

UTTAR BIHAR GRAMIN BANK

उत्तर बिहार ग्रामीण बैंक



COMPENSATION POLICY

APPROVED IN 71ST BOD MEETING DATED 17.12.2019

HEAD OFFICE KALAMBAGH CHOWK, MUZAFFARPUR, BIHAR, 842 001

प्रधान कार्यालय, कलमबाग चौक, मुजफ्फरपुर, बिहार, 842 001

COMPENSATION POLICY - 2019

I) INTRODUCTION

It has been the endeavor of Bank to offer services to its customers with best possible utilization of its Human resources and Technology Infrastructure. Migration of all branches of the Bank to Core Banking Solutions (CBS) platform is great leap in this direction. In order to increase efficiency of the operations/better performance and to compensate adequately any customer who faces deficiency in Banking Services, the compensation policy has been formulated. The Compensation Policy of the Bank is designed to cover areas relating to unauthorized debiting of account, payment of interest to customers for delayed collection of Cheques/instruments, payment of cheque after acknowledgement of stop payment instructions, remittance within India, foreign exchange services, lending etc. The policy is based on principles of transparency and fairness in the treatment of customers and their genuine grievances.

II) OBJECTIVES

1.1 The objective of the "UTTAR BIHAR GRAMIN BANK" Compensation Policy (Banking Services)" 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 to annul the instances of the customer approaching the Banking Ombudsman or any other Forum for redressal of grievances.

1.2 It is reiterated that the Policy covers only compensations for Financial losses which customers might incur due to deficiency in 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 dispute.

1.3 It is imperative for all the branches/offices to note and ensure that-

1.3.1 Prompt and efficient customer service is rendered to all the customers at all times.

1.3.2 The Cheques/instruments are collected within the stipulated time frame in accordance with the Cheques Collection Policy.

This will not only substantially reduce the number of customer grievances



/ complaints, the resultant compensation payment will also be minimized as well.

II. AREAS OF COVERAGE

The policy as such is designed to cover 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 and does not constitute admission of liability or any other issue, of any nature whatsoever for the purpose of Adjudicatory Proceedings.

2.1 Unauthorised / Erroneous Debits:

2.1.1 If the Bank has raised an unauthorised / erroneous direct debit to any account, on receipt of the information the entry will be reversed immediately after verifying the position.

2.1.2 In case, the entry reported by the customer appears to be erroneous by the customer which does not involve a third party, the bank shall arrange to complete the process of verification within a maximum period of 7 days from the date of reporting of the erroneous debit.

2.1.3 On the contrary if the verification involves a third party, Bank shall complete the verification process within a maximum period of one month from the date of reporting of erroneous transaction by the customer.

2.1.4 In the event of any unauthorised/erroneous debit which results in any financial loss to the customer by way of reduction in the minimum balance applicable for payment of interest on saving bank deposit or payment of additional interest to the Bank in a loan account, the bank will compensate the customer for such loss.

2.1.5 If the customer has suffered any financial loss incidental to return of a Cheques or failure of direct debit instructions due to insufficiency of balance on account of the unauthorised/erroneous debit, the bank will compensate the customer to the extent of such financial losses. However, customer will not be entitled to claim any compensation for loss of reputation or loss of profit.

2.1.6 The compensation for such financial losses will , however, be restricted only to reimbursement of actual expenses incurred by the customer e.g. relodgement charges, if any, for the returned Cheques, penalty/interest for regularization of failed direct debit instructions , etc.



3.1 Digital Unauthorised Debit Transaction

Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorised Payment Systems as per RBI Circular No. RBI/2019-20/67 Dated September 20, 2019.

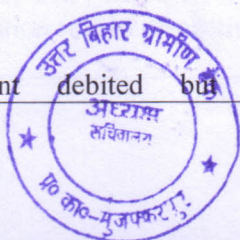
3.1.1 In case of digital banking transactions, in the event of any monetary dispute involving the customer and the bank, Customer must be compensated for the losses arising out of unauthorised transaction in customer's account.

3.1.2 General Instructions covering the TAT :

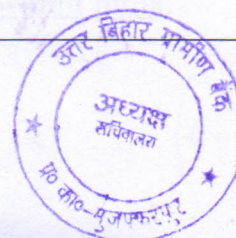
- a) The principle behind the TAT is based on the following :
 - a.1 If the transaction is a 'credit-push' funds transfer and the beneficiary account is not credited while the debit to originator has been effected, then credit is to be effected within the prescribed time period failing which the penalty has to be paid to the beneficiary;
 - a.2 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.
- b) 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 effected to the beneficiary account on account of lack of full information or lack of proper information and delay in initiating a reversal transaction.
- c) Terms like, Acquirer, Beneficiary, Issuer, Remitter, etc., have meanings as per common banking parlance.
- d) T is the day of transaction and refers to the calendar date.
- e) R is the day on which the reversal is concluded and the funds are received by the issuer / originator. Reversal should be effected at the issuer / originator end on the same day when the funds are received from the beneficiary end.
- f) The term bank includes non-banks also and applies to them wherever they are authorised to operate.
- g) Domestic transactions i.e., those where both the originator and beneficiary are within India are covered under this framework.

Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorised Payment Systems

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.	Rs.100/- per day of delay beyond T+5 days, to the credit of the account holder.
2	Card Transaction		
a	Card to card transfer		
	Card account debited but the	Transaction to be reversed(R) latest within T+1 day, if credit is not	Rs.100/- per day of delay beyond T+1 day.



	beneficiary card account not credited.	effected to the beneficiary account.	
b	<u>Point of Sale(PoS)(Card Present) including Cash at Pos</u> Account debited but confirmation not received at merchant location i.e., charge-slip not generated.	Auto-reversal within T+5 days.	Rs.100/- per day of delay beyond T+5 days.
c	<u>Card Not Present(CNP)(e-commerce)</u> 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.	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(R) 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 Aadhar 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.		
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.	
8	Prepaid Payment Instruments(PPIs)-Cards/Wallets		
a	<u>Off-Us Transaction</u> 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	<u>On-Us Transaction</u> Beneficiary's PI not credited. PPI debited but transaction confirmation not received at merchant location.	<u>Reversal effected in Remitter's account within T+1 day.</u>	Rs.100/- per day if delay is beyond T+1 day.
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3.1.3 The issuer Bank is entitled to claim such compensation paid to the customer from the acquirer Bank, if the delay is attributed to the latter. By the same logic, the digital network operators shall compensate the Banks for any delay on their part.

4.1 Payment of Cheques After Stop Payment Instruction:

4.1.1 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 adequately compensated.

4.1.2 Such debits will be reversed within 2 working days from the date the customer intimates about the transaction to the bank.

5.1 Remittances in India / Interest for Delayed Collection of Outstation Cheques (within India).

5.1.1 Interest for delayed collection shall be at Savings Bank rate for the period of delay beyond 7 days in four major Metro Centres (Delhi/Mumbai/Kolkata /Chennai) , beyond 10 days in Metro Centres / State Capitals (other than North Eastern States and Sikkim) and beyond 14 days for all other centres.

5.1.2 Where the delay is beyond 14 days, interest will be paid at the rate applicable to term deposit for the respective period.

5.1.3 In the event, the proceeds of Cheques under collection were to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the respective loan account.

5.1.4 Such interest shall be without any demand from the customer and should be system – driven/ system in-built.

5.1.5 Holidays are to be excluded for the purpose of reckoning collection period prescribed above.

5.1.6 It should be noted that interest payment as given above would be applicable only for instruments sent for collection within India.



5.1.7 There should not be 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.

5.1.8 In case of extraordinary delay i.e. delay exceeding 90 days, interest will be paid @2% above the corresponding term deposit rate.

6.1 Interest for delayed collection of Bills:

6.1.1 In case of delay in realization of Bills sent for collection to payee bank /branch, the collecting bank shall pay interest at the rate of 2% p.a. over and above Savings rate.

6.1.2 The delayed period shall be reckoned after making allowance for normal transition period of 2 days each for dispatch of bills / presentation to drawee / remittance of proceeds / credit to beneficiary account. To the extent delay is caused by the payee bank, lodger bank may claim interest from the counterpart.

7.1 Delayed credit/refund of NEFT transactions

7.1.1 In case of delay in crediting the beneficiary customer's account or returning the un-credited amount to the remitter, the bank shall pay penal interest at the current RBI LAF Repo Rate plus two percent for the period of delay/till the date of refund as the case may be to the affected customers.

7.1.2 Such payment of penal interest at the stipulated rate should be suo-moto from Bank's side without waiting for claim from the customers.

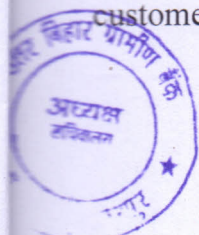
7.1.3 The payment of penal interest to the affected customer shall be from the date of transaction, not from the value date of credit in the customer's account.

