



Customer Compensation Policy

Introduction

Karad Urban Co-op Bank Ltd., Karad offers high levels of service to its customers. In the event, for some reasons beyond the control of the bank or inadvertently, the bank is unable to meet the service levels committed in the dealings with individual customer, this compensation policy will be applicable. The Compensation policy is therefore, 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, 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 in real terms for specific value 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.

The policy does not cover and is not applicable in respect of claims made by customers on account of opportunity losses or damages or claims pertaining to reputation loss.

1. Un-authorized / Erroneous Debit:

If the bank has raised an unauthorized/erroneous direct debit to an account and upon being informed of the erroneous debit, the entry will be reversed with proper value date, after due verification. In such cases, the Bank will compensate the customer, by way of loss of savings account interest due to 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



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falling below minimum balance requirement or any charges levied for return of cheques due to shortfall in balance.

In case 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 seven 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.

2. ECS direct debits/other debits to accounts:

The bank undertakes to carry out direct debit/ ECS debit instructions of customers in time subject to (a) Customer having already provided valid and complete mandate to accept any debit received from ECS (b) Direct debit / ECS received is complete and correct. Failure to carry out the instruction subject to clause (a) and (b) as above and for reasons directly attributable to the bank, the customer shall be compensated at the prevailing fixed deposit interest rate for the period between the due date of direct / ECS debit and the date of actual debit carried out by the bank. Direct / ECS debits which are towards payments of an Equated Monthly Installment (EMI), the bank would reimburse the customer, penal interest, late payment charges, if any levied upon producing evidence of the same... 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 schedule of charges notified by the bank. In the event the bank levies any charge in violation of the arrangement, the bank will reverse the charges with value when pointed out by the customer subject to scrutiny of agreed terms and conditions and such other terms and conditions as may be communicated from time to time.

3. Payment of Cheques after Stop Payment Instructions:

In case a cheque has been paid after stop payment instruction is received and acknowledged by the bank, and there have been no subsequent and contradictory



instructions received by the bank, the bank shall reverse the transaction and give value-dated credit to protect the interest of the customer. Any consequential financial loss to the customer will be compensated as provided under Para 1 above. Such debits will be reversed after ascertaining the facts within seven working days of the customer intimating the transaction to the bank.

4. Remittances in India:

- i. The compensation on account of delays in collection of instruments would be as indicated in the bank's cheque collection policy in the following instances
 - a) Payment of Interest for delayed Collection of Outstation Cheques
 - b) Cheques / Instruments lost in transit / in clearing process or at paying banks branch.
- ii. In terms of the RBI guidelines on payment of interest for instances of delay in affording credits/return of RTGS/NEFT/NECS/ECS transactions, Karad Urban Co-op Bank Ltd., Karad undertakes to afford the credits to destination account holders or return the instruction to the remitting bank within the prescribed time line. In cases where it is not possible to afford the credits to the beneficiary account within the prescribed time line without any valid reasons, customer will be compensated for the delayed period of credit at the rate of RBI liquidity adjustment facility (LAF) repo rate + 2%.

5. Erroneous Debits Arising on account of Fraudulent or Other Transactions:

- a) In case of a claim raised by any of the customers, the bank shall depute staff personnel to investigate the matter in its entirety and if the bank is convinced that an irregularity /fraud has been committed by its staff towards any constituent, the bank will acknowledge its liability and pay the just claim.
- b) In cases where the bank is at fault, the 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 Chief Executive Officer can take a decision to reimburse the customer up to an amount of Rs 1,000/-.



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- d) For any claim greater than Rs 1,000/- the matter would be required to be referred to the Grievance Redressal Cell. The Cell would then after updating the Top Management take a final decision in this regard.

6. Issuance of Duplicate Demand Draft.

- a) The bank will issue duplicate demand draft up to and including Rs 5000/- in lieu of lost demand draft, on basis of adequate indemnity on stamp paper and request from the purchaser or beneficiary.
- b) The issuance of such duplicate draft will be within a fortnight of the receipt of the necessary documents at the branch.
- c) For any delay caused by the Bank in issuing duplicate draft beyond the above stipulated period, the Bank will pay interest at the rate applicable for fixed deposit of corresponding maturity in order to compensate the customer for such a delay.

7. Delay in Release of Securities / Documents / Title Deeds:

The original title documents should be returned to the Borrower(s) / Guarantor(s) within 15 working days of repayment of all dues by the Borrower(s) / Guarantor(s). The dues include principal amount, interest, service charges and all other amounts due under any other financial facility availed by the Borrower(s) / Guarantor(s) from the Bank in capacity as individual, partner, director or guarantor.

Borrower(s) / Guarantor(s) needs to visit the bank branch for collecting the original title documents. In case of delay on part of the Bank in returning such documents, the Bank will compensate the customer at the rate of Rs. 100/- per week, subject to a maximum payment of Rs. 1000/-.

There will be no compensation paid to the Borrower(s) / Guarantor(s) in following circumstances:

1. Force Majeure events.
2. If there is delay on part of the Borrower(s) / Guarantor(s). For e.g. : if any of the Borrower(s) / Guarantor(s) is not available or does not have required Identity Proof to prove that he is the same person.



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3. If the Borrower(s) / Guarantor(s) have changed their residential / mailing address / phone numbers and have not intimated the bank and bank is not able to contact them for collection of original title documents. (Intimation by way of phone, letter or email to any one 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 Borrowers/Guarantors, legal heirs, executors, successors, joint owners/holders, 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 a 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 liable to release the title documents to the Borrowers/Guarantors (as the case may be) and shall not liable to pay any compensation to any party.

8. 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.

9. 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 Rs. 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



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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.

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

In case of any fraud, if Bank is convinced that an irregularity/fraud has been committed by its staff towards any constituent, Bank should investigate the matter as per grievance redressal policy and make good the loss caused to customer on amount of negligence/ fraud of staff.

11. 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 Pigmy Collection Agent 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 take appropriate action to compensate the customer for direct financial loss, if any.

Deputy General Manager
(Audit & Inspection Department)

Chief Executive Officer