

COMPENSATION POLICY (2017-18)

PREAMBLE

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 service to the users of the system. It will be the bank's endeavor to offer services to its customers with best possible utilization of its technology infrastructure.

This 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 cheques after acknowledgement of stop payment instructions, remittances within India, foreign exchange services, lending, 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. For an Unauthorised / Erroneous Debit:

If there is 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 of the unauthorized/ erroneous debit resulted in a financial loss to 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.

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 financial losses.

Bank will compensate the financial loss, supported with documentary evidence, to the extent of actual amount that the customer 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. A few instances of

such cases of unauthorized debits and/ or erroneous debit or credit entries and their possible impacts on the interest of the customers are enumerated below:—

- (i) Return of telephone/ electricity bill, school fees where payment after the due date may result in deprivation of rebate/ discount/ commission and/ or imposition of fine/ penalty etc. In such cases Bank will compensate the actual amount of rebate/ discount/commission/fines/penalty etc., as the case may be.
- (ii) Due to wrong debit in a S.B. account the balance in the same may be less by that sum for the purpose of calculation of interest. To compensate the loss, the amount wrongly debited will be credited with value-dated effect.
- (iii) Consequent upon unauthorized/ erroneous debit, due to fall in minimum balance in the account resulting in levying of service charges, if any, will be refunded to the customer.
- (iv) Where amount deposited towards repayment/ installments in a loan account is not credited, additional interest is accrued on account of that amount. In such cases, the amount of excess interest so charged will be refunded in the loan account as compensation.
- (v) In case of a running borrowal account, if an amount deposited by the customer is not credited in that account by mistake of the Bank additional interest pertaining to that amount accrues in the account. On detection of such error, the amount is to be immediately credited in the account with value dated effect.
- (vi) In case of borrowal accounts, the cheque deposited by the customer for collection through local clearing if not sent by the branch for reason whatsoever, additional interest accrued in the account arising out of non-credit of the amount of the cheque will be compensated by crediting the amount with value dated effect.

Time limit for verification of the entry reported to be erroneous by the customer.

In case of 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-A. Erroneous Debits arising on account of 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 would at once acknowledge its liability and pay the just claim. However, such claims for restitution would be disposed of as per the powers delegated to authorities at various levels by the Bank as per Bank's circularized instructions from time to time.
- (ii) In cases where the Bank is at fault, the customer would be compensated without demur in accordance with this policy.
- (iii) In cases where neither the Bank nor the customers is at fault, but the fault lies elsewhere in the system, the Bank would compensate the customers. The concerned controlling offices will forward such claims with their views/ comments to Inspection Department, Head Office for their placing the same before the Board of Directors of the Bank for their direction/ decision.

2. ECS/NACH direct debits/other debits to accounts:

Bank, in the event of failure to meet the direct debit/ECS/NACH debit instructions of the customer in time, will compensate to the extent of any financial loss that the customer would

incur on account of delay in carrying out the instruction/failure to carry out the instructions. Bank will refund the amount of service charges debited in the customer's account in excess/ in violation of schedule of service charges when pointed out by the customer after proper scrutiny. Bank will also compensate the consequential financial loss, if any, to the customer for debit of excess service charges after proper verification/ scrutiny of agreed terms and conditions.

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 amount of the cheque will be credited by the Bank along with value-dated effect within 2 working days of the customer intimating the transaction to the Bank. Bank will compensate for the financial loss, to the extent of actual amount of loss that the customer might incur, after ascertaining and being satisfied about the amount of such loss.

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 may 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 bank with its correspondent. Such compensation will be given for delays beyond two days from the date of credit to Nostro Account / due date after taking into account normal cooling period stipulated. The compensation in such cases will be worked out as follows:

For delay in paying/ sending intimation as the case may be, beyond two working days of receipt of credit advice/ statement of nostro account, compensation to the beneficiary shall consist of two components, viz

- a) Interest for the period of delay

Rate of interest for the period of delay shall be 2% over the Bank's saving bank interest rate. [as per FEDAI rule]

- b) Exchange difference for adverse movement of exchange rate, if any.

