

Customer Compensation, Protection & Liability Policy

1. INTRODUCTION

Unity Small Finance Bank Limited (hereinafter referred to as “the Bank”) believes in fair treatment to its customers and providing responsive banking service. The Bank promotes ethical behaviour based on the principles of integrity and transparency by staff towards its customers. The Bank seeks to offer quality customer service and shall endeavour to ensure that the customers do not face any challenges while utilizing any of the Bank’s products or services.

Taking into account the risks that arise out of unauthorized debits to customer accounts owing to customer negligence/ bank negligence/ banking system frauds/ third party breaches, the Bank shall ensure that the systems and procedures followed in the bank are designed in way that the customer feels safe about carrying out electronic banking transactions

In case of any customer grievances, the customer shall be free to voice his grievances through the Grievance Redressal machinery. This policy seeks to document the principles on which customers will be compensated for any defect/ deficiency in products/ services.

This policy covers only compensation for actual financial loss, if any, which customer might incur due to deficiency in the services offered by the Bank, which can be measured directly. 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.

2. OBJECTIVES

The objective of this Policy is to establish a system, which will enable the Bank to compensate the customer for any direct financial loss the customer might have incurred due to deficiency in services on the part of the Bank or any act of omission or commission directly attributable to the Bank.

The policy document shall cover the details of the procedure the employees of the Bank need to follow when compensation is to be paid in respect of any complaint/grievance. The policy will cover all the products and services offered by the Bank including third party products distributed by the Bank.

The key objectives of the Customer Compensation Policy are to:

- Put in place a comprehensive document in which compensation under other policies are covered
- Lay down a framework for compensating customers in different types of scenarios without demur, which is in line with the regulatory requirements
- Ensure that the Bank employees at all levels are aware of the policy of the Bank in this regard, so that dealing with the customers is uniform across geography and types of customers and is based on transparent standards/procedures.
- Communicate clearly to the customer that the Bank shall be liable only to the extent of direct financial loss suffered by the customer and the timelines within which the customer shall be compensated.
- Communicate in a fair and transparent manner the framework of customer protection (including mechanism of creating customer awareness on the risks and responsibilities involved in electronic banking transactions), customer liability in cases of unauthorized electronic banking transactions and compensation payable to the customer on account of

unauthorized electronic banking transactions (within defined timelines).

This policy document shall include the compensation relating to the following:

- Erroneous Debits arising on fraudulent or other transactions through any channel.
 - ECS direct debits/ other debits to accounts.
 - Payment of cheques after issuance of ‘Stop Payment’ instructions
 - Payment of interest for delays in cheque collection
 - Cheques/ Instruments lost in transit/ in clearing process or at branches
 - Transaction of ‘at par’ instruments of co-operative banks
 - Payment of interest for delay in issuance of duplicate draft
 - Delay in crediting amounts of failed ATM transactions
 - Delay in affording credits and/ or returning of electronic transactions
 - Credit cards
 - Force Majeure
 - Other unauthorized actions of the Bank leading to a financial loss to customer
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- Delay in release of securities/ documents/ title deeds
 - Mis-selling of third-party products
 - Timelines for payment of compensation amount
 - Violations of Code of Commitment to Customer by the Bank’s agents

3. SCOPE

The customer may approach the Branch Manager/ Relationship Manager about the dissatisfaction or defect/ deficiency in the products/ services that is being utilized. Alternatively, the customer may highlight his grievances through the customer care helpline or through dedicated email addresses. Apart from the internal channels, the customer may also point out the defects/ deficiencies in products/ services through external channels such as the RBI Integrated Banking Ombudsman (BO). Customers shall be educated and encouraged to approach the Banks grievance redressal machinery before approaching any external agencies.

The customer complaints shall be dealt with as per the procedure outlined in the Customer Grievance Redressal Policy and Escalation Matrix. Upon investigation of the complaint, if the customer has been found to be unfairly treated or has been subject to any unauthorized actions of the Bank staff or his account has been debited wrongly, the customer shall be compensated in line with the principles as laid down in this policy.

