**Policy on Customer Compensation**

**1. Introduction**

This policy outlines the general principles and specific instances where customers will be compensated for delays or errors related to their accounts and transactions. The policy is developed in accordance with directions from the **Regulatory Authority** and aims to enhance customer service and satisfaction.

**2. Unauthorized / Erroneous Debits**

* **Responsibility for unauthorized electronic transactions:** Customers' rights and responsibilities in dealing with unauthorized electronic banking transactions are governed by the **Regulatory Authority's** circular on "Customer Protection – Limiting Liability of Customers in Unauthorized Electronic Banking Transactions".
* **Customer's liability in electronic banking transactions:**
  + **Zero Liability:** If the unauthorized transaction is due to a contributory fraud, negligence, or deficiency on the part of the **Regulated Entity**, or a third-party breach where the customer notifies the entity, the customer's liability is zero.
  + **Limited Liability:**
    - **Customer negligence:** If the loss is due to customer negligence (e.g., sharing credentials), the customer is liable until the unauthorized transaction is reported. Any loss occurring after reporting is the **Regulated Entity's** liability.
    - **Other cases:** If the unauthorized transaction is not due to the entity's or customer's fault, and the customer reports within a specific timeframe (e.g., 3 working days), the customer's liability is zero. For delays in reporting (4 to 7 working days), the customer's liability is capped. If reported after 7 working days, the **Regulated Entity's** policy on customer liability will apply.
  + **Compensation:** If the customer's liability is zero, the **Regulated Entity** must credit the amount within 10 working days of reporting. For limited liability cases, the credit must occur within 10 working days of reporting and customer confirmation of the transaction.
* **Other unauthorized debits (non-electronic):**
  + If a customer's account is debited due to negligence on the part of the **Regulated Entity** (e.g., wrong posting, error in cheque clearing), the customer should be reimbursed for the loss of interest at the savings **deposit rate** for the period of unauthorized debit.
  + Penal interest should not be charged on the portion of overdraft arising from the unauthorized debit.

**3. NACH Direct Debits / Other Debits to Account**

* **Unauthorised debits:** If a customer's account is debited without authorization or valid mandate, the **Regulated Entity** must reverse the debit and credit the customer's account within one working day of being informed.
* **Compensation for delay:** In case of delay beyond one working day, compensation of Rs. 100/- per day will be paid to the customer.

**4. Payment of Cheques after Stop Payment Instructions**

* If a cheque is paid after a stop payment instruction has been registered by the customer with the **Regulated Entity**, the **Regulated Entity** shall compensate the customer for any financial loss.
* The liability of the **Regulated Entity** in such cases will be limited to the extent of the cheque amount or the actual loss incurred by the customer, whichever is lower.

**5. Foreign Exchange Services**

* **Remittances:** Compensation for delays in crediting foreign inward remittances will be at the **Regulated Entity's** savings **deposit rate** for the period of delay.
* **Foreign currency demand drafts/T.T.s:** For non-realization of foreign currency demand drafts/T.T.s due to negligence or fault of the **Regulated Entity** or its correspondent, interest will be paid at the **Regulated Entity's** savings **deposit rate** for the period of delay.

**6. Payment of Interest for Delayed Collection of Outstation Cheques**

* The **Regulated Entity** will compensate customers for undue delays in collection of outstation cheques.
* **Delay beyond specified period:** If collection takes longer than the stipulated period for a particular center/state, compensation will be paid at:
  + Savings **deposit rate** for delays in crediting savings/current accounts.
  + Term **deposit rate** applicable for the period of delay for delays in crediting term deposits.
* **Loss of instrument:** If an outstation cheque is lost in transit, the **Regulated Entity** will compensate the customer for the loss of interest at the savings **deposit rate** from the date of realization of the duplicate cheque.

**7. Cheques / Instruments Lost in Transit / in Clearing Process or at Paying Entity's Branch**

* **Lost in transit:** If an instrument is lost while in the **Regulated Entity's** custody, the **Regulated Entity** will notify the customer immediately and assist in obtaining a duplicate instrument.
* **Compensation:** Interest at the savings **deposit rate** will be paid for the period of delay beyond the normal collection period, for any delay in obtaining the duplicate and realization.

