



COMPENSATION POLICY

Introduction

We are committed to our mission of providing quality service to our customers, service quality being our paramount importance. However, in the event, for some reasons, beyond our control or inadvertently, we are unable to meet the service levels committed by us in our dealings with individual customers, this compensation policy will be applicable.

The compensation policy of the bank is therefore designed to cover areas relating to unauthorized debiting of account, payment of interest to customers for delayed collection of cheque/ instruments, erroneous credit card charges, payment of cheque after acknowledgement of stop payment instructions, delay or errors in remittances due to reasons attributable to the Bank, foreign exchange services, etc.

The policy is based on principles of transparency and fairness in the treatment of customers. The objective of this policy is to compensate the customer for direct and actual financial loss that the customer may incur in cases which can be measured directly where the bank does not meet the services levels committed by it due to reasons attributable to the Bank to the extent as detailed in this policy. By ensuring that the customer is compensated without having to ask for it, the bank expects instances of the customer approaching the Banking Ombudsman or any other Forum for redressal to come down significantly. The commitments under this policy are without prejudice to any right that the bank will have in defending its position before any forum/court/statutory or regulatory authority.

1. Unauthorised / Erroneous Debit:

If the bank has raised an unauthorized/ erroneous direct debit to an account, the entry will be reversed immediately on being informed in writing of the erroneous debit, after verifying the position. In the event the unauthorized/erroneous debit has resulted in a 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 reverse such additional interest charged or any amount debited to the customer's account due to such insufficiency of balance on account of the unauthorized/erroneous debit.

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 writing by the customer to the Bank. 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.

With regard to erroneous transaction reported by customers in respect of credit card operations (which require reference to a merchant establishment) the bank shall provide

explanation along with necessary documentary evidence, if any, to the customer within a maximum period of sixty days.

The compensation is to the extent of interest loss as explained above.

- a) Debits due to frauds committed by the staff employed by the Bank directly or indirectly will be compensated to the customer after establishing nature of fraud irrespective of the amount.
- b) In case of debits due to fraud committed by the customer or due to the customer's negligence, Bank shall not pay any amount till the issue is decided.
- c) In cases where neither the branch nor the customer is at fault, but the fault lies elsewhere in the system, Bank would compensate the customer up to a limit of Rupees ten thousand only.

The vigilance department of the Bank would be authorized entity to decide on the nature of the fraudulent debit after a quick verification of the facts of the case. Erroneous debits of category a & c above shall be reversed to customer's accounts within 10 days from the date of the customer's claim.

2. ECS direct debits/other debits to accounts

The bank will undertake to carry out direct debit/ ECS debit instructions of customers in time. In the event the bank fails to meet such commitments customer will be compensated to the extent of interest loss and bank charges if any that the customer would incur on account of delay in carrying out the instruction/failure to carry 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 subject to a maximum of Rs.5000/-

3. Credit Cards

Where it is established that the bank had issued and activated a credit card without written consent of the recipient, the bank would not only reverse the charges debited to the account of the customer immediately but also pay without demur to the recipient of the card, a penalty being twice the value of charges reversed.

Operation of the credit card account shall be in accordance with the ING credit card terms and conditions. In particular, the cardholder is responsible for all the transaction approved on his/her credit card prior to report of the loss to the bank as per the ING credit card

terms and conditions. The bank reserves the right to honour, refer or decline any transaction on the credit card, at its sole discretion and without assigning any reason whatsoever. Transactions reported as erroneous by customer in respect credit card operations, which requires specific reference to a merchant establishment will be handled as per charge back rules laid down by VISA/MasterCard International. The bank will provide explanation and if necessary, documentary evidence to the customer within a maximum period of sixty days.

4. 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. Such debits will be reversed within 2 working days of the customer intimating the transaction to the bank.

In the event the customer suffers any financial loss on account of such Payment of Cheques after Stop Payment Instructions, 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 minimum balance for payment of interest on savings bank deposit or payment of additional interest to the bank 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.

5. 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 bank. 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. The Bank however, would consider upfront credit against such instruments 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 (as applicable to respective countries) notified from time to time. The compensation will be worked out as under:

- a) Interest for the delay in crediting proceeds as indicated in the collection policy of the bank. In case of extraordinary delay interest will be paid at the rate of 2% over the corresponding term deposit rate.
- b) Compensation for any loss on account of adverse movement in foreign exchange rate during the delayed period

6. Payment of Interest for delayed Collection of Outstation Cheques

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

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 in the cheque collection policy. 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.