4. GOVERNANCE STRUCTURE

In line with RBI guidelines, the Bank has a governance mechanism for review and monitoring of grievances at three levels i.e. the Board, Senior Management and Branches which has been elaborated in the Bank’s Customer Grievance Redressal Policy. The Customer Service Committee at the Board level, when constituted, shall assess and review the overall implementation of customer service policies and initiatives. The Standing Committee on Customer Service at Senior Management level, when constituted, shall serve as a micro level executive committee for driving the implementation of customer service policies and initiatives and shall act as a bridge between the various units of the Bank and Customer Service Committee of the Board. The Branch Level Customer Service Committee, when constituted, shall act as a formal channel of communication between the customers and the Bank at the branch level. The detailed responsibilities of each of the aforesaid Committees with respect to customer compensation are elaborated in the said policy.

5. GRIEVANCE REDRESSAL DIVISION & PRINCIPAL NODAL OFFICER

The Bank shall form a Customer Service Cell at its Head Office to oversee the level of customer service provided by the Bank and also the implementation of the customer complaint handling mechanism for the entire bank. This cell shall be headed by a Principal Nodal Officer (PNO) (Head – Customer Service) who shall review on monthly basis the cases where customer compensation proceedings were initiated. The PNO shall identify and study trends and report it to the Level 3 escalation officer. PNO/ Level 3 officer shall report trends and other key matters to the Standing Committee on Customer Service.

6. INTERNAL OMBUDSMAN

The Internal Ombudsman of the Bank, who is the focal point for the Internal Grievance Redressal System, shall ensure that all complaints which are rejected or partially accepted by the Bank are examined and he/she shall facilitate resolution/settlement/agreement of such grievances through conciliation and mediation between the Bank and the aggrieved party or by passing an Advisory in accordance with the Scheme. The detailed policy guidelines pertaining to Internal Ombudsman shall be in line with RBI Internal Ombudsman Scheme.

7. 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, mobile banking, card not present (CNP) transactions), Pre-paid Payment Instruments (PPI)
- 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.)

The Bank shall ensure to have systems and procedures to make customers feel safe about carrying out electronic banking transactions (as and when launched). To achieve this, bank shall put in place:

- i. appropriate systems and procedures to ensure safety and security of electronic banking transactions carried out by customers;
- ii. robust and dynamic fraud detection and prevention mechanism;
- iii. mechanism to assess the risks resulting from unauthorised transactions and measure the liabilities arising out of such events;
- iv. appropriate measures to mitigate the risks and protect themselves against the liabilities arising therefrom; and
- v. a system of continually and repeatedly advising customers on how to protect themselves from electronic banking and payments related fraud.

8. RECOGNITION OF DEFICIENCY AND COMPENSATION

8.1. Erroneous debits arising on fraudulent or other transactions through any channel

- In case of any fraudulent / unauthorized / erroneous encashment/debit to a customer account, the Bank shall reverse the entry with value-dated credit to the deposit / overdraft / loan account of the customer, immediately on being detected / informed, after due verification and further compensate its customer without demur if it is evident that an irregularity/ fraud / unauthorized/erroneous debit has taken place in the account of the customer. The amount of compensation shall be the amount of debit along with the direct financial loss (savings bank interest, waiver of interest in a loan account or waiver charges on account of non-maintenance of balance or dishonour of cheques/ ECS/ NACH/ NEFT due to insufficient balance on account of such debit) as applicable, to the customer.