Compensation for adverse movement in exchange rate, if any, during the period of delay, shall be the difference between the Bank's TT buying rate as on the 2nd working day of receipt of credit advice/ nostro statement and as on the date of payment, provided that the Bank's TT buying rate as on the date of payment is less than that as on the 2nd working day as above.

Such compensation shall be payable by the bank only when the delay has occurred inspite of having full and correct information about the beneficiary (in case of intimation) and the beneficiary has completed all formalities prescribed under extant FEMA guidelines.

The beneficiary has to lodge a claim in writing within 15 days from the date of receipt of payment/ intimation, furnishing full details of the remittance and the period of delay. The

claim, if found in order, shall be settled within 7 working days from the date of receipt of the claim.

If the claim is not made within 15 days, the interest liability of the Bank under this provision shall be limited to a maximum period of 60 (sixty) days.

5. Remittances in India:

5(A) Time Frame for Collection of Local Cheques:

The cheques deposited by customers upto three hours before the respective clearing schedules will be sent to the clearing house on the same day. However, branches are authorized to fine-tune the time frame by reducing the time limit for deposit of cheques for sending the same for clearing on the same day in the greater interest of the individual customers depending upon the prevailing local clearing schedule. The time norms for deposit of cheques for sending the same to the clearing house on the same day will be displayed in the branch premises as well as on the cheque drop boxes for information of the customers.

Interest for delayed collection of local cheques shall be paid at savings bank rate for the corresponding period of delay.

5(B) Time frame for collection of outstation cheques:

- a) For cheques and other instruments sent for collection to centres within the country:
Time frame for collection of cheques drawn on state capitals / major cities/ other locations are 7/10/14 days respectively.
- b) Cheques drawn on foreign countries: For cheques payable at foreign centres, the services of correspondent banks will be utilized in countries/centres where the correspondent bank has its presence. Cheques drawn on foreign banks at centres where correspondent bank does not have direct presence will be sent directly to the drawee bank with instructions to credit proceeds to the respective Nostro Account of the Bank maintained with the correspondent banks. Bank will give credit to the party on credit of proceeds to the Bank's Nostro Account with the correspondent bank after taking into account cooling periods as applicable to the countries concerned.

The above time norms are applicable for cheques/ instruments drawn on branches of other banks.

Payment of Interest for delayed Collection of Outstation Cheques:

Bank will pay interest to the customer on the amount of collection instruments in case there is delay in giving credit beyond the time period mentioned hereinafter. 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) At Savings 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 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/loan account of the customer, interest will be paid at the rate applicable to the respective loan account. For extraordinary delay, interest will be paid at the rate of 2% above the rate applicable to the respective loan account. Payment of interest as stated above would be applicable only for instruments sent for collection within India.

Payment of interest for Delays in collection of bills

The lodger's bank should 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 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 that bank.

Delay in Re-presentation of Technical Return Cheques and Levy of Charges for such Returns:

Banks shall levy cheque return charges only in cases where the customer is at fault and is responsible for such returns. Where the customers are not at fault where the cheques need to be re-presented without any recourse to the payee, such re-presentation should be made in the immediate next presentation clearing not later than 24 hours (excluding holidays) with due notification to the customers of such representation through SMS alert, email etc.

5(C) Payment of penal interest for delayed credit/refunds of NEFT transactions:

In case of delay in crediting the beneficiary customer's account or in returning the uncredited amount to the remitter in case of NEFT, 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 suo moto, without waiting for claim from customers.

