Executive Director is authorized to issue clarifications on all operational matters relating to this Policy. Regulatory changes as per RBI will form part of the Policy.





## 1. Appeals against Banking Ombudsman

As per Banking Ombudsman Scheme 2006, to make an appeal to the Appellate Authority against the order of the Banking Ombudsman the said appeal may be filed by a bank only with the previous sanction of the Chairman or, in his absence, the Managing Director or the Executive Director or the Chief Executive Officer or any other officer of equal rank.

Hence proposals for appealing against the order of the Banking Ombudsman should be referred to Head Office, Customer Service and Customer Complaints Cell, Operations and Services Department for taking approval of the Competent Authority.

## 2. Appeal in Other Cases

In all cases of appeal, viz. appeal against the order of District Consumer Disputes Redressal Forum, State Consumer Disputes Redressal Commission, Court Order or any other Authorities, decisions would be taken by the Authorities with whom the relevant discretionary powers are vested as per point no. 7 given below.

## 3. Cases falling under the power of MCB/MD & CEO/ED:

Head Office, Customer Service and Customer Complaints Cell, Operations and Services Department will vet the proposals for compensation falling under the sanctioning power of MCB/MD & CEO/ED and recommend the payment of the amount as well as suggest measures to avoid recurrence of such incidents. Customer Service and Customer Complaints Cell, Operations and Services Department will also examine as to whether to go in appeal against the Awards by Banking Ombudsman. Based on the recommendations of the Department, the proposal will be placed to the Competent Authority for decision.

Proposal for compensation falling under the sanctioning power of MCB/MD & CEO/ED should be sent to Head Office, Customer Service and Customer Complaints Cell, Operations and Services Department as per the format enclosed **(Annexure-II)**.

All proposals sanctioned at ZO level as per their sanctioning power to be reported quarterly by the Zones to Head Office, Customer Service and Customer Complaints Cell, Operations and Services Department within seven days from the close of every quarter. (As per **Annexure-III**)

## 4. Payment and Settlement Act, 2007 – Dispute Resolution Mechanism

The participants under CTS Grid under the Payment and Settlement System Act come within the ambit of customer base in a bank. Matters emanating from any dispute in any payment and Settlement System in the CTS Grid are to be referred





before the Panel for Resolution of Dispute (PRD). Operational guidelines on working of PRD have already been circulated to Branches/Offices and the same have to be complied.

#### **5. Appeal against the order of Panel for Resolution of Dispute (PRD) in CTS Grid Environment**

If any of the aggrieved parties is not satisfied with the decision of the PRD, the dispute may be referred to the appellate authority at the Reserve Bank of India. The Appellate Authority is Officer-in-charge of Department of Payment and Settlement Systems at the Central Office of Reserve Bank of India.

For preferring an Appeal against the decision of PRD (In CTS Grid environment) prior approval of the competent authority is required, which should not be below the rank of Executive Director.

Proposals for appealing against the order of PRD should be referred to Head Office, Customer Service and Customer Complaints Cell, Operations and Services Department, with full details duly recommended by Zonal Head, for taking approval of the Competent Authority.

#### **6. Action point after reporting of unauthorized transactions by customers to branch bank**

On receipt of report of an unauthorized transaction from the customer, branches must take immediate steps to prevent further unauthorized transactions in the account.

#### **7. Discretionary Powers for Compensation:**

The discretionary powers vested with various authorities are as under:

(Rs. in Lac)

MCB	MD & CEO	ED	Zonal Offices headed by GM/ GM (Operations & Services Department)	Zonal Head
Full	25.00	10.00	5.00	1.00

#### **8. Reporting and Monitoring Requirements**

The customer liability cases are to be reported quarterly to the Customer Services Committee of the Board. The reporting shall, inter alia, include volume/ number of cases and the aggregate value involved and distribution across various categories of cases viz. card present transactions, card not present transactions, internet banking, mobile banking, ATM transactions, etc.

The Standing Committee on Customer Service shall review the unauthorized banking transactions reported by customer or otherwise, as also the action taken





thereon, the functioning of grievance redress mechanism and take appropriate measures to improve the system and procedures. All such transactions shall be reviewed by the bank's internal auditors.