8.2. Reporting of unauthorized transactions by customers to the Bank.

- a) Customers will be mandatorily registered for SMS alerts and wherever available registered for e-mail alerts, for electronic banking transactions. The SMS alerts shall mandatorily be sent to the customers, while email alerts may be sent, wherever registered.
- b) The customers will be advised to notify the Bank of any un-authorized electronic banking transaction at the earliest after the occurrence of such transaction, and informed that the longer the time taken to notify the Bank, the higher will be the risk of loss to the bank/ customer. To facilitate this, the Bank will provide customers with 24x7 access through multiple channels (at a minimum, via website, phone banking, SMS, e-mail, IVR, a dedicated toll-free helpline, reporting to home branch, etc.) for reporting un-authorized transactions that have taken place and/ or loss or theft of payment instrument such as card, etc.
- c) The Bank will also enable customers to instantly respond by "Reply" to the SMS and e-mail alerts and the customers will not be required to search for a web page or an e-mail address to notify the objection, if any.
- d) Further, a direct link for lodging the complaints, with specific option to report un-authorized electronic transactions shall be provided by the Bank on home page of the website <https://www.theunitybank.com>.
- e) The loss/ fraud reporting system shall also ensure that immediate response (including auto response) is sent to the customers acknowledging the complaint along with the registered complaint number.
- f) The communication systems used by the Bank to send alerts and receive their responses thereto will record the time and date of the message sent and receipt of customer's response, if any, to the Bank. This shall be important in determining the extent of a customer's liability.
- g) The Bank will not offer facility of electronic transactions, other than ATM cash withdrawals, to customers who do not provide mobile numbers to the Bank.
- h) On receipt of report of an un-authorized transaction from the customer, the Bank will take immediate steps to prevent further un-authorized transactions in the account.

9. LIMITED LIABILITY OF A CUSTOMER

9.1 Zero Liability of a customer

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

- i. Contributory fraud/ negligence/ deficiency on the part of the Bank (irrespective of whether or not the transaction is reported by the customer).
- ii. Third party breach where the deficiency lies neither with the Bank 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 (by SMS alert, email or letter) regarding the unauthorised transaction.

9.2 Limited Liability of Customer

- i. A customer shall be liable for the loss occurring due to un-authorised transactions in the following cases: In cases where the loss is due to negligence by a customer, such as where he has shared the payment credentials, the customer will bear the entire loss until he reports the un-authorised transaction to the Bank. Any loss occurring after the reporting of the un-authorised transaction shall be borne by the Bank.
- ii. In cases where the responsibility for the un-authorised electronic banking transaction lies neither with the Bank 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) on the part of the Customer in notifying the Bank of such a transaction, the per transaction liability of the Customer 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 Para 6.3(b)(2)	
Type of Account	Maximum Liability (Rs.)
<ul style="list-style-type: none"> BSBD Accounts 	5,000
<ul style="list-style-type: none"> All other SB accounts Pre-paid Payment Instruments and Gift Cards Current/ Cash Credit/ Overdraft Accounts of MSMEs 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 Credit cards with limit up to Rs.5 lakh 	10,000
<ul style="list-style-type: none"> All other Current/ Cash Credit/ Overdraft Accounts Credit cards with limit above Rs.5 lakh 	25,000

- iii. Further, if the delay in reporting is beyond seven working days, the customer liability shall

be determined by the relevant committee of the Bank to decide about the payment of compensation in respect of such cases on merits.

- iv. Overall liability of the customer in third party breaches, as detailed in para 6.3 (a) (ii) and para 6.3 (b)(ii) above, where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, is summarised in the Table 2:

Table 2	
Summary of Customer's Liability	
Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's liability (₹)
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	As per policy

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

9.3 Reversal Timeline for Zero Liability/ Limited Liability of customer

On being notified by the customer, the amount involved in the un-authorised electronic transaction shall be credited (shadow reversal) 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). The Bank at its discretion may decide to waive off any customer liability in case of un-authorised electronic banking transactions even in cases of customer negligence. The credit shall be value dated to be as of the date of the un-authorised transaction.

9.4 Miscellaneous

Further, the Bank shall ensure that:

- i. Complaints are resolved and liability of the customer, if any, established within such time, as may be specified in the bank's Board approved policy, but not exceeding 90 days from the date of receipt of the complaint, and the customer is compensated as per abovementioned provisions;
- ii. Where the Bank is unable to resolve the complaint or determine the customer liability, if any, within 90 days, the compensation as prescribed in Section 9 above, is paid to the customer;
- iii. In case of debit card/ bank account, Bank shall ensure that the customer does not suffer loss of interest, and in case of credit card, the customer does not bear any additional burden of interest.

