

ALLAHABAD UP GRAMIN BANK

H.O. CIVIL LINES BANDA

Compensation Policy

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. 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 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 direct debits/other debits to accounts :**

Bank, in the event of failure to meet the direct debit/ ECS 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 the financial loss, to the extent of actual amount that the customer might incur, after ascertaining and being satisfied about the amount of such loss.

4. **Remittances in India :**

**"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.

**Time frame for collection of outstation cheques :**

For cheques and other instruments sent for collection to centres within the country the following time norms shall be applied :

- (a) Cheques presented at States capitals and branches within the region: Maximum period of 7 days.
- (b) Main cities and Centres in other region: Maximum period of 10 days.
- (c) In all other Centres: Maximum period of 14 days.

The above time norms are applicable irrespective of whether cheques/instruments are drawn on the Bank's own branches or branches of other banks.

Interest for delayed collection shall be paid at the following rates:

- a) For the period of delay upto 14 days beyond 7/10/14 days as the case may be in collection of outstation cheques : At savings bank rate.

- 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.

**5. 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 dishonored 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) If the cheque/ instrument has been lost at the paying bank's branch, the Bank should have a right to recover the amount reimbursed to the customer for the loss of the cheque/instrument from the paying banker.

6. **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.

7. **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.

8. **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 charging of interest in the loan account is continued, excess interest so charged in the loan account will be refunded to the customer.

- Where title deed of the property deposited with the Bank by the borrower/s as security is found missing/lost from Bank's custody, Bank will compensate the cost for obtaining the certified copy of the title deed for the missing/ lost one.
- 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 Regional Office.
- 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 Regional 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 Regional 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.

**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	Regional Head	Head Office Executive
1.	Unauthorized/Erroneous Debit payment/ Reimbursement of actual amount of rebate / discount / commission / fines/penalty etc. that the customer may loose/may have to pay in case of return of cheques leading to nonpayment of telephone/ electricity bill, school fees within due date.	Nil	5	GM - 10 Chairman - Full
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	Nil	5	GM - 10 Chairman - Full

	<p>delay in carrying out the direct debit/ ECS debit instruction/failure to carry out the instructions.</p> <p>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.</p>			
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	GM - 05 Chairman - Full
4.	Reversal of excess interest charged in a borrowal account due to non-adjustment of liquid securities like Fixed deposit/ NSC/ KVP etc. in time	Nil	5	GM - 10 Chairman - 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	GM - 10 Chairman - Full
6.	Payment of Interest for delayed collection of cheques etc. Refund of excess service charges	1	Full	