



**Kallappa Anna Awade Ichalkaranji
Janata Sahakari Bank Ltd.**

(Multi-state scheduled bank)

**CUSTOMER
COMPENSATION
POLICY**

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CUSTOMER COMPENSATION POLICY

1) INTRODUCTION :

Kallappa Anna Awade Ichalkaranji Janata Sahakari Bank Ltd., aims to offer high level of service to all its customers at all times. However, in the event, for some reasons that are beyond the control of the Bank or inadvertently, the Bank is unable to meet the service level commitments in dealing with the customers, then the interest of the customers can be safeguarded by referring to the Customer Compensation Policy to improve efficiencies in providing better services to the users of the system.

2) OBJECTIVE:

The objectives 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 the Banking Ombudsman or any other forum for redressal to come down significantly.

3) VALIDITY:

The Policy will be reviewed if any, based on the directives and other guidelines issued by RBI or any other related authority would be incorporated in the Policy.

4) APPLICABILITY:

This Customer Compensation Policy will be applicable to all the customers banking with us and/or depending or availing the services of the Bank. The Policy will also be applicable to all the staff at all the branches/Departments handling banking transactions and related activities.

5) **SCOPE:**

- The Policy is designed to cover deficiencies in services in 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, lending, electronic transactions, E-Commerce etc.
- The Policy is based on the principles of transparency and fairness in the treatment of customers.
- The Policy covers only compensation for financial losses in real terms for specific value which the customer 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 of defending its position before any Court of Law or any forum duly constituted to adjudicate banker-customer disputes. The Policy does not cover and is not applicable in respect of claims made by the customer on account of opportunity losses or damages or claims pertaining to reputation loss.

6) **KEY ELEMENTS COVERED UNDER THE POLICY:**

The Policy Document covers the following aspects:

6.1	Unauthorized / Erroneous Debits
6.2	Reversal of erroneous debits arising on account of fraudulent transactions.
6.3	ECS direct debits / Standing Instructions / other debits to accounts.
6.4	Debits towards Service Charges
6.5	Delay in clearance of Local Cheques
6.6	Delay in credit/return of RTGS/NEFT/NECS/ECS transactions
6.7	Settlement of ATM failed transactions
6.8	Payment of Cheques after Acknowledgement of Stop Payment Instructions
6.9	Return of all securities / documents / title deeds of mortgaged property
6.10	Remittance in India/ Collection of cheques payable in India
6.11	Cheque / Instruments lost in transit / in clearing process
6.12	Issuance of Duplicate Demand Draft
6.13	Violation of the Code by the Bank's agents

6.1 Unauthorized / Erroneous Debit:

- If the Bank has raised an unauthorized/erroneous direct debit to an account, the entry will be reversed immediately on being detected, with proper value date after due verification.
- If such debit has resulted in a financial loss to the customer incidental to return of a cheque or failure of direct debit instructions due to insufficiency of balance or 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 levying of penalty for not maintain the stipulated minimum balance in the account, the Bank will compensate the customer to that extent.
- 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 in addition to an amount equivalent to interest calculated on the unauthorized/erroneously debited amount at applicable Saving Bank rate, Minimum Rs. 100/- besides refunding the cheque return charges. The customer should approach the bank within a maximum period three months from date of the erroneous/unauthorized debit.
- In case verification of the entry reported to be erroneous by the customer does not involve a third party, the Bank will arrange to complete the process of verification within a maximum period of 7 working days from the date of reporting of the erroneous debit. In case, the verification involves a third party, the Bank will complete the verification process within a maximum period of one month from the date of reporting of the erroneous transaction by the customer.