10. OBLIGATIONS OF THE CUSTOMER

- i. Customer shall mandatorily register valid mobile number with the Bank where he/she will get an alert for all financial electronic debit transactions.
- ii. Customer shall regularly update his/her registered contact details as soon as such details are changed. Any failure of customer to update the Bank with changes shall be considered as

customer negligence. Any unauthorized transaction arising out of this delay shall be treated as customer liability.

- iii. Customer should co-operate with the Bank's investigating authorities and provide all the necessary documentation i.e. proof of transaction success/ failure etc. and should also file a police complaint and provide copy of the same to the Bank.
- iv. Customer must not share sensitive information (such as Debit Card details & PIN, CVV, Net-Banking Id & password, OTP etc.) with anyone, including bank staff.
- v. Customer must protect his/her device (Laptop/Desktop etc.) as per the best practices, including updation of latest anti-virus software on the device.
- vi. Customer shall go through various instructions and awareness communication sent by the bank on secured banking i.e. through SMS etc.
- vii. Customer must verify transaction details from time to time in his/her bank statement and raise query with the bank as soon as possible in case of any mismatch.

11. REPORTING AND MONITORING REQUIREMENTS

- i. The banks shall put in place a suitable mechanism and structure for the reporting of the customer liability cases to the Board or one of its Committees. 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.
- ii. The Standing Committee on Customer Service (SCCS) shall periodically review the unauthorised electronic banking transactions reported by customers or otherwise, as also the action taken thereon.
- iii. SCCS shall also review the functioning of the grievance redress mechanism and take appropriate measures to improve the systems and procedures.
- iv. All transactions pertaining to payment of customer compensation shall be reviewed by the bank's internal auditors.
- v. In cases where payment of customer compensation is established through process of Court/Banking Ombudsman / Consumer Forum or other authorised mechanism or sufficient documentary records that the Bank is at fault, the Bank would compensate the customer appropriately as per the orders of such authorities.
- vi. In case if the verification of the erroneous entry does not require verification from a third party, the Bank shall arrange the verification of the entry within 7 working days from the date of reporting the erroneous debit. However, if the verification involves a third party, the Bank shall ensure completion of the verification process within 1 month from the date of reporting of the erroneous debit.

12. NATIONAL AUTOMATED CLEARING HOUSE (NACH), DIRECT DEBITS/ OTHER DEBITS TO ACCOUNTS

- If the Bank fails to carry out the direct debit/ NACH instructions of customers, the Bank shall compensate the customer to the extent of direct financial loss, if any, as decided by the relevant committee
- If the Bank levies any service charges or other fees which are not as per the tariff schedule,

terms and conditions governing the product and/ or the agreement of the Bank with the customer, the Bank shall reverse the charges after verification and compensate the customer as decided by the relevant committee.

13. PAYMENT OF CHEQUES AFTER ‘STOP PAYMENT’ INSTRUCTIONS

In case a cheque is debited after ‘Stop Payment’ instructions have been received and acknowledged by the Bank, the Bank shall reverse the transaction within 2 working days from the date of reporting by the customer and give value-dated credit to the customer’s account. The Bank shall also compensate the customer towards the direct financial loss, if any, suffered by the customer on account of such debit as decided by the relevant committee.

14. PAYMENT OF INTEREST FOR DELAYS IN CHEQUE / INSTRUMENT COLLECTION

The Bank shall compensate the customer in case of any delay in collection or realisation of local and/ or outstation cheques in the form of interest on the amount of the instrument if there is any delay in giving credit beyond the stipulated time period, without any distinction between instruments drawn on the Bank’s own branches or on other banks for the purpose of payment of interest on delayed collection.

a. The Bank shall pay interest for delayed collection at the following rates:

- Applicable Savings Bank rate for the period of delay beyond 7/10/14 days for State Capitals / major cities / other locations as the case may be in collection of outstation cheques.
- Where the delay is beyond 14 days 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 interest will be paid at the rate of 2% above the corresponding Term Deposit rate.
- 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.