6. Compensation for financial loss suffered by the customers due to loss of instrument after it has been handed over to the bank for collection:

Cheques / Instruments lost in transit / in clearing process or at paying bank's branch:

In case 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 about 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 can also take care that other cheques issued by him/ her are not dishonoured due to non-credit of the amount of the lost cheque/instruments. The Bank will provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque. 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 for delayed collection of outstation cheques.
- (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 will 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.
 - (d) The onus of such loss lies with the collecting banker and not the account holder.
 - (e) If the cheque / instrument has been lost at the paying bank's branch, the collecting banker should have a right to recover the amount reimbursed to the customer for the loss of the cheque / instrument from the paying banker.

7. Issue of Duplicate IOI and Compensation for delays:

Duplicate IOI, in lieu of lost IOI 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.

Banks should issue duplicate IOI to the customer within a fortnight from the receipt of such request. Further, for the delay beyond this stipulated period, banks were advised to pay interest at the rate applicable for fixed deposit of corresponding maturity in order to compensate the customer for such delay. The period of fortnight prescribed would be applicable only in cases where the request for duplicate demand draft is made by the purchaser or the beneficiary and would not be applicable in the case of third party endorsements.

8. Violation of the Code by Bank's 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, Bank will compensate to the customer, on merit of the individual cases, the financial losses for the act of such representative / courier or DSA after proper investigation.

9. Transaction of "at par instruments" of Co-operative Banks by Commercial Banks

In case of arrangement for payment of "at par" instruments of co-operative banks, the Bank will not honour cheques drawn on current accounts maintained by other banks with it unless arrangements are made for funding cheques issued. Issuing bank will be responsible to compensate the cheque holder for non-payment/delayed payment of cheques in the absence of adequate funding arrangement.

10. 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, the bank would return to the borrowers all the securities/documents/title deeds to 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 mortgage property at the hands of the bank, the compensation will be @ Rs.100/- per day to the extent of Rs.5,000/- plus out of pocket expenses for obtaining duplicate documents.

11. 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.

12. ATM Failure:

Bank would reimburse the customer the amount wrongfully debited of failed ATM transactions within a maximum period of 7 working days from the receipt of the complaint. For any failure to re-credit the customer's account within 7 working days from the date of receipt of the complaint, Bank shall pay compensation to the aggrieved customer as per RBI directives; at present payable amount is Rs.100 per day. Any customer entitled to receive such compensation delay, only if a claim is lodged with the issuing bank within 30 days of the date of transaction. Details of charge back in case of ATM transaction by a customer of the Bank when he uses other bank ATM may be included.

All disputes regarding ATM failed transactions shall be settled by the issuing bank and the acquiring bank through the Dispute Management System (DMS) of the different networks viz. NPCI, VISA, Master Card only. No bilateral settlement outside the DMS mechanism available with the system provider is permissible.

Non blocking of lost ATM card after acknowledgement of request for its blocking:

The instruction for blocking of lost ATM card will be accepted at Home Branch /SMS/ Internet Banking (alternate channel)/ ATM help desk.

In case ATM Card has not been blocked after such a request has been acknowledged by the Bank, Bank shall reverse the debited amount made after acknowledgement of request till the card blocked within one week of confirming the claims and transaction details.

However, no compensation will be paid if ATM Card transaction has occurred prior to acknowledgment of instructions for blocking of lost ATM Card.

13. Erroneous debits on Internet Banking (Vishing/ Smishing) / Mobile Banking/ UPI/ USSD etc. related transactions

For cases where the Bank has acted in good faith, in normal day to day conduct of business, but the customer has either acted fraudulently or inadvertently compromised his internet banking/ Mobile Banking security details (example: ATM PIN. OTP, ID. Password, date of birth, mother's maiden name etc.) or acted without reasonable care (which includes not taking steps to protect computers from hackers), Bank /Customer will be bound by 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, Bank may compensate the customer for cases where the customer has not compromised any personal and confidential security parameter required to complete an internet banking transaction and based on deliberation of various facts such as:

- a. Justification given by customer

- b. Immediate or delay in reporting by the customer based on SMS alert, account statement, mini statement etc. received by the customer.