6.2 Reversal of erroneous debits arising on account of fraudulent transactions:

- In case of any fraud, if the Bank establishes the fact that an irregularity / fraud has been committed by its staff towards any constituent it will acknowledge its liability and will restore the amount and also pay compensation @ 1% of the restored amount with the maximum limit of Rs.1000/-
- In cases where neither the Bank nor the customer is at fault, but the fault lies elsewhere in the system and the customer, by providing proper supporting documents establishes that a loss has been incurred, the Bank will restore the erroneously debited amount and also as a gesture of goodwill will compensate the customer for an amount of 25% of the loss incurred by the customer subject to an upper limit of Rs.1000/-

6.3 ECS direct debits / Standing Instructions / other debits to accounts:

The Bank will undertake to carry out direct debit / ECS debits / Standing Instructions of customers within the prescribed time subject to the following:

- ✓ Customer having already provided valid and complete mandate to accept any debit received through ECS.
- ✓ Customer having already submitted a mandate for Standing Instructions
- ✓ Direct Debit / ECS received is complete and correct.
- ✓ Customer has sufficient balance in the account at the time of executing direct debits / standing instructions / ECS.

In case of failure to carry out the instructions or delayed compliance, subject to the aforesaid clauses, and for reasons directly attributable to the Bank, the Bank will compensate the customers on the following lines:

- **For direct debits / ECS debits** – the Bank will 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 on the amount to be debited. The Bank will 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.

- **For Standing Instructions** – Bank shall compensate the customer to the extent of the financial loss not exceeding Rs.100/- per occasion 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.
- In the event the Bank fails to meet such commitments, the customer will be compensated to the extent of any financial loss the customer would incur on account of delay in carrying out the instruction/failure to carry out the instructions.

6.4 Debits towards Service Charges:

The Bank would debit the customer's account with any applicable service charge as per the schedule of charges notified by the Bank and displayed on the Bank's website. 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 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 the balance falling below the minimum balance requirement or any charges levied for return of cheques due to shortfall in balance, will also be compensated to the customer.

6.5 Delay in Clearance of Local Cheques:

The schedule of timings for daily cheque collection is displayed within the branches. If the cheque has been deposited as per the scheduled timings and yet there is a delay in realization of local cheque on account of error, negligence or fraud on the part of an employee of the Bank or any other fault

in the Bank's internal systems compensation at savings bank interest rate shall be paid to the customer for the corresponding period of delay.

6.6 Delay in credit/return of RTGS/NEFT/NECS/ECS transactions:

➤ NEFT:

In the event of any delay or loss on account of 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 leading to delayed payment to the beneficiary, the Bank shall pay compensation at current RBI LAF (Liquidity Adjustment Facility) Repo Rate plus 1% for the period of delay for credit to the beneficiary's a/c.

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 1% till the date of refund.

If NEFT credit gets delayed due to technical problems or system errors from our side or beneficiary bank or payments settlement systems it will not covered in above said compensation rules.

During the NEFT operating hours, originating banks should endeavor 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 business hours next day), 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.

In terms of the RBI ECS (Credit Clearing) procedural guidelines which clearly stipulate that if a destination bank branch is not in a position to credit a particular transaction for reason like "Account Closed/ transferred"; "No such Accounts"; "Account description does not tally"; etc. it should report the same and forward it to the Branch on the same settlement day or second day.

➤ **NECS / ECS-Credit:**

Destination Bank would be held liable to pay penal interest at the current RBI Repo Rate plus one per cent from the due date of credit till the date of actual credit for any delayed credit to the beneficiaries' account. Except in case of dormant accounts, the accounts which are freezed due to attachment instructions from government official etc., penal interest shall be credited to the Beneficiary's Account even if no claim is lodged."

6.7 Settlement of ATM failed transactions:

The time limit for resolution of customer complaints for settlement of charge back raised by the issuer banks has been fixed to 7 working days from the date of receipt of the customer complaint. If the Bank fails to re-credit the customer's account within 7 working days of receipt of the complaint, then the issuing Bank would be liable for payment of compensation to the customer @ Rs. 100/- per day. The customer is entitled to receive such compensation for delay, only if a claim is lodged with the issuing bank within 30 days from the date of transaction and the branch has failed to establish the proof of payment/disbursement by the ATM.

6.8 Payment of Cheques after Acknowledgement of Stop Payment Instructions:

- 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 minimum balance applicable for payment of interest on savings bank deposit or payment of additional interest 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.
- The instruction for Stop Payment will be accepted at Home Branch/ Internet Banking (alternate channel).