7.1.4 Such Interest shall be paid without any demand from the customer and should be system – driven/ system in-built.

8.1 Cheques/Instruments/Drafts Lost in Transit/In Clearing Process /At Paying Bank Branch :

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 under:

8.1.1 In the event of a cheque/ instrument accepted for collection lost



in transit the clearing process or at the paying bank branch, the bank shall immediately on coming to know of the loss, bring the same to the notice of the account holder. This will enable the account holder to inform the drawer of instrument to stop payment at Drawee Branch and also take care that cheques, if any, issued by him/her are not dishonored due to non-credit of the amount of the lost Cheques/instruments.

8.1.2 The branch shall extend all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

8.1.3 In case of international cheque lost in transit, bank shall advise the correspondent/drawee bank all particulars of the lost instrument for exercising caution. The bank shall arrange to get the payment of instrument based on the photocopy/scanned image of the instrument wherever possible as per the law of the land.

8.1.4 In case of instruments lost / misplaced since claimed to have been deposited in the "drop box" and customer doesn't have the receipt, bank will not be in position to decide the compensation. In such cases, the customer will have to submit a claim for the lost instrument with details including confirmation / enquiry from the drawer of the cheque/ drawee bank about the genuineness of the claim.

8.1.5 In such cases and in case of 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.

8.1.6 In addition, bank will pay interest on the amount of cheque for a further period of 15 days at Saving Bank rate for likely further delay in obtaining duplicate cheque/instrument and collection thereof.

8.1.7 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 obtained from a bank/institution who would charge a fee for issue of duplicate instrument.

8.1.8 The bank would bear/reimburse to the customer such other charges incurred for marking stop payment instructions,



only on production of proof of levying of such charges by the Drawer's Bank.

- 8.1.9 If the cheque/instrument is lost after it is purchased/discounted by the bank as per any prior arrangement or otherwise, the bank will immediately on coming to know about the loss, reverse the credit given to the customer's account under intimation to the customer and from the date of such intimation, it will be treated that the instrument is on collection basis and the customer will be compensated as above.
- 8.1.10 The customer is expected to extend necessary co-operation to the bank wherever required in the matter.
- 8.1.11 The bank's policy for treatment of Cheques/instruments lost after it is purchased /discounted would be adequately made clear to the customer at the time of entering into the arrangement for purchasing/discounting of cheque or at the time of conceding the specific request of the customer for purchase of a particular cheque.
- 8.1.12 Duplicate drafts will be issued within a fortnight on receipt of written request from the purchaser. For delay beyond the period, interest @ rate applicable to time deposit for the corresponding period to be compensated.

9.1 Lender's Liability – Commitment to Borrowers (Loss of Title Deeds).

- 9.1.1 In case of loans against mortgage of property/property taken as collateral security, the original Title Deeds should be returned to the customer within a period of 15 days from date of loan closure. Delay in return of Title Deeds and /or where there is a case of loss of Title Deed from the custody of the Bank, the customer must be adequately compensated.
- 9.1.2 Such compensation should be restricted to expenses incurred for obtaining a certified duplicate copy of the original Title Deed from the Office of Sub-Registrar. Bank will issue a public notice/advertisement in local newspaper about the loss of the original Title Deed, the cost of which will be borne by the bank.
- 9.1.3 The payment of compensation will be approved by respective Regional Manager.



10.1 Violation of Code by Bank's Agent.

10.1.1 In the event of receipt of any complaint from the customer that Bank's representative /courier/Direct Selling Agent(DSA) has engaged in any improper conduct or acted in violation of the Code of Bank's Commitment to Customer which the bank has adopted voluntarily, the bank shall take appropriate steps to investigate the matter and endeavour to communicate the findings to the customer within seven working days from the date of receipt of complaint and wherever justified compensate the customer for financial losses. Such compensation will be restricted to reimbursement of actual expenses.

10.1.2 Non –Lending Powers relating to Payment of Compensation

10.1.2.1 In terms of the provisions of the cheque collection policy and compensation policy, customer's are to be compensated for any financial loss they may incur due to deficiency in service on the part of the Bank

10.1.2.2 As a part of grievances mechanism and to speed up the disposal of Complaints, non-lending powers are as under:-

Delegates	Powers (Amount in Rs.)
Chief Manager at Head Office	Rs.10,000/-
General Manager	Rs.5,00,000/-
Chairman	Rs.10,00,000/-
Board of the Bank	Above Rs.10,00,000/-

11.1 Force Majeure :

11.1.1 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/other labour disturbances accident, fires, natural disasters or other "Acts of God" war, damage to bank's facilities or of its correspondent bank(s), absence of all types of usual modes of transportation, etc) beyond the control of the bank prevents it from performing its obligation within the specified service delivery parameters.

12.1 Amendment/Modification of the Policy:

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