14. Customer Protection - Limiting liability of customers in Unauthorised Banking Transaction

A) Modes of Unauthorised Electronic Banking Transaction (UEBT)

- I. The Unauthorised Electronic Banking Transaction (UEBT) may happen by cloning of the card, Data skimming, Phishing, Farming, etc. as under:
 - a. Card Skimming- This is done by use of a device that reads and stores magnetic strip information when a legitimate transaction is conducted. This information is then copied on another card, which is used for the fraudulent transactions. Skimming allows criminals to take possession of cardholder's data stored in the magnetic strip in total which includes the CVV, and other discretionary data. This can be used for fraudulent transactions through the websites in foreign countries where the PIN and Password are not required for carrying out Debit Card transactions.
 - b. Point of Sale (PoS) terminals or PIN Entry Device (PED) Tampering- Sometimes merchant swipes for a second time on another swipe device fraudulently on the pretext of recording for loyalty and reward programs. The second swipe may be for obtaining card data for cloning purpose.
 - c. Data compromise- The theft of cardholder data is from issuers, merchants, processors or third party agents, normally via unauthorized server intrusions. Storage of unencrypted cardholder data by these entities facilitates this criminal activity.

PINs are also captured with overlay devices positioned on legitimate unattended terminals, such as ATMs, automated fuel dispensers and also by, shoulder surfing. In addition hidden cameras are often positioned at or near POS terminals in order to capture PINs.
 - d. Phishing- A social engineering scheme where criminals masquerade as a legitimate financial services institution to obtain account data from the cardholder. Phishing is normally conducted via electronic mail, but telephone versions are also common. As data is obtained directly from the cardholder, it normally includes the Personal Identification Number (PIN). This is how, phishing enables ATM fraud.
 - e. Pharming- A social engineering scheme that is based on redirecting website traffic to another illegitimate site where customers unknowingly enter their personal data.
 - f. Imprinting of extra (i.e., multiple) transaction receipts by sales personnel.
 - g. Malware- Criminal installs the malware in the ATMs to take control over ATMs which allow stealing data, PINs and cash.
- II. Fake Assistance: Once these perpetrators spot a target they appear to be very helpful and offer assistance to the unsuspecting cardholder and ask for the basic card details i.e., Card no. PIN, expiry date & CVV. These details are sufficient for fund transfer.

III. Liability in case of unauthorised transaction in specified scenarios.

Sl. No.	Txn Type	Case Types	Customer Liability	Bank's Liability	Remarks
1	ATM	PIN Shared	Full	Zero	PIN written on card, Kept along with card / shared.
2		Card & PIN given to known person	Full	Zero	Card & PIN given to the family persons, friends or known persons but claimed as fraudulent withdrawal.
3		Card Lost	Full	Zero	Card lost but not informed to the bank and meantime transactions done through the card.
4			Zero	Full	Card lost & informed to bank but bank failed to block the card; transactions done.
5		Card issued without customer request	Zero	Full	Card issued in customer Ac without customer request and txn done.
6	E-Commerce	Card Lost	Full	Zero	Card Lost but had not informed to bank or customer was not aware of it
		OTP Shared	Full	Zero	OTP shared by the customer.
		Card details shared with the unknown persons	Full	Zero	Card details shared over phone/mail to the unknown person.
7	Internet/ Mobile Banking/ UPI	Credential shared	Full	Zero	User credentials or OTP shared by customer.

B) Limitation of Customer's Liability: In case of Unauthorised Electronic Banking Transaction, the liability of customer shall be as under:

a) 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 regarding the unauthorised transaction.

b) Limited liability in case of reporting beyond 3 working days

In cases where the responsibility for the unauthorised electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system the per transaction liability of the customer shall be limited to the transaction value or the amount mentioned in the undernoted Table whichever is lower:

Case I: Where there is a delay of 4 - 7 working days after receiving the communication from the bank on the part of the customer in notifying the bank of such a transaction.