- In case a cheque has been paid after stop payment instruction is acknowledged by the Bank, Bank shall reverse the debit with value dated credit within three working days of the customer intimating the transaction to the Bank and also compensate the customer with Rs.100/-. However, no compensation will be paid if cheque has been paid prior to acknowledgment of stop payment instructions.

6.9 Return of all securities / documents / title deeds of mortgaged property:

- The Branch will return all the securities / documents / title deeds of the mortgaged property within 15 days of the repayment of all dues agreed to or contracted. If any right to set off is to be exercised for any other claim, the Bank will give due notice with full particulars about the other claims and retain the securities / documents / title to mortgaged property till the relevant claim is settled / paid.
- In case of any failure to comply with these and if it is directly attributable to the Bank, the Bank will compensate the customer to the extent of the financial loss not exceeding Rs. 100.00 per day subject to a maximum payment of Rs.1000/-
- In the event of loss of title deeds of the mortgaged property at the hands of the Bank, the compensation will cover out of pocket expenses for obtaining duplicate documents plus a lump sum amount @ of Rs. 100 per day subject to a maximum payment of Rs.1000/-. In all such cases Bank will also extend all assistance for obtaining duplicate documents.

6.10 Remittance in India/Collection of cheques payable in India:

The compensation on account of delays in collection of instruments will be as indicated in the Bank's Cheque Collection Policy. Brief details are given below for information:

➤ **Interest payment for delayed collection:**

- ✓ In all cases of delay in collection of outstation cheques and other instruments, the Bank will pay interest at saving bank rate for the delayed

collection of proceeds of outstation cheques/instruments beyond the stipulated time norms as mention in bank's cheque collection policy.

- ✓ If the proceeds are not realized /credited to the customers' accounts or the unpaid instruments are not returned to customers within the period specified from the date of their lodgment, and if the delay is abnormal (i.e. above 14 days) the Bank will pay interest at the rate as applicable for appropriate tenor of fixed deposit for the period of delay beyond the specified period for collection of outstation instruments.
- ✓ Such interest will be paid without any formal demand from the customers in all types of accounts.
- ✓ In case of extraordinary delay, i.e. delays exceeding 90 days, interest will be paid at the rate of 1% above the corresponding Term Deposit rate.
- ✓ In the event the proceeds of cheque under collection, 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, i.e. delays exceeding 90 days interest will be paid at the rate of 1% above the rate applicable to the loan account.

6.11 Cheque / Instruments lost in transit / in clearing process:

The compensation for financial loss suffered by the customers due to loss of instrument after it has been handed over to the Bank for collection by the customer would be as indicated in our Cheque Collection Policy. The same is extracted below for information:

- 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 will 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 obtain a duplicate.
- The Bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.
- In case the loss is intimated to the customer beyond the time limit stipulated for collection, as per the Cheque Collection Policy of the Bank,

interest will be paid for the period exceeding the stipulated collection period at the savings rate.

- The Bank will compensate the accountholder for any reasonable charges he/she incurs in getting duplicate cheque/instrument upon production of receipt, (maximum Rs. 100/-) in the event the instrument is to be obtained from a bank/ institution who would charge a fee for issue of duplicate instrument.
- When a cheque/instrument is claimed to have been deposited by the customer in Drop-Box, but the Bank's records do not show receipt of such cheque with the Bank, the Bank cannot decide on the compensation amount for lost cheque in the absence of details of cheque like date, amount, drawee bank/branch/drawee centre etc., In such cases, the customer will have to corroborate a claim for lost cheque with full facts, inter-alia including confirmation/enquiries from the drawee person/ banks about genuineness of the claim and, on this basis, if it is established that the customer has, in fact tendered the cheque in Drop-Box, the Bank will consider payment of compensation to a maximum of Rs.300/-

6.12 Issuance of Duplicate Demand Draft:

The Bank will issue duplicate demand drafts in lieu of a lost demand draft, on the basis of a request from the purchaser, indemnity and confirmation from the beneficiary. The issuance of such duplicate drafts will be within a fortnight of the receipt of the necessary documents at the branch.

