

**INDUSIND BANK LTD.**  
**CUSTOMER COMPENSATION POLICY**

**INTRODUCTION**

In the present day scenario of Competitive Banking, it will be the bank's endeavor to offer services to its Customers with best possible utilization of its technology infrastructure and branch network. Bank has undertaken technological initiatives in payment and settlement systems and qualitative changes in operational systems and processes to improve efficiencies in providing better products and services to the Customers. However, at times, inadvertently the bank is unable to meet the service levels committed in the dealings with individual Customers. This policy has been designed to compensate the Customers in such situations. The policy is based on principles of transparency and fairness in the treatment of Customers.

**SCOPE OF OPERATION**

This document will cover the following aspects:

- Unauthorized / Erroneous debits to Customer accounts
- National Automated Clearing House (NACH) ECS direct debits/ Standing Instructions / Other Debits to accounts
- NACH
- NEFT
- Payment of cheques after acknowledgement of Stop Payment Instructions
- Delay in Collection of outstation Cheques / Instruments within India
- Collection of Cheques / Instruments drawn on banks in Foreign Countries
- Loss of instruments in transit.
- Issue of duplicate Draft and Compensation for delays
- Violation of the Code by banks agent
- Transaction of "at par instruments" issued by Co-operative Banks
- Remittances within India other than NACH/NEFT
- Delay in Collection of Bills
- Lenders liability : Commitments to borrowers
- ATM related issues
- Force Majeure

**OBJECTIVE OF THE POLICY**

The objective of this policy is to establish a system whereby Bank shall compensate the Customer for any direct and actual loss by way of interest loss / payment of charges by Customers due to deficiency in service on our part or any act of omission or commission directly attributable to the bank without recourse to any legal action.

The policy covers only compensation for financial loss suffered by way of interest loss/ payment of charges by Customers, 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/ stand before any forum duly constituted to adjudicate banker-customer disputes. The policy does not cover and is not applicable in respect of claims made by Customers on account of opportunity losses or damages or claims pertaining to reputation loss.

#### **1. Unauthorized / Erroneous Debit**

- 1.1 If the bank has raised an unauthorised /erroneous direct debit to an account and upon being informed of the erroneous debit, the entry will be reversed with proper value date, after due verification. In such cases, the Bank will compensate the Customer, in case Customer has suffered loss of interest due to reduction in the minimum balance applicable for payment of interest on savings bank account or by way of payment of additional interest to the bank in a loan account or by way of payment of any interest or penal charges in credit card account or any charges levied for return of cheques due to shortfall in balance.
- 1.2 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.
- 1.3 Erroneous/unauthorized transaction reported by customers in respect of credit card operations, which require reference to a merchant establishment, will be handled as per rules laid down by card association. Currently the chargeback investigation on account of chargeback disputes range between 45 to 90 days. The Bank will provide explanation and if necessary documentary evidence to the customer.
- 1.4 The Bank reserves its right to debit the account for reversing the amounts in case a wrong credit is posted to a customer's account without payment of any compensation.
- 1.5 Reversal of Erroneous Debits arising on Fraudulent or Other Transactions
  - (i) In case of any fraud, if the Bank is convinced that an irregularity/ fraud has been committed by its staff towards any constituent, Bank shall at once acknowledge its liability and pay the just claim along with compensation to the extent mentioned in item No.1.1.
  - (ii) In cases, where the branch is at fault, Bank shall compensate the customer without demur to the extent mentioned in item No.1.1.

In cases where neither the branch nor the customer is at fault, but the fault lies elsewhere in the system, the Bank shall compensate the customer upto the amount of the erroneous debit,

but not exceeding an amount of ₹ 10,000./-. However, in such cases, no compensation will be payable under the terms of item 1.1.

