



Customer Compensation Policy

Introduction

The Compensation Policy (the Policy) of the Bank is a reflection of the Bank's on-going efforts to provide better service to our customers and set higher standards for performance. The Policy is based on principles of transparency and fairness in the treatment of customers.

The objective of the Policy is to establish a system where the Bank compensates the customer for any financial loss the customer might have incurred due to deficiency in service on the part of the Bank or any act of omission or commission directly attributable to the Bank.

This policy document covers the following aspects:

1. Erroneous/Unauthorised debiting of account
2. ECS direct debits/other debits to accounts
3. Credit Cards
4. Payment of Cheques after Stop Payment Instructions
5. Foreign exchange services
6. Payment of interest for delayed collection of outstation cheques
7. Compensation for loss of instrument in Transit
8. Cheque/Instruments lost in transit/in clearing process or at paying bank's branch
9. Payment of interest for delay in issue of duplicate draft
10. Force Majeure
11. Reversal of Erroneous/unauthorized/Fraudulent or other transactions excluding debits on account of Internet Frauds
12. Reversal of Erroneous/unauthorized/Fraudulent debits arising on Internet Banking (Vishing/Smishing) related transactions
13. Violation of the Code by Bank's agent
14. Transaction of "at par instruments" of Co-operative Banks by Commercial Banks
15. Delay in release of Securities/Documents/Title deeds
16. Delay in crediting failed ATM Transactions
17. Delay in affording credits and/or return of transactions
18. Mis-selling of third party products
19. Timelines for payment of compensation amount

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.

The compensation amount would be approved as per the Board approved Policy on Delegation of Financial Power.

1. Erroneous/Unauthorised Debit

If the Bank has raised an erroneous/unauthorised direct debit to an account, upon being informed of the erroneous/unauthorised debit, the entry will be reversed, after due verification. In such cases, the Bank will compensate the customer for direct financial loss, if any, by way of loss of savings account interest due to reduction in the minimum closing 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. The customer should approach the Bank within a maximum period of 45 days from the date of erroneous debit.

Erroneous/unauthorised 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 91 days.

In case verification of the entry reported to be erroneous/unauthorised by the customer does not involve a third party, the Bank will endeavour to complete the process of verification within a maximum period 7 working days from the date of reporting of erroneous/unauthorised debit. In case, the verification involves a third party or verifications are to be done at overseas centres, the Bank shall complete the verification process within a maximum period of one month from the date of reporting of erroneous/unauthorised transaction by the customer.

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.

Further, this provision, would not apply to recovery of legitimate bank charges by debit to the account, which is as per terms and conditions accepted by the customer and done only after the laid down process has been followed by the Bank.

2. ECS direct debits/other debits to accounts

The Bank undertakes to carry out direct debit/ECS debit instructions of customers in time. In the event the Bank fails to meet such commitments, the customer will be compensated to the extent of direct financial loss or payment of additional interest to the Bank in a loan account or any charges levied for reason of balance falling below the minimum balance requirement or any charges levied for return of cheques due to shortfall in balance.

Electronic payments such as RTGS/EFT/NEFT instructions will be governed by the applicable terms and conditions communicated to the customer.

The Bank would debit the customer's account with any applicable service charge as per the tariff schedule/schedule of charges notified by the Bank.

In the event the Bank levies any charge that is not as per such tariff/schedule of charges, upon being informed of the erroneous charge by the customer, the Bank will reverse the charges subject to scrutiny of agreed terms and conditions. In such cases, the Bank shall compensate the customer for any direct financial loss 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 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.

3. Credit Cards

Where it is established that the Bank had issued a credit card without written consent 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. Charges will include only those charges that are levied to customer even when no transactions have been done on the card and such charges have been actually recovered from the customer.

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.

4. Payment of Cheques after Stop Payment Instructions

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.

5. Foreign Exchange Services

a) Collection of Foreign Currency Cheque:

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. 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. The 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.

The compensation in such cases will be worked out as follows:

- a. Interest for the delay in crediting proceeds as indicated in the Cheque Collection Policy of the Bank.
- b. Compensation for any possible loss on account of adverse movement in foreign exchange buying rate of the Bank as applicable for the transaction.

b) Payment of Interest for delayed credits (Foreign Inward Remittances other than Foreign Currency Cheques):

Compensation will be paid as per FEDAI Rules 8th edition. As per rule 4.5, in case foreign inward remittance, Bank shall make payment or send intimation, as the case may be, to the beneficiary in two working days from the date of receipt of credit advice/nostro statement. In case of delay, the bank shall pay the beneficiary interest @ 2% above the savings account interest rate. The bank shall also pay compensation for adverse movement of exchange rate, if any, as per its compensation policy.

c) The compensation payable on account of delays in collection of Foreign Bills would be as per the FEDAI Rule 2.5 (c).

6. Payment of interest for delayed collection of local/outstation cheques

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:

- For a period of delay up to 14 days, savings bank rate of interest and for delay beyond 14 days, applicable term deposit rate of interest will be paid.
- 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.
- In the event the proceeds of cheque under collection were to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account.

Cash Management Services: For customers availing Cash Management Services (CMS), collection of instruments is carried out as per the terms of the bilateral agreement between the bank and customers. Penalties, if any, will be payable as per the terms of the bilateral agreement.

