

Narmada Jhabua Gramin Bank

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 market forces of competition to come into play to improve efficiencies in providing better services to the users of the system. It will be the banks endeavor to offer services to its customers with best possible utilization of its technology infrastructure. Withdrawal of the Reserve Bank of India instructions to banks on time-frame for collection of outstation cheques, payment of interest on delayed collection of outstation cheques/instruments, with effect from 1st November 2004 had offered bank further opportunities to increase its efficiency for better performance. This 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 cheques / instruments, payment of cheques after acknowledgement of stop payment instructions, remittances within India etc. The policy is based on principles of transparency and fairness in the treatment of customers.

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, the bank expects instances when the customer has to approach Banking Ombudsman or any other forum for redressal to come down significantly.

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 will have in defending its position before any forum duly constituted to adjudicate banker-customer disputes.

1. Unauthorized/Erroneous Debit :

If the bank 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 position. In the event, the unauthorized /erroneous debit has resulted in a financial loss for 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 will compensate the customer for such loss. Further 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 reasonably determined financial losses.

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, 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.

Erroneous transaction reported by customers (card holder) in respect of credit card operations which require reference to a merchant establishment will be handled as per rules laid down by MasterCard international, VISA Cards international /Other Card Services Provider notification.

In respect of claims by the customer (card holder) due to usage of cards at ATMs involving network/s of ATMs of our/sponsor bank and other bank/s, State Bank of India network arrangements/any other arrangement made in future, process of verification shall be undertaken as per the arrangement amongst the member banks to settle the claims.

2. ECS direct debits/ other debits to account :

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 with a reasonably determined financial loss that he/she may incur on account of delay in carrying out the instructions/ failure to carry out the instructions.

The bank would debit the customer 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 as provided under para. 1 above.

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 immediately but also pay a penalty without demur to the recipient amounting to twice the value of charges reversed as per regulatory guidelines in this regard.

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 bank shall reverse the transaction and give value-dated credit to protect the interest of the customer. Any consequential financial loss to the customer will be compensated as provided under para 1 above. Such debits will be reversed within 2 working days of the customer intimation 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 collecting 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 hold period stipulated.

However, no compensation for cheques returned unpaid on financial/fraudulent grounds are payable to customer. Further, the bank has right to recover the proceeds of the cheques credited in depositor's account (at the ruling exchange rate equivalent to foreign currency amount debited by foreign bank to the nostro account of the collecting bank) along with the interest from the date of credit of proceeds till date on which amount is recovered.

5. Remittances (including cheques sent for collection) within India:

The compensation on account of delays in collection of instruments would be as indicated in the bank's collection policy which is reproduced below for information.

“Payment of interest for delayed collection of outstation cheques :

As part of the compensation policy of the bank, the bank will pay interest to its customer on the amount collection instruments, in case there is delay in giving credit beyond the time period mentioned in 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) Saving 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 for term deposit for the respective period.
- 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 was to be credited to an overdraft/cash credit /loan account of the customer, interest will be paid at the rate applicable to the overdraft/cash credit/loan account. For extraordinary delays interest will be paid at the rate of 2% above the rate applicable to the overdraft/cash credit/loan account.

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 cheque collection policy. The same is extracted below for information:

“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 those cheques, if any, issued by him /her are not dishonored 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.

In line with the compensation policy of the bank, the bank will compensate the account holder in respect of instruments lost in transit in the following way:

- a) In case intimation regarding loss of instrument is conveyed 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 above.
- 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 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.

6. Quantifying Lump sum Compensation/Penalty payable to borrowers for delay in return/loss of Security/Title deeds by the Bank

The bank has adopted the principles of liability of lenders. In terms of the guidelines for lender's liability and the code of bank's commitment to customers, adopted by the bank, the bank would return to the borrower, all the securities/documents/title deeds to the 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 the 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 as decided by the bank. The penalty/Compensation in respect of the following items will be as under:-

For delay in return of all the securities/documents/title deeds to the mortgaged property :-

16 th day to 30 th day	: Rs 1000/ Lump sum
31 st day to 45 th day	: Rs 2500/ Lump sum
46 th day to 60 th day	: Rs 5000/ Lump sum
From 61 st day	: Rs 1000/ per day, in addition to lumpsum amount of Rs 5000/- Maximum Rs 1 Lac

In the event of loss of Title Deeds/Securities the compensation will be restricted to Expenses incurred by the borrower for obtaining duplicate title deeds/securities ***WITH A MAXIMUM OF RS 1 LAC.***

7. Violation of the code by banks agent

In the event of receipt of any complaint from the customer that the banks representative/DSA(Direct Selling Agent) 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 to handle the complaint and to compensate the customer for financial losses, if any, as provided under para 1 above.

8. Reimbursing customer wrongly debited on on account of ATM Failure

It is mandatory for the Bank to reimburse the customer, the amount wrongfully debited on account of failed ATM, within a maximum period of 7 working days from the receipt of the complaint. For the failure to re-credit the customer's account within 7 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 the bank affords the credit for the failed ATM transactions. Details of charge back in case of ATM transaction by a customer of the bank when he uses other Bank may be included.

9. 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, 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. Also, no compensation shall be paid for delayed credit, if advance notice is provided to the customers and in case the bank is not able to provide the services and notice period shall be determined by the bank on case to case basis, while every endeavor shall be made to provide all the services in normal course.