b. Payment of interest for Delays in collection of bills

The Bank shall pay interest to the lodger for the delayed period in respect of collection of bills at the rate of 2% p.a. above the rate of interest payable on balances of Savings Bank accounts. The delayed period should be reckoned after making allowance for normal transit period based upon a time frame of 2 days each for (i) Despatch of bills; (ii) Presentation of bills to drawees (iii) Remittance of proceeds to the lodger's bank (iv) Crediting the proceeds to drawer's account

15. CHEQUES/ INSTRUMENTS LOST IN TRANSIT/ IN CLEARING PROCESS OR AT BRANCHES

- If a cheque/ instrument accepted for collection is lost in transit or in clearing process or at the Branch, the Bank shall immediately inform the accountholder so that the drawer can be informed to record stop payment. The Bank shall also request the customer to ensure that other cheques

issued by him/her are not dishonoured due to non-credit of the amount of the lost cheque/instrument.

- If the cheque/instrument has been lost at the paying bank's branch, the collecting bank will have a right to recover the amount, including charges / interest expenses, reimbursed to the customer for the loss of the cheque/instrument from the paying banker.
- The Bank shall pay interest for the period exceeding the stipulated cheque collection period (7/ 10/ 14 days) at the applicable savings bank rate.
- In addition, the Bank shall pay interest on the amount of the cheque for a further period of 15 days at the savings bank rate to provide for likely further delay in obtaining duplicate cheque/ instrument and collection thereof.
- The Bank shall also compensate the accountholder for any direct charges the customer incurs in getting duplicate cheques/instruments, upon production of relevant documentary proof.

16. PAYMENT OF INTEREST FOR DELAY IN ISSUANCE OF DUPLICATE DRAFT

- In case of loss of demand draft, the Bank shall issue a duplicate draft, in lieu of lost draft within a fortnight from the receipt of such request. For any delay beyond the stipulated period, the Bank shall pay interest at the rate applicable for fixed deposit of corresponding maturity as compensation to the customer, provided the request for the duplicate demand draft is made by both the purchaser and the beneficiary jointly and the documentation formalities are completed. The compensation shall not be available if the draft is endorsed to third parties.
- It may be noted that duplicate Duplicate draft, in lieu of lost draft, up to and including ₹ 5,000/- may be issued to the purchaser on the basis of adequate indemnity and without insistence on seeking non-payment advice from drawee office irrespective of the legal position obtaining in this regard, within a fortnight of receipt of such request. In default of the same, compensation shall be payable at the rate mentioned above.

17. DELAY IN AFFORDING CREDIT AND/ OR RETURNING ELECTRONIC TRANSACTIONS

- If the Bank fails to meet the RBI /ACH (Automated Clearing House) prescribed timelines with respect to NEFT/ ECS/ ACH transactions, the Bank shall compensate the customer to the extent of penal interest at the RBI LAF (Liquidity adjustment facility) Repo Rate plus 2% from the due date of credit till the date of actual credit for any delayed credit to the customer's account. Penal interest shall be credited to the beneficiary's account even if no claim is lodged.
- In case of delay in credit on the same day for RTGS transactions, compensation shall be paid to the customer for one day. In the event of any delay or loss on account of error, negligence or fraud on the part of an employee of the Bank in the completion of funds transfer pursuant to receipt of payment instruction by the Bank leading to delayed payment to the customer, the Bank will pay compensation at current RBI LAF Repo Rate plus 2% for the period of delay.
- In the event of delay in return of the funds transfer instruction for any reason whatsoever, the

Bank will refund the amount to the remitter together with interest at the current RBI LAF Repo Rate plus 2% till the date of refund. In case of delay in return of funds on the same day for RTGS transactions, compensation shall be paid to the remitter for one day.

18. DELAY IN CREDITING AMOUNTS OF FAILED ATM TRANSACTIONS

- In case if there is a debit to the customer's account but the cash is not dispensed through the ATM and the account is wrongfully debited, the Bank shall be liable to reverse the transaction within a maximum of T + 5 days from the date of receipt of the customer complaint.
- Further, the Bank shall compensate the customer if the transaction is not reversed within the stipulated time period at Rs. 100, per day beyond T+5 days. Bank shall pay such compensation together with the amount of the failed ATM transaction. 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 transaction. Such compensation shall be affected to the customer's account suo moto, without waiting for a complaint or claim from the customer.