Case II: Where there is delay in reporting beyond 7 working days, after receiving the communication from the bank on the part of the customer in notifying the bank of such a transaction.

Type of Account	Maximum Liability (Rs.)	
	4-7 working days	Beyond 7 working days
<ul style="list-style-type: none"> • BSBD Accounts 	5,000	8,000
<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	35,000
<ul style="list-style-type: none"> • All other Current/ Cash Credit/ Overdraft Accounts • Credit cards with limit above Rs.5 lakh 	25,000	1,00,000

C) Unauthorised Electronic Banking Transaction(UEBT) Reporting Channels

The reporting of UEB Transactions will be through following channels:

1. SMS to 9223150150 for Card blocking followed by e-mail/ letter or reporting at the branch
 - a) BLOCKCARD<space><last 6 digit of card no.> or
 - b) BLOCKACC<space><last 6 digit of Account no.>
2. Toll Free number 1800 220 363
3. Application to the home branch. Applicant should submit FIR copy in case of fraudulent transaction, lost card.
4. Mail to customer care@allahabadbank.in
5. 24x7 Call Centre (when put in place)

- D) The composition & discretionary authority of the Compensation Settlement Committees will be as under:-

Compensation Settlement Committee at	Members	Discretionary authority
Zonal Office	Zonal Head CM (P&D) Sr Mgr/ Mgr IT	Rs.50,000/-
FGMO	FGM, AGM/CM (P&D) & CM/Sr Mgr IT	Rs.1lac
Head Office	GM(P&D), GM(IT), GM(Insp.)	Full

E) **Burden of Proof**

The burden of proving customer liability in case of unauthorised electronic banking transactions shall lie with the bank.

15. Delayed Pension Payment to Central/ State Govt. Pensioners:

The Bank shall compensate the pensioner for the delay in crediting the pension/arrears thereof by paying compensation at a fixed rate of 8 per cent for the delay after the due date and the compensation shall be credited to the pensioner's account automatically without any claim from the pensioner on the same day when the bank affords credit for revised pension/pension arrears, in respect of all delayed pension payments made since October 1, 2008.

16. Other areas of deficiencies in services.

- Where loan has been allowed against Bank's own Fixed Deposit Receipt and the branch, after maturity of the FD do not adjust the loan account thereby interest is charged on the loan outstanding, excess interest charged thereof in the loan account will be refunded to the customer.
- Where Bank after adjustment of the loan account do not remit/ credit the remaining amount of FD to the customer's account but keeps balance in sundry creditor's account, Bank will compensate to the customer the interest as payable for the amount kept in the sundry creditor's account at savings bank interest rate, if and only if the customer has not been duly informed.
- Where loan has been allowed against NSCs, KVPs, LIC policy and the branch, after maturity of the instruments do not collect the proceeds of the instruments in question from the concerned Post Offices / LIC offices thereby continue to charge interest in the loan account, excess interest so charged in the loan account will be refunded to the customer.
- In case of reversal of excess interest charged in a borrowal account due to non adjustment of liquid securities like Fixed deposit/ NSC/ KVP etc. in time the branch concerned will obtain prior approval from the respective Zonal Office.
- In respect of reversal of entries concerning non-execution of Stop Payment

instructions within two days as per the policy the branch concerned will forthwith report the matter to the respective Zonal Office.

- In case of reimbursement of expenses to the customer arising out of loss of instruments/ securities the branch concerned will obtain prior approval from the respective Zonal Office.

However, adoption of the compensation policy will not absolve accountability of the concerned officers/ staff members responsible for the lapses/ deficiencies leading to financial loss to the Bank.

17. Customers' responsibility

Bank will not be responsible for the loss to the customers due to customer's carelessness in keeping the Cheque book, passbook cards, PIN or other security information and not following "Do's and Don'ts" issued by the Bank , until the Bank has been notified by the customer.

