

JANASEVA SAHAKARI BANK  
LTD.,HADAPSAR, PUNE

# CUSTOMER COMPENSATION POLICY

For the year 2024-25

## **1. Objective of the Policy**

- 1.1. The objective of the policy is to establish a system whereby the Bank compensates the customer for the financial loss he/she could incur due to deficiency in service on the part of the Bank or any act of omission or commission directly attributable to it. The policy is prepared with reference to RBI/2019-20/67 DPSS.CO.PD.No.629/02.01.014/2019-20 dtd. September20,2019

## **2. Scope**

- 2.1. The policy is based on the principles of transparency and fairness in the treatment of our customers.
- 2.2. It is designed to compensate the customer only for the financial loss incurred by him/her due to deficiency in the services offered by the Bank which can be measured directly and is limited to the compensation specified for the respective service as given below.
- 2.3. The date of receipt of complaint/notice by the Bank would be taken as day “zero” and the timelines mentioned would be counted from the next working day onwards.
- 2.4. The commitments under this policy are without prejudice to any right the Bank will have in defending its position before any Court of Law, Tribunal or Forum duly constituted to adjudicate banker-customer disputes.
- 2.5. The policy covers areas relating to:
- a) Erroneous debiting of account
  - b) Debits towards service charges
  - c) Payment of cheques after acknowledgement of stop payment instructions
  - d) Payment of interest to customers for delayed collection of instruments
  - e) Handling of instruments lost in transit
  - f) Funds transfers using NEFT/RTGS
  - g) Foreign Exchange Services -Collection of cheques outside India denominated in Foreign Currency
  - h) Failure to execute Direct Debits / ECS debits / Standing Instructions
  - i) Reversal of erroneous debits arising on account of fraudulent transactions
  - j) Delay in release of Securities / Documents / Title Deeds
  - m) Delay in crediting failed ATM transactions
  - n) Payment of interest for delay in issue of duplicate draft

## **3. Erroneous debiting of account**

- 3.1. If the Bank has raised an erroneous direct debit to an account, upon being informed of the erroneous debit, the entry will be reversed after due verification.
- 3.2. In the event, the erroneous debit has 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 or any charges levied for balance falling below the minimum balance requirement or

any charges levied for return of cheques due to shortfall in balance, the Bank will compensate the customer to the extent of direct financial loss.

- 3.3. The customer should approach the Bank within a maximum period of six months from the date of the erroneous debit.
- 3.4. In case the verification of the entry reported to be erroneous by the customer does not involve a third party, the Bank shall complete the process of verification within a maximum period of 7 working days from the date of reporting of the erroneous debit.
- 3.5. 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 the erroneous transaction by the customer.
- 3.6. The Bank reserves its right to debit the customer's account for reversing the amounts in case a wrong credit is posted to the account without payment of any compensation.

#### **4. Debits towards Service Charges**

- 4.1. The Bank would debit the customer's account with any applicable service charge as per the schedule of charges notified by it.
- 4.2. In the event, the Bank levies any charges in violation of the arrangement; it will reverse the same when pointed out by the customer subject to verification of the agreed terms and conditions. Any consequential financial loss by way of loss of savings bank interest on account 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 or any charges levied for balance falling below minimum balance requirement or any charges levied for return of cheques due to shortfall in balance, will also be compensated to the customer.

#### **5. Payment of Cheques after Acknowledgement of Stop Payment Instructions**

- 5.1. 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. Such debits will be reversed within 2 working days of the customer intimating the transaction to the Bank. In such cases, the Bank shall compensate the customer to the extent of direct financial loss, if any, by way of loss of savings account interest on account of reduction in the daily closing balance applicable for payment of interest on savings bank deposit or payment of additional interest to in a loan account or any charges levied for reason of balance falling below minimum balance requirement or any charges levied for return of cheques due to shortfall in balance.