Interest for delayed collection shall be paid at the following rates:

- a) Savings Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques.
- b) Where the delay is beyond 14 days interest will be paid at the rate applicable to term deposit for the corresponding period or Saving Bank rate, whichever is higher.
- 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.
- e) Only reasonable additional verifiable expenses incurred by a customer in this regard will be compensated.

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. The same is extracted below for information:

6.1 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 in writing 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 by providing necessary certificate on loss 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 issued 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 under Para No. 6 above under Payment of Interest for delayed Collection of Cheques.
- 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 reimburse the actual charges/fee paid by the customer to the bank/ institution for obtaining the duplicate cheque/instrument upon production of receipt.

Where a cheque is lost after it is discounted, the bank would bear reasonable cost for obtaining duplicate instrument. However, the customer will assist in obtaining duplicate instrument. His liability under Negotiable Instrument Act will not be extinguished till bank receives the proceeds of cheque.

7. Issue of Duplicate Demand Draft

1. The duplicate DD will be issued within 15 days from the day all necessary documents are received by the issuing branch. However, for any reason if there is delay in issuing duplicate DD, then the bank will compensate the purchaser for the delay in the form of interest payment.
2. For the delay beyond the above stipulated period, interest at the rate applicable to the term deposit for corresponding delayed period will be paid as compensation to the customer. Such interest is payable only when the request for issue of duplicate draft is received either from the purchaser or the beneficiary and not from the holder of the instrument.
3. Interest will be for the period at the rate prevailing on the date of submission of complete documents.

8. Violation of the Code by banks agent

In the event of receipt of any complaint from the customer that the bank's employees/ representative / courier agency / service provider 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, the bank is committed to investigate the matter and endeavor to communicate the findings to the customer within 7 working days from the date of receipt of complaint and wherever justified, compensate the customer for direct financial loss if any, as contemplated under this policy.

9. 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.

10. Lenders liability – commitment to borrowers

1. We will return to customers all the securities / documents / title deeds to mortgaged property within 15 days of repayment of all dues agreed to or contracted. If any right to set off is to be exercised for any other claim, we will give due notice with full particulars about the other claims and retain the securities / documents / title to mortgaged property till the relevant claim is settled / paid.
2. Where all the dues agreed to or contracted are repaid in full and where there are no other claims against which the bank is not exercising the right to set off, for any delay in return of securities / documents / title deeds to mortgaged property beyond 15 days of the repayment of all the dues agreed to or contracted, the bank will compensate the borrower / security or property owner to the extent of 0.10% of the valuation of the security / property as per the records of the bank or Rs.5000/- whichever is lower. In the event of loss of title deeds to mortgaged property at the hands of bank, the compensation will cover out of pocket expenses for obtaining duplicate documents plus a lump sum amount as decided by the bank.

11. ATM Failure

It is mandatory for bank to reimburse the customer, the amount wrongfully debited on account of failed ATM transaction within a maximum period of 12 working days from the receipt of the complaint. For any failure to re-credit the customer’s account within 12 working days from the date of receipt of the complaint, bank shall pay compensation of Rs.100/- per day to the aggrieved customer. This compensation shall be credited to the customer’s account automatically without any claim from the customer, on the same day when bank affords the credit for the failed ATM transaction.

12. Force Majeure

The bank shall not be liable to compensate customers under this policy for the delayed credits if some unforeseen event (including but not limited to civil commotion, sabotage, accident, fires, natural disasters or other “Acts of God”, war, damage to the bank’s facilities or of its correspondent banks), 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.

Notwithstanding anything contained here above, the Bank shall not pay any compensation in the following cases.

1. Any deficiency in regard to loans and advances activities of the Bank.

2. Credit Card operations where the Bank is only an agent of other banks etc.
3. Debit Card/ATM Card, non-dispensation of cash despite balance in the account, double debit etc as they are subject to respective agreements/terms with account holder.
4. Dishonour of at par payment arrangement with other banks, due to non-funding and security compliances.
5. Delays on account of non-functioning of business due to factors beyond the control of the bank, the period of such events shall be removed for calculation of delays etc.
6. Where the issues are subject matter of a dispute by the Bank or is sub-judice and are placed under the disposal of statutory or regulatory authorities, Courts, Ombudsman, arbitration, Government bodies etc no compensation will be payable under this Policy.

13. Change/Modification

Bank reserves it right to change or to modify the Policy or any of its provisions from time to time.

Limitation of liability

This Policy shall at all times be without prejudice to the Bank's rights, defenses, claims and remedies available under law. Under no circumstance shall the Bank be liable or responsible for any indirect, special, punitive, exemplary, consequential loss or damage (including loss of profit, business opportunity, loss of reputation etc.,) Acceptance of the compensation under this policy shall be full and final settlement of all issues arising out of grievances for which compensation is claimed.