For any delay caused by the Bank in issuing a duplicate draft beyond the above stipulated period, the Bank will pay interest at the rate applicable for a fixed deposit of corresponding maturity in order to compensate the customer for such a delay.

6.13 Violations of the Code by the Bank's Agents:

In the event of receipt of any complaint from the customer that the Bank's representatives / couriers or DSAs have 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 shall take appropriate steps to investigate and redress the complaint and endeavor to communicate to the customers within 7 working days from the date of receipt of the complaint and where justified, may compensate the customer suitably for financial loss if any as decided by the Bank, subject to the customer providing proper supporting documents for having incurred the loss.

7) Force Majeure:

The Bank shall not be liable to compensate customers under this Policy 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 or its correspondent bank(s) systems, communication channels etc, etc beyond the control of the Bank, prevents it from performing its obligations within the specified service delivery parameters.

8) Customers Responsibility:

The Bank will not be responsible for the loss to the customer, if the customer acts fraudulently and/or acts without reasonable care which has resulted into loss to him/her. The Bank will also not be responsible for the losses arising out of misuse of lost PIN, Cheque book, passbook, compromise of passwords/secure or confidential information, suffered by the customer until the time the Bank has been notified and has taken steps to prevent misuse.

9) DISCLAIMER CLAUSE:

Notwithstanding any thing contained here above, 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 and pending before Courts, Ombudsman, arbitrator, Government and matter put on hold due to stay.

10) CONCLUSION:

This Policy is based on the RBI directives issued from time to time. It explicitly covers compensation for financial losses which customers might incur due to deficiency in the services offered by the Bank. The Bank will have the right in defending its position before any forum duly constituted to adjudicate banker-customer disputes. The policy available at or all branches and also available on Bank Website (www.ijssbank.com)




Chief Manager
(Inv. & A/cs)



General Manager


Chief Executive Officer

BOARD MEETING RESOLUTION NO. **7** DATED **31/10/2018**

FOR KALLAPPANNA AWADE ICHALKARANJI JANATA SAHAKARI BANK LTD.


Chief Executive Officer


P. K. A
Chairman

**KALLAPPANNA AWADE ICHALKARANJI
JANATA SAHAKARI BANK LTD.**

(Multi-State Scheduled Bank)

- **HEAD OFFICE :**
Janata Bank Bhavan,
Main Road, **ICHALKARANJI** - 416115.
Dist. : Kolhapur. (M.S.)



सुवर्ण महोत्सवी बँक

कल्लाप्पाण्णा आवाडे इचलकरंजी
जनता सहकारी बँक लि.
(मल्टी-स्टेट शेड्युल्ड बँक)

- **मुख्य कार्यालय :**
जनता बँक भवन,
मेन रोड, इचलकरंजी - ४१६११५.
जिल्हा कोल्हापूर. (महाराष्ट्र)

COPY OF THE BOARD RESOLUTION NO. 7 DATED- 31st October 2018

SUBJECT:

To sanction the revised "Compensation Policy" of the Bank.

As per the guidelines issued by RBI and BCSBI, bank had framed the compensation Policy of the Bank and same has approved vide Board Resolution No. 10 dt. 27th November 2014. Now office has reported that, of as per the directions of regulatory authority made in this policy. slight changes/modifications needs to be made in this policy and accordingly the policy should be revised.

A detailed report along with Compensation Policy is put before the Board for consideration and after discussion it is resolved as under.

RESOLUTION:

RESOLVED THAT, the Board has sanctioned unanimously the revised "**Compensation Policy**" of the Bank and decided to implement immediately till further revision.

Proposed By: Mr. Mahesh Sadashiv Satpute
Seconded By: Mr. Ashok Balkrishna Soundattikar
"Resolution Passed Unanimously"

(TRUE COPY)

FOR KALLAPPANNA AWADE ICHALKARANJI JANATA SAHAKARI BANK LTD.,



GENERAL MANAGER