19. CREDIT CARDS

- Where it is established that the Bank had issued and activated a credit card without consent of the recipient and fees/ charges have subsequently been levied on the credit card, the Bank would not only reverse such fees/ charges immediately but also pay to the recipient of the credit card, a penalty being twice the value of charges reversed.
- Transactions reported as erroneous by customers in respect of credit card operations, which require specific reference to a merchant establishment will be handled as per Chargeback rules laid down by Visa/ MasterCard International/NPCI. The Bank will provide explanation and, if necessary, documentary evidence to the customer within a maximum period of 1 month.

20. DELAY IN CREDIT/PAYMENT OF PENSION

RBI has issued a circular that in case of genuine delay in payment of pension, the Bank will pay Bank rate plus 2% for the entire delayed period to the pensioner without asking for the same. The same may be circulated by the Bank to the pensioners and displayed in all branches.

21. OTHER UNAUTHORISED ACTIONS OF THE BANK LEADING TO A FINANCIAL LOSS TO CUSTOMER

a. Delay in release of securities/ documents/ title deeds

The Bank shall return the original security documents submitted by the borrower within 15 days of repayment of all dues by the borrower, including principal amount, interest, EMI, costs, service charges, and all other amounts due as per the loan agreement. The Bank shall retain the right to set off for settlement of any other claim, after giving due notice about the pending claims and shall retain the securities/ documents/ title to mortgaged property as continuing

security till the relevant claim is settled/paid. The relevant committee shall decide the compensation payable if any in respect of such cases on merits subject to claim by the customer.

b. Mis-selling of third-party products

With respect to mis-selling, the Bank shall take appropriate steps to investigate any disputes related to distribution of third party products and ascertain if there were any violations. The relevant committee shall decide the compensation if any payable in respect of such cases on merits subject to claim by the customer.

c. Erroneous Debits arising on fraudulent or other transactions

- (i) The bank shall exercise vigilance against unscrupulous persons opening accounts for the purpose of using them as a conduit for fraudulent collection and encashment of payment instruments or using them as a conduit for routing of transactions for receipt and transfer of funds, by ensuring strict adherence to guidelines and procedures for opening of accounts, monitoring and reporting of suspicious / fraudulent transactions/ events. The Bank shall have necessary controls in place and adopt due diligence measures to prevent opening of such accounts especially in the name/s similar to already established concern/s.
- (ii) In case of any such events, the Bank shall carry out proper investigation in the matter, taking care to avoid unwarranted debit of drawers' accounts.
- (iii) Besides in cases of the above kind, the bank shall restore funds promptly to customers in bona-fide cases but and shall not defer such action till completion of either departmental action or police interrogation.

Therefore,

- (i) In case of any fraud, if the bank is convinced that an irregularity / fraud has been committed by its staff towards any constituent, the bank shall at once acknowledge its liability and pay the just claim,
- (ii) in cases where the bank is at fault, the customer shall be compensated without demur.
- (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 banks shall compensate the customers (upto a limit) as may be decided by the relevant committee in the Bank.

22. TIMELINES FOR PAYMENT OF COMPENSATION AMOUNT

If the Bank is liable to pay any compensation under this policy, the same will be paid to the customer within 7 days from the completion of the investigation or in the case of failed electronic transactions using authorised Payment Systems, the timelines specified by RBI (Refer Section 7 of this policy).

23. VIOLATIONS OF CODE OF COMMITMENT TO CUSTOMERS BY THE BANK'S AGENTS

- In the event of receipt of any complaint from the customer that the Bank's authorised representatives such as Direct Sales Associates (DSAs), Debt Collection Agencies (DCAs) etc. have engaged in any improper conduct or acted in violation of any Code adopted by the Bank,

the Bank shall take appropriate steps to investigate and to handle the complaint. The relevant committee shall decide the compensation payable if any in respect of such cases on merits.