#### **9. Other areas of deficiency in services**

a) In case of effecting reversal of excess interest charged in the borrowal accounts due to non-adjustment of liquid securities like Fixed Deposits/NSC/KVP/LIC policy etc in time, the Branch concerned will have to obtain prior permission/ approval from the controlling Offices (Zonal Office i.e. Zonal Manager/ Dy. Zonal Manager).

b) In case reimbursement of expenses to the customers arising out of loss of instruments/securities, the branch concerned will obtain prior approval from the respective controlling Office.

c) However, adoption of the Compensation Policy will not absolve accountability of the officers/staff members responsible for the lapses/deficiencies leading to financial loss to the Bank.





## COMPENSATION PROPOSAL DETAILS

1	Branch: Zone:	
2	Name of the customer and address	
3	Type of Account: Account Number: Opened on:	
4	Date of Transfer to Inoperative Account (If applicable)	
5	Whether KYC norms adhered to	
6	KYC in the A/c which is used/misused in the fraud	
7	Date of occurrence of Fraud	
8	Date of Detection of Fraud & How it was detected	
9	If delay in detection of fraud, the reasons thereof	
10	Date Reported to Vigilance Department	
11	Name of the Perpetrator	
12	FIR particulars, Lodged on (Date of FIR lodged, case number & under which IPC code) [Enclosed FIR copy]	
13	Name of the Police Station	
14	FIR Lodged against	
15	FIR lodged by whom? (Bank/Customer-name)	
16	Police seizure list	
17	Latest status of the police investigation	
18	Total amount involved	
19	Any amount recovered from staff / outsider / other bank	
20	Any amount frozen (details)	
21	Total amount of Compensation / Restoration Amount	
22	Date of FMR-1 Submitted to H.O., Fraud Risk Management department.	
23	FMR- 1 submission, If delayed from the date of detection the reasons thereof	
24	Date of FMR-1 reported to RBI	





25	Date of lodgment of Insurance claim & with which insurance company & under which policy	
26	History of the case: (Giving full particulars of the events – stating modus operandi of the fraud committed by staff/customer/outsider etc.)	
27	If fraud committed on the basis of clone/forged cheque, then original cheques are in possession with whom?	
28	Name, Designation, EMP No. of the Investigating Officer of the Bank a. From Zonal Office/Branch b. From Field Inspectorate	
29	Has the Investigating Officers confirmed occurrence of Fraud/Erroneous Debit in his report	
30	Details of Inspection Reports / Findings of investigation	
31	Names of the Staff members found accountable and the specific lapses on their part. (Name, EMP No., Designation, posted at- branch: Specific Lapses)	
32	Whether any Disciplinary Action has been initiated / completed. If yes, latest position / punishment awarded. Likely time by which Disciplinary proceedings will be completed.	
33	Nature of Claim made by the Customer and justification for payment of the same.	
34	Steps Taken / proposed for recovery of the amount	
35	Amount of Recovery effected till date (If any)	
36	Whether Amount to be Debited to Suspense Account and reasons thereof.	
37	How the Suspense Account entry is proposed to be adjusted	
38	Details of the Order of Consumer Court / Banking Ombudsman / Other Authorities (If any) 1. Authority of Award/Order	





	2. Date of Award/Order 3. Details of Award/Order 4. Date of Receipt of Award / Order 5. Date of acceptance of Award by complainant	
39	Views and recommendation of Branch Head	
40	Zonal Head's views & recommendation (with reference to whether Bank is at fault and that actual fraud has taken place) for payment of compensation with amount.	
41	Steps taken/ proposed to be taken to avoid such incidents by Zonal office	

**Enclosures:**

Sr.No	Copy/Copies of	If enclosed please Tick
1	FIR	
2	Seizure List	
3	FMR -1	
4	Original/Forged cheque	
5	Investigation Report	
6	Staff accountability report	

Signature with Seal of Zonal Head





Assistant General Manager  
Customer Service & Customer Complaints Cell  
Operations And Services Department  
Head Office, Kolkata

Compensation Proposals cleared by Zonal Head for the Quarter ended .....

Name of the Zone:

Sr. No.	Branch Name with Sol-ID	Date of compensation paid to customer	Name of the customer/ Party & a/c number	Staff accountability aspect	Brief History of the case	Amount of Compensation paid	Paid to the debit of	Amount recovered	Amount still o/s to be recovered	Action proposed to be taken for recovery

Date:

Zonal Head (Signature with seal)