7. Compensation for loss of instrument in Transit

The Bank's Customer 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 also be as indicated in our Collection Policy. The same is extracted below for information:

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

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 dishonoured due to non-credit of the amount of the lost cheques/instruments. The Bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque. This will be applicable only to instruments drawn in INR payable within India.

If the Bank loses the cheque, the Bank will bear the stop payment charges on customer producing relevant document. The compensation in such cases would be as follows:

- 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 above.
- 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 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 is to be obtained from a bank/institution that would charge a fee for issue of duplicate instrument.

9. Payment of interest for delay in issue of duplicate draft

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. For delay beyond this stipulated period, the Bank will compensate customer at the rate of fixed deposits, applicable on the due date of expiry of the stipulated period. Such compensation shall be paid at the rate applicable for fixed deposits for the number of days over and above the stipulated period. This would be applicable only in cases where the request for duplicate draft drawn on the Bank is made by the purchaser and would not be applicable in the case of third party endorsements.

10. 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, accident, fires, natural disasters or other "Acts of God", war, damage to the Bank's facilities or of its correspondent bank(s), etc. beyond the control of the Bank prevents it from performing its obligations within the specified service delivery parameters.

11. Reversal of Erroneous/unauthorised debits arising on fraudulent or other transactions excluding debits on account of Internet Frauds

Bank needs to take into account the following, while deciding on customer compensation:

- (i) In case of any fraud, if Bank is convinced that an irregularity/fraud has been committed by its staff towards any constituent, Bank should at once acknowledge its liability and pay just the claim.
- (ii) In cases where neither the branch nor the customer is at fault, but the fault lies elsewhere in the system, Bank should compensate the customer up to a limit (the limit to be fixed by the Bank as part of a Board approved Customer Compensation Policy).

The following is laid down for all the fraud cases other than those pertaining to Internet Banking Frauds. Typically these frauds are of the following types:

- o Lottery
 - o Job Rackets
 - o Transfer of Funds towards emails received.
- 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. 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 ₹ 5000. Such compensation would be paid only once in the lifetime of an account.

12. 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:

- o Funds Transfer to another account (within the Bank and outside the Bank)
- o Internet /MOTO using Credit /Debit card
- o Skimming/Counterfeit of Credit/Debit Card
- o Hacking of internet ID/password
- o Pre-paid mobile recharge transaction using Credit/Debit card.
- o Transactions in shopping malls using Credit/Debit Card.

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. In cases where the Bank is at fault, Bank will compensate the customer without demur.

For cases where the Bank is not at fault, but the customer has either acted fraudulently or inadvertently compromised his Internet Banking security details (example: ID, passwords, 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 Clause number 8.17 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 ICICI 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 facts such as:

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

13. Violation of the Code by Banks staff/agent

In the event of receipt of any complaint from the customer that the Bank's authorised representatives such as Direct Sales Associates (DSA), Collection Agencies etc. have engaged in any improper conduct or acted in violation of any Code adopted by the Bank, the Bank shall take appropriate steps to investigate and to handle the complaint and to compensate the customer for 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 the Bank in a loan account or any charges levied for reason of balance falling below minimum balance required or any charges levied for return of cheques due to shortfall in balance the customer would incur on account of delay in carrying out the instruction/failure to carry out the instructions.

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

The Reserve Bank of India (RBI) has expressed concern over the lack of transparency in the above transaction resulting in dishonour of at par instruments when the remitter has already paid for the instruments. In this connection it is clarified that 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 should be responsible to compensate the cheque holder for non-payment/delayed payment of cheques in the absence of adequate funding arrangement.

15. Delay in release of Securities/Documents/Title deeds

The original security documents of title should be returned to the borrower within 15 working days of repayment of all dues by the borrower, 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. In case of delay on the part of the Bank in returning such documents, the Bank will compensate the customer at the rate of ₹ 100/- per week, subject to a maximum payment of ₹ 500/-. However, in case of Force Majeure events, the Bank at its own cost would endeavour to retrieve/recreate the title documents and no compensation would be paid in such cases.

16. Delay in crediting failed ATM Transactions

The Bank will investigate and convey its decision on accepting or declining the request within 7 working days from receipt of customer complaints. In the event of delay of passing on the credit, compensation of ₹ 100 per day after 7 working days from the date of receipt of customer complaints 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.

17. Delay in affording credits and/or return of transactions

In the event of any delayed credit to beneficiaries' account, the destination bank would be held liable to pay penal interest.

NECS/ECS-Credit: Destination bank would be held liable to pay penal interest at the current RBI liquidity adjustment facility (LAF) repo rate plus 2 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.

NEFT: In the event of any delay or loss on account of error, negligence or fraud on the part of an employee of the destination bank in the completion of funds transfer pursuant to receipt of payment instruction by the destination bank leading to delayed payment to the beneficiary, the destination bank shall pay compensation at current RBI LAF repo rate plus 2 per cent for the period of delay. In the event of delay in return of the funds transfer instruction for any reason whatsoever; the destination bank shall refund the amount together with interest at the current RBI LAF repo rate plus two per cent till the date of refund.

18. Mis-selling of third party products

In the event of Bank receiving of any complaint from the customer regarding mis-selling of the third party products by the Bank, or about having engaged in any improper conduct or about having acted in violation of any Code adopted by the Bank, the Bank shall take appropriate steps to investigate and to handle the complaint. In case lapses by the Bank employees are established, the Bank will compensate the customer suitably, based on the facts and circumstances of the case.

19. Timelines for payment of compensation amount

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.

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.