## 6. Collection of Instruments within India

- 6.1. In case of outstation cheques and other instruments sent for collection to centers within the country, the following time lines shall be adhered to for realization by our branches:
1. Local Cheque On settlement of funds. Local cheques are payable within the jurisdiction of the clearing house and will be presented through the clearing system prevailing at the center. Credit arising out of local cheques shall be given to the customers'accounts immediately after closure of the relative return clearing and withdrawal shall be allowed on the same day or maximum within an hour of commencement of business on the next working day, subject to usual safeguards. The above norm is also subject to the extension of return clearing timings by the Clearing House under exceptional circumstances, which may lead to delay in allowing withdrawals as advised.
  2. Outstation cheques drawn on all state capitals Seven working days Working days shall not include Bank Holidays and days when clearing house is not operational. Working days will be considered at both the ends/centers.
  3. Outstation cheques drawn on a major city. Ten working days
  4. Outstation cheques drawn on all other locations. Fourteen working days Banks will have to depend on the correspondent / drawee banks for this purpose.
- 6a. Cheques sent for collection in CTS clearing T+0 depending on the time and location (branch/ATM) of deposit of the instrument by the customer. The cut off time for deposit may vary from branch to branch, city to city and grid to grid. For the instruments outside the grid the cheques will be presented in speed clearing and the grid timelines will apply. However, for cheques drawn on Banks whose presence is limited to The realization of the credit may vary based on the cut off time for the returns applicable to the respective grid. any particular geography, such instruments have to be presented as outstation instruments and the timelines for the realization will be as mentioned in Point No. 2 of the table.
- 6b. Cheques sent for CTS clearing –Uniform holidays calendar for the grid As per the holiday declared in the Grid Uniform holidays calendar is observed across the three grids, where the grid hub centers viz., Chennai/Delhi /Mumbai will be working on most of the holidays, even while other locations in the grid are observing holidays, As per the Uniform holidays calendar, the grid hub centers will be closed on notified days and on such occasions the credit to the customer is afforded on the next working day of the Grid hub. The Uniform Holidays calendar for the grid would be available at a nearest branch.
- 6c. Cheques sent for collection in Non-CTS Clearing Whenever the Non CTS clearing session falls on a day covered under uniform holiday, the session shall be held on the previous working day. Whenever the Non CTS clearing return session falls on a day covered under uniform holiday, the session shall be held The realization of the

credit may vary based on the cut off time for the returns applicable to the respective grid.on the next working day.

- 6d. Cheque drawn on foreign countries. Best effort basis Bank would 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.
- 6.e. Local Cheques: Compensation at savings bank interest rate shall be paid for the corresponding period of delay.

Outstation Cheques: As part of the Policy, the Bank will pay interest to its customer on the amount of collection instruments in case there is delay in giving credit beyond the time period specified in banks Cheque Collection Policy. 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: The 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 above. Such interest shall be calculated and paid at the applicable savings bank rate. The period of delay for this calculation would be from the date of expiry of turnaround time indicated in the table on timeframe for collection of local / outstation instruments upto the date of realization of the instrument.

## **7. Handling of Instruments Lost-in-Transit**

- 7.1. In the event 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 of 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 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.
- 7.2. If the cheque/instrument has been lost at the paying bank's branch, the collecting branch 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.
- 7.3. The Bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque. This would be applicable only to instruments drawn in INR payable within India.
- 7.4. The Bank will compensate the account holder in respect of instruments lost in transit as follows and will recover it from the paying bank.
  - i. In case intimation regarding loss of instrument is conveyed to the customer after 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 applicable savings bank rate.
- ii. In addition, the Bank will pay interest on the amount of the cheque for a period of 15 days at savings bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
  - iii. The Bank will also compensate the customer for any reasonable charges he/she incurs in getting the 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.

## **8. Funds transfer using NEFT/RTGS**

- 8.1. In case of delay in crediting the beneficiary customer's account or in returning the uncredited amount to the remitter in case of NEFT, the Bank would compensate the customer. Under the extant guidelines, the Bank would 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.