#### 1.6 Reversal of Erroneous/Unauthorised/Fraudulent debits arising on Internet Banking (Vishing/Smishing) related transactions

Fraudulent debits arising out of Internet banking are mainly categorised as under:

- Funds Transfer to another account (within the Bank and outside the Bank)
  - Internet /MOTO using Credit /Debit card
  - Skimming/Counterfeit of Credit/Debit Card
  - Hacking of internet ID/password
  - Pre-paid mobile recharge transaction using Credit/Debit card.
  - Transactions in shopping malls using Credit/Debit Card.
- a. In case of any fraud, if Bank is convinced that an irregularity/fraud has been committed by its staff towards any constituent, the Bank will at once acknowledge its liability and pay just claim.
  - b. In cases where the Bank is at fault, Bank will compensate the customer without demur.
  - c. For cases where the Bank is not at fault, but the customer has either acted fraudulently or inadvertently compromised his Internet Banking security details or acted without reasonable care (which includes not taking steps to protect computers from hackers) Bank/Customer will be bound by Clause numbers 12.6 of the revised Code of Commitment by Banking Codes and Standards Board of India which stipulates that banks are not responsible for losses caused by a third party when customers have acted without reasonable care.

However, in exceptional circumstances IndusInd Bank may compensate the customer for cases where the customer has not compromised any personal and confidential security parameters required to complete an Internet banking transaction and based on merits of the claim upto INR 10000/-

## **2. National Automated Clearing House (NACH) ECS direct debits/ Standing Instructions /Other Debits to accounts**

The bank undertakes to carry out direct debit / standing instructions/ NACH ECS debit instructions of Customers in time subject to the following:

- a) Customer having already provided valid and complete mandate to accept any debit received from NACH ECS.
- b) Customer having already submitted a mandate for standing instructions.
- c) Direct debit/ ECS received is complete and correct.
- d) Customer having sufficient balance maintained in the account at the time of implementing direct debits/ standing instructions/ NACH ECS.

Failure to carry out the instructions subject to the aforesaid clauses and for reasons directly attributable to the bank, the Customer shall be compensated at the prevailing fixed deposit interest rate for the period between the due date of direct debit/ standing instruction debit/ ECS debit and the date of actual debit carried out by the bank. We shall also reimburse the Customer to the extent of any penal interest, late payment charges levied by the debit/ ECS originating Bank, upon producing evidence of the same.

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 and such other terms and conditions as may be communicated from time to time.

Where it is established that the Bank had issued a credit card without consent (written, e-mail, on phone, SMS etc) of the recipient, the Bank would not only reverse the charges immediately but also pay compensation without demur to the recipient amounting to twice the value of charges reversed as per regulatory guidelines.

### **3. NACH ECS**

Bank would give NACH ECS Credit on the same day of receipt. In case of any delayed NACH ECS Credit, Bank will pay penal interest at the current RBI LAF Repo Rate plus two per cent from the due date of credit till the date of actual credit for any delayed credit to the beneficiaries' account. Penal interest shall be credited to the Beneficiary's Account even if no claim is lodged.

### **4. NEFT**

Bank would make payment to the beneficiaries instantly on the same day (within two hours of receipt of funds) by crediting the specified account of the beneficiary or otherwise placing funds at the disposal of the beneficiary. In the event of any delay or loss on account 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 beneficiary, the Bank shall pay compensation at current RBI LAF Repo Rate plus two per cent for the period of delay. In the event of delay in return of the funds transfer instruction for any reason whatsoever, the Bank shall refund the amount together with interest at the current RBI LAF Repo Rate plus two per cent till the date of refund.

The sender/ originator shall be entitled to claim the compensation from the sending bank for the period of delay in the completion of funds transfer, and/or any other penalty which may be levied / decided by RBI

During the NEFT operating hours, Bank will endeavour to put through the requests for NEFT transactions received by them, either online or across the counters, preferably in the next

available batch but, in any case, not exceeding two hours from the time of receipt of the requests. In the likelihood of any delay/ possible delay in adhering to this requirement, the originators/ customers should be informed of the delay/ possible delay and the reasons for the same.

Bank shall not be liable for any loss or damage arising or resulting from delay in transmission delivery or non-delivery of Electronic message or any mistake, omission, or error in transmission or delivery thereof or in deciphering the message from any cause whatsoever or from its misinterpretation received or the action of the destination Bank or any act or event beyond control of the Bank.