24. HARMONISATION OF TURN-AROUND TIME (TAT) AND CUSTOMER COMPENSATION FOR FAILED TRANSACTIONS USING AUTHORISED PAYMENT SYSTEMS

1. In terms of regulatory directives issued by RBI vide Circular No. DPSS.CO.PD No.629/02.01.014/2019-20 dated 20.09.2019, the Bank shall adhere to the framework for turn-around-time (TAT) for customer compensation got failed transactions using authorised payment systems. While the prescribed TAT is the outer limit for resolution of failed transactions, the bank shall endeavour towards quicker resolution of such failed transactions.
2. Wherever financial compensation is involved, the same shall be effected to the customer's account suo moto, without waiting for a complaint or claim from the customer.
3. Customers who do not get the benefit of redress of the failure as defined in the TAT, can register a complaint to the Banking Ombudsman.

24.1 General Instructions covering the TAT:

- **The principle behind the TAT is based on the following:**
If the transaction is a 'credit-push' funds transfer and the beneficiary account is not credited while the debit to originator has been affected, then credit is to be affected within the prescribed time period failing which the penalty has to be paid to the beneficiary. 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.
- 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 affected to the beneficiary account on account of lack of full information or lack of proper information and delay in initiating a reversal transaction.
- Terms like, Acquirer, Beneficiary, Issuer, Remitter, etc., have meanings as per common banking parlance.
- 'T' is the day of transaction and refers to the calendar date.
- 'R' is the day on which the reversal is concluded, and the funds are received by the issuer / originator. Reversal should be affected at the issuer / originator end on the same day when the funds are received from the beneficiary end.
- The term bank includes non-banks also and applies to them wherever they are authorised to operate.
- Domestic transactions i.e., those where both the originator and beneficiary are within India are covered under this framework.

25. TURN AROUND TIME (TAT) AND CUSTOMER COMPENSATION FOR FAILED TRANSACTIONS USING AUTHORISED PAYMENT SYSTEMS

The TAT and customer compensation for failed transactions using authorised payment system shall be separately annexed to the policy. The TAT / compensation payable may subject to change from time to time as may be notified by RBI. The Standing Committee for Customer Service is hereby authorised to update the TAT and Compensation as when required as per RBI Guidelines. (Refer Annexure I)

26. BURDEN OF PROOF

- The burden of proving customer liability in case of un-authorised electronic banking transactions shall lie on the Bank.
- The Bank has a process of second factor authentication for electronic transactions, as regulated by the Reserve Bank of India. Bank has onus to prove that all logs / proofs / reports for confirming two factor authentications is available. Any unauthorized electronic banking transaction which has been processed post second factor authentication known only to the customer would be considered as sufficient proof of customer's involvement / consent in effecting the transaction.

27. 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, lockout, strike 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.

28. REPORTING REQUIREMENTS

Half yearly reporting on customer compensation cases to be submitted to the Board in the required format

ANNEXURE I

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		

Sl. no.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
I	II	III	IV
a	Card to card transfer Card account debited but beneficiary card account credited.	Transaction to be reversed (R) latest within T + 1 day, if credit is not affected to the beneficiary account.	₹ 100/- per day of delay beyond T + 1 day.
b	Point of Sale (PoS) (Card Present) including Cash at PoS 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.
c	Card Not Present (CNP) (e-commerce) 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	Aadhaar Enabled Payment System (including Aadhaar Pay)		

Sl. no.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
I	II	III	IV
a	Account debited but transaction confirmation not received at merchant location.	Acquirer to initiate “Credit Adjustment” within T + 5 days.	₹100/- per day if delay is beyond T + 5 days.
b	Account debited but beneficiary account not credited.		
6	Aadhaar Payment Bridge System (APBS)		
a	Delay in crediting beneficiary’s account.	Beneficiary bank to reverse the transaction within T + 1 day.	₹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	₹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.	
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.	₹100/- per day if delay is beyond T + 1 day.