## **9. Failure to execute Direct Debits / ECS Debits/ Standing Instructions**

- 9.1. The Bank undertakes to carry out Direct Debits / ECS debits / standing instructions of customers in time subject to the following: -
  1. Customer having already provided valid and complete mandate to accept any debit received through ECS.
  2. Customer having already submitted a mandate for standing instructions.
  3. Direct debit/ ECS received is complete and correct.
  4. Customer has sufficient balance in the account at the time of executing direct debits/ standing instructions/ ECS.
- 9.2. In case of failure to carry out the instructions subject to the aforesaid clauses and for reasons directly attributable to the Bank, the Bank will compensate the customers on the following lines: -
- 9.3. For direct debits / ECS debits –

The Bank shall compensate the customer at the savings bank interest rate for the period between the due date of direct debit / ECS debit and the date of actual debit carried out by the Bank. The Bank 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 for the same.
- 9.4. For standing instructions -The Bank shall compensate the customer to the extent of the financial loss not exceeding Rs 100 per occasion (maximum of Rs.1,000/-) subject to providing proper supporting documents for having incurred the loss. In

addition, the service charges, if any, recovered for execution of the Standing Instruction shall also be refunded.

**10. Reversal of erroneous debits arising on account of fraudulent transactions**

The following is laid down for all fraud cases, other than those pertaining to Internet Banking Frauds viz. lottery, job rackets and transfer of funds through emails received.

- 10.1. If a fraud, in the account of a customer, has been committed by a member of staff, and has been so established, Bank will not only restore the amount, it will also pay compensation @ 1% above the applicable interest rate in respect of deposit/overdraft/loan account, for the period, on the amount involved.
- 10.2. In cases where the Bank is at fault, it shall compensate the customer without demur.
- 10.3. In cases where neither the Bank nor the customer is at fault, but the fault lies elsewhere in the system, the Bank will compensate the customer upto a limit of Rs.5000/-. Such compensation would be paid only once in the lifetime of an account.
- 10.4. Fraudulent debits arising out of Internet banking are mainly categorized as under:
  - a. Funds transfer to another account (within the Bank and outside the Bank
  - b. Internet using Credit / Debit card
  - c. Skimming / counterfeit of Debit card
  - d. Hacking of Internet ID / password
  - e. Pre-paid mobile recharge transaction using Debit card
  - f. Transactions in shopping malls using Debit card.
- 10.5. Bank / customer would be bound by the Code of Bank's Commitment to Customers (BCSBI Code) which stipulates that the Bank is not responsible for losses caused by a third party when customers have acted without reasonable care.
- 10.6. However, in exceptional circumstances, the 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 deliberation of various factors such as:
  - a. Justification given by the customer
  - b. Immediate or delay in reporting by the customer based on SMS alert, account statement, mini statement, etc. received by the customer.

**11. Delay in release of Securities / Documents / Title deeds**

- 11.1. The Bank has adopted the principles of liability of lenders. In terms of the guidelines for lender's 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 of the mortgaged property, within 15 days of repayment of all dues agreed to or contracted, including principal amount, interest, EMI, costs, service charges and all other amounts due. This is subject to there being no outstanding

under any other loan / overdraft / other financial facility availed by the borrower from the Bank.

- 11.2. In case of delay on the part of the Bank in returning such documents, the Bank will compensate the borrower at the rate of Rs. 100/-per week, subject to a maximum payment of Rs.1000/- (per borrower). There will be no compensation paid to the Borrower(s)/ Guarantor(s) in following circumstances:

**i. Force Majeure Events**

- ii. If there is delay on the part of Borrower(s)/ Guarantor(s). For eg. If any Borrower(s)/ Guarantor(s) is not available or does not have required Identity Proof to prove that he is the same person.
- iii. If the Borrower(s)/ Guarantor(s) have changed their residential/ mailing address/ phone numbers and have not intimated the Bank and the Bank is not able to contact them for collection of original title of documents. (Intimation by way of phone, letter or email to any of the Borrower(s)/ Guarantor(s) will be deemed intimation to all Borrower(s)/ Guarantor(s).) In case the Bank receives any complaint/ claim/ demand from the Borrower(s)/Guarantor(s), legal heirs, executors, successors, joint owners/ holder(s), etc. intimating the Bank about inter se disputes and/ or not to hand over the title documents or hand over the same to particular person(s), etc. Bank shall direct the parties to resolve their disputes and thereafter approach the Bank with joint application signed by all concerned for release of such title documents or obtain necessary direction from competent authority/ court. Till such time, the Bank shall not be liable to releasethe title documents to the Borrower(s)/ Guarantor(s) (as the case may be) and shall not be liable to pay any party.