**5. Payment of Cheques after acknowledgement of Stop Payment Instructions:**

In case a cheque has been paid after stop payment instruction is received and acknowledged by the bank, and there have been no subsequent and contradictory instruction received by the bank, the bank shall reverse the transaction and give value-dated credit to Customer's account. Any consequential loss by way of interest loss/ payment of charges by the Customer will be compensated as provided under Para 1 above. Such debits will be reversed within 2 working days of the Customer intimating the transaction to the bank.

**6. Collection of outstation Cheques/ Instruments within India**

The compensation on account of delays in collection of Cheques/ Instruments would be as indicated in the Bank's Policy on Collection of Cheques/ Instruments, in the following instances:

- a) Payment of Interest for delayed Collection of Outstation Cheques
- b) Cheques / Instruments lost in transit / in clearing process or at paying bank's branch

**7. Collection of Cheques/ Instruments drawn on Foreign Countries**

The Compensation on account of delays in collection of Cheques/ Instruments drawn on Foreign Countries would be as indicated in the Bank's Policy on Collection of Cheques/ Instruments.

**8. Loss of instruments in transit**

The Compensation on account of loss suffered by customers due to loss of instrument after it has been handed over to the bank for collection would be as indicated in the Bank's Policy on Collection of cheques/ instruments

**9. Issue of Duplicate Draft and Compensation for delays**

Duplicate draft will be issued within a fortnight from the receipt of such request from the purchaser thereof. For delay beyond the above stipulated period, interest at the rate applicable for Fixed Deposit of corresponding period will be paid as compensation for such delay

**10. Violation of the Code by banks agent**

In the event of receipt of any complaint from the customer that the bank's representative/ courier 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 will 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 financial loss, if any.

#### **11. 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 dishonor of such instruments when the remitter has already paid for the instruments. In this connection it is clarified that since “at par instruments” are only cheques drawn on accounts maintained with the bank are not prepaid instruments, the bank will not honor cheques drawn on current accounts maintained by other banks with it unless arrangements are made for funding of cheques issued. Issuing bank i.e. Cooperative Banks/ Drawer of the cheque would be responsible to compensate the cheque holder for non-payment/delayed payment of cheques in the absence of adequate funding arrangement.

#### **12. Remittances within India other than NACH ECS/NEFT**

In case of any delay in receiving the remittance amount at the destination, the Bank will compensate the Customer, at the rate of 2% p.a. above the rate of interest payable on balances of Savings Bank accounts.

#### **13. Bills for Collection**

In case of Delays in Collection of Bills, Bank will 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 will 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 of drawees. (iii) Remittance of proceeds to the lodger's bank. (iv) Crediting the proceeds to drawer's account.

To the extent the delay is attributing to the drawee's bank, the lodger's bank may recover interest for such delay from drawee bank.

#### **14. Lenders liability : Commitments to borrowers**

The bank has adopted the principles of lenders of liability. In terms of the guidelines for lenders liability, and the Code of Bank's Commitment to customers adopted by the bank, we will return to you all the securities / documents/title deeds to mortgaged property within 15 days of the repayment of all dues agreed to or contracted. We will compensate you for any delay in return of securities / documents / title deeds to mortgaged property beyond 15 days of the repayment of all dues agreed to or contracted @ Rs.50 per day for delay beyond 15 days.

#### **15. ATM related issues**

All admitted customer claims about wrongful debit on account of failed ATM transactions will be reimbursed to the customer within a maximum period of 7 working days from the date of the receipt of the customer complaint. For any failure to re-credit the customer's account within 7 working days from the date of receipt of the complaint, the bank will pay compensation of

Rs.100/-, per day, to the aggrieved customer. This compensation will 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. Customers are entitled to receive such compensation for delay, only if a claim is lodged with the issuing bank within 30 days of the date of the transaction. Any other bank customer using our Bank ATM machine needs to approach his / her respective bank for compensation. The other Customer bank will raise a chargeback on our Bank which will be responded within 6 working days of the date of chargeback claim receipt.

#### **16. 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 labor 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.

#### **17. General**

Acceptance of the compensation by the customers under this policy shall be deemed to be final settlement of all issues arising out of grievances for which compensation is claimed.

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