Customer acts fraudulently and/or acts without reasonable care which has resulted in loss to him/her. Bank will also not be responsible for the losses arising out of misuse of lost PIN , compromise of passwords or confidential information , until the time the Bank has been notified of such loss/compromise and has taken steps to prevent its misuse.

18. Disclaimer Clause:-

Notwithstanding anything contained hereinabove, the Bank shall not pay any compensation in the following cases.

- Any Deficiency in regard to loans and advances activities of the Bank.
 - Dishonour of at par payment agreement with other banks due to non-funding and security compliance.
 - Delays on account of non-functioning of business due to factors beyond the control of the bank the period covered by such events shall be omitted for calculation of delay etc.
 - Where the issues are sub-judice & pending before Courts. Ombudsman, arbitrator, Govt. & matter put on hold due to stay.
19. The bank reserve the right to amend/modify this policy, as and when deemed fit and proper at its sole discretion.

Discretionary Authority

The Discretionary Authority for settlement of Compensation Claim in terms of Compensation Policy of the Bank at various hierarchical levels is proposed as under:

(Rs. in thousand)

Sl. No.	Areas of Deficiency for which compensation is to be paid	Discretionary Authority per occasion			
		Branch Head	Zonal Head	FGM	Head Office Executive
1.	Unauthorised / Erroneous Debit payment / Reimbursement of actual amount of rebate / discount / compensation / fines / penalty etc. that the customer may loose / may have to pay in case of return of cheques leading to non-payment of telephone / electricity bill, school fees within due date	1	5	50	Upto DGM – NIL GM -- 50 ED – Full MD - Full

Sl. No.	Areas of Deficiency for which compensation is to be paid	Discretionary Authority per occasion			
		Branch Head	Zonal Head	FGM	Head Office Executive
2.	ECS direct debits / other debits to accounts payment of compensation the extent of any financial loss that the customer would incur on account of delay in carrying out the direct debit/ ECS debit instruction / failure to carry out the instructions. Payment of compensation for consequential financial loss, if any, to the customer for debit of excess service charges after proper verification/scrutiny of agreed terms and conditions	1	5	30	Upto DGM – NIL GM -- 30 ED – Full MD - Full
3.	Reimbursement of expenses to the customer arising out of loss of cheques/ instruments/ securities in transit / in clearing process or at paying bank's branch or from bank's custody	Nil	3	10	Upto DGM – NIL GM -- 10 ED – Full MD - Full
4.	Reversal of excess interest charged in a borrowal account due to non-adjustment of liquid securities like Fixed Deposit / NSC / KVPs etc. in time	Nil	5	30	Upto DGM – NIL GM -- 30 ED – Full MD - Full
5.	Payment of cheques after stop payment instructions Payment of compensation for the loss to the extent of actual amount, after ascertaining and being satisfied about the amount of such loss	Nil	5	50	Upto DGM – NIL GM -- 50 ED – Full MD - Full
6.	Payment of interest for delayed collection of cheques etc., refund of excess service charges	Full	--	--	--
7.	Erroneous debits on Internet Banking (Vishing/Smishing) /Mobile Banking/UPI/USSD etc. related transactions	Nil	5	50	Upto DGM – NIL GM -- 50 ED – Full MD - Full

20. Discretionary powers for restitution

The discretionary powers of Executives at various levels for restitution of amounts on account of frauds/embezzlement are as under:

Executive Status	Discretionary power for restitution
Board of Directors/Management Committee of the Board	Full Power
Managing Director & C.E.O	Rs.20.00 lacs
Executive Director	Rs.15.00 lacs
Field General Managers/ General Managers at Head Office	Rs.8.00 lacs
Deputy General Managers in Charge of Zonal Offices	Rs.4.00 lacs
Assistant General Managers in charge of Zonal Offices	Rs.2.00 lacs

Further, as per the existing guidelines, it is also clarified that the delegated powers as listed