**12. Delay in crediting failed ATM transactions**

- 12.1. The Bank will investigate and convey its decision on accepting or declining the request within 5 days from receipt of customer complaints. In the event of delay of passing on the credit, compensation of Rs.100/-per day after t+5 working days from the date of receipt of customer complaint will be credited to the customer's account automatically, without any claim from the customer, on the same day when Bank affords the credit for the failed ATM transactions. Any customer is 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.

**13. Payment of interest for delay in issue of duplicate draft**

- 13.1. Duplicate draft will be issued to the purchaser on the basis of adequate indemnity. The Bank will issue duplicate draft (drawn on the Bank) to the customer within a fortnight from the receipt of such request.
- 13.2. For delay beyond the stipulated period, the Bank will compensate the customer at the rate applicable for fixed deposit of corresponding maturity.



13.3. Such compensation would be paid at the rate applicable for fixed deposit for the number of days over and above the stipulated period.

13.4. This 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.

#### **14. Award of Compensation**

14.1. The compensation shall be paid by replicating the effect obtained through back-valuation of the affected transaction.

14.2. The compensation as per this Policy is payable to a customer only in those cases where any act of omission or commission is directly attributable to the Bank.

14.3. No claim would be considered, under any circumstance, based on qualitative aspects like reputation damages, loss of image in the society, loss of business, loss of income, etc.

14.4. The amount of compensation is restricted to the actual financial loss of the customer arising out of the amount in the books of the Bank only and in any case, to the maximum limits prescribed for the various services given above.

14.5. In case the Bank is liable to pay any compensation in accordance with the Policy, the same would be paid to the complainant within 7 working days from the completion of the investigation.

#### **15. Force Majeure**

15.1. The Bank shall not be liable to compensate customers for delayed credit/non-availability of any service, if some unforeseen event (including but not limited to civil commotion, sabotage, accident, fire, 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 which may prevent it from performing its obligations within the specified service delivery parameters.

#### **16. Customers' responsibility:**

16.1. 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.

16.2. 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.

Description of the incident	Framework for auto-reversal and compensation Timeline for auto-reversal	Compensation payable
<b>Automated Teller Machines (ATMs)</b>		
ATMs 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.
<b>Card Transaction</b>		
Card to card transfer Card account debited but the beneficiary card account not credited.	Transaction to be reversed (R) latest within T + 1 day, if credit is not effected to the beneficiary account	₹100/-per day of delay beyond T + 1 day.
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.
Card Not Present (CNP) (e-commerce) Account debited but confirmation not received at merchant's system.		
<b>Immediate Payment System (IMPS)</b>		
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.
<b>Unified Payments Interface (UPI)</b>		
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.
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.
<b>National Automated Clearing House (NACH)</b>		
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
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.	

**Lockers:-**The relationship with customer with regard to Lockers is that of Lessee (Landlord) and Lessor (tenant). The lessor is sole responsible for his or her valuables kept in the locker which is owned by the bank. The bank shall not be liable for any loss or damage to the

contents of the locker arising from theft, robbery, dacoity, burglary, natural disaster like earthquake, flood or fire or any other situation, cause or event what so ever.

**17. Disclaimer clause:**

17.1. Notwithstanding anything contained here above, the Bank shall not pay any compensation in the following cases:-

- i. Any deficiency in regard to loans and advances activities of the Bank.
  - ii. Dishonor of at par payment agreement with other banks, due to non-funding and security compliance.
  - iii. 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.
- i. Where the issues are sub-judice and pending before Courts, Ombudsman, arbitrator, Government and matter put on hold due to stay.
  - ii. 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. The Bank will provide explanation and, if necessary, documentary evidence to the customer within a maximum period of 60 days

**18. 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. However, the Bank shall endeavor to review the Policy at annual intervals.

New GL head be opened in the name "Compensation paid" under profit and loss account.