**8. Issue of Duplicate Draft and Compensation for Delays**

* **Duplicate draft issuance:** A duplicate draft will be issued within 14 working days of receiving a request.
* **Compensation:** For delays beyond 14 working days, compensation at the interest rate applicable for fixed deposit for the period of delay will be paid, regardless of the amount.

**9. Violation of the Code by Entity's Agent**

* If a **Regulated Entity** has appointed an agent for any service, the **Regulated Entity** will be responsible for the acts of omission and commission of the agent in relation to the services for which they are appointed.

**10. Transaction of 'at par instruments' of Co-operative Entities by Commercial Entities**

* If a commercial **Regulated Entity** provides ‘at par’ cheque facility to a co-operative entity, the commercial **Regulated Entity** will be responsible for any violation of instructions or misuse of the facility by the co-operative entity, if the commercial **Regulated Entity** fails to exercise due diligence.

**11. Lenders Liability - Commitments to Borrowers**

* **Delay in sanction/disbursement of loans:** The **Regulated Entity** will compensate borrowers for delays in sanctioning or disbursing loans beyond the stipulated time limits.
* **Alteration in terms and conditions:** Any alteration in the terms and conditions of a loan after sanction and before disbursement must be formally communicated to the borrower. If the borrower does not accept the changes, compensation may be considered based on the inconvenience caused.

**12. Compensation for Failed Transactions using Authorized Payment Systems**

* **Unified Payments Interface (UPI):**
  + **Debit without credit (P2P):** If the payer's account is debited but the beneficiary's account is not credited, auto-reversal to the payer's account within T+1 day. Compensation: Rs. 100/- per day if delay beyond T+1 day.
  + **Debit without credit (P2M):** If the payer's account is debited but the merchant is not credited, auto-reversal to the payer's account within T+1 day. Compensation: Rs. 100/- per day if delay beyond T+1 day.
* **Immediate Payment Service (IMPS):**
  + **Debit without credit:** Payer's account debited but beneficiary's account not credited. Auto-reversal to payer's account within T+1 day. Compensation: Rs. 100/- per day if delay beyond T+1 day.
* **Aadhaar Enabled Payment System (AePS):**
  + **Debit without credit:** Payer's account debited but beneficiary's account not credited. Auto-reversal to payer's account within T+1 day. Compensation: Rs. 100/- per day if delay beyond T+1 day.
* **National Electronic Funds Transfer (NEFT):**
  + **Credit to wrong account:** If the beneficiary's account is incorrectly credited, reversal to the remitter's account within T+1 day. Compensation: Rs. 100/- per day if delay beyond T+1 day.
  + **Delay in crediting beneficiary:** If the beneficiary's account is not credited within the specified time, the **Regulated Entity** must credit the funds and pay compensation as per **Regulatory Authority** guidelines.
* **Real Time Gross Settlement (RTGS):**
  + **Delay in crediting beneficiary:** If the beneficiary's account is not credited or funds returned to remitter within the specified time, the **Regulated Entity** must compensate as per **Regulatory Authority** guidelines.
* **National Automated Clearing House (NACH):**
  + **Delay in crediting beneficiary / reversal:** Beneficiary **Regulated Entity** to reverse uncredited transaction within T+1 day. Compensation: Rs. 100/- per day if delay beyond T+1 day.
  + **Account debited despite revocation of mandate:** Customer's **Regulated Entity** responsible for such debit. Resolution within T+1 day.
* **Prepaid Payment Instruments (PPIs) - Cards / Wallets:**
  + **Off-Us transaction:** The transaction will follow the TAT and compensation rules of the underlying payment system (UPI, card network, IMPS, etc.).
  + **On-Us transaction (beneficiary PPI not credited / PPI debited without confirmation):** Reversal to remitter's account within T+1 day. Compensation: Rs. 100/- per day if delay beyond T+1 day.

**13. Force Majeure**

The **Regulated Entity** shall not be liable to compensate customers for delayed credit if an unforeseen event (including but not limited to civil commotion, sabotage, accident, fires, natural disasters, pandemic, or other 'Acts of God', war, damage to the **Regulated Entity's** facilities or its correspondent(s), absence of usual means of communication or all types of transportation, etc.) beyond the control of the **Regulated Entity** prevents it from performing its obligations within the specified service delivery parameters.