

COMPENSATION POLICY 2025-26

Abbreviations

Abbreviation	Description
AEPS	Aadhaar Enabled Payment System
APBS	Aadhaar Payment Bridge System
BANCS	Bell Administrative Communications System
CNP	Card not Present
CP	Card Present
CPP	Compromise Point and Period
CTS	Cheque Truncation System
CVV	Card Verification Value
DSA	Direct Selling Agent
ECS	Electronic Clearing Service
FEDAI	Foreign Exchange Dealers Association of India
IMPS	Immediate Payment System
IO	Internal Ombudsman
MPIN	Mobile Banking Personal Identification Number
NACH	National Automated Clearing House
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NPCI	National Payments Corporation of India
ODR	Online Dispute Resolution
OTP	One Time Password
PIN	Personal Identification Number
POS	Point of Sale
PPI	Pre-paid Payment Instruments
PRD	Panel for Resolution of Dispute
PSO	Payment System Operator
PSP	Payment System Participant
RTGS	Real Time Gross Settlement
TAT	Turn Around Time
TPAP	Third Party App Providers
UPI	Unified Payments Interface
VBV	Verified By Visa
VBV/ MCSC	Verified by Visa/MasterCard Secure Code
VPA	Virtual Payment Address

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COMPENSATION POLICY 2025-26

1. Introduction:

The technology revolution in the payment and settlement system has caused qualitative changes in operational systems and processes. This in turn has enabled market forces of competition to come into play to improve efficiencies in providing better service to the users of the system. It will be the Bank's endeavor to offer services to its customers with best possible utilization of its technology infrastructure. Withdrawal of the Reserve Bank of India guidelines to commercial banks on time frame for collection of outstation cheques, payment of interest on delayed collection of outstation cheques/instruments, with effect from 1st November 2004, had offered the Bank further scope to increase its efficiency for better performance. The policy consists of latest RBI/IBA/Regulatory and statutory guideline till date.

2. Scope of the Policy:

The policy is applicable to all the Domestic Branches PAN India. This Compensation Policy of the Bank 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, foreign exchange services, lending, compensation for unauthorized Electronic transactions under customer protection-Limited Liability of Customer etc. The policy is based on principles of transparency and fairness in the treatment of customers.

3. Objective of the Policy:

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 before he demands for it, the bank expects instances when the customer has to approach Banking Ombudsman or any other Forum for redressal to come down significantly.

4. Provisions of the Policy:

It is reiterated that the Policy covers only compensation for financial losses 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.

5. Unauthorized/Erroneous Debit:

- 5.1 If the Bank has raised an unauthorized / erroneous direct debit to an account, the entry will be reversed immediately on being informed of the erroneous debit, after verifying the actual position/reasons for same.
- 5.2 In the event of unauthorized/erroneous debit has resulted in a financial loss for the customer by way of reduction in the minimum balance applicable for payment of interest on savings bank deposit or additional interest charged in loan account, the Bank will compensate the customer for

such loss. Further, 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.

- 5.3 Also, 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. Whenever, there is a request from other bank, for reversal of proceeds of RTGS/NEFT due to error on their part, such request need to be verified from RBI Settlement Report i.e. Structured Financing Messaging System (SFMS), and on confirmation of error, proceeds need to be reversed.
- 5.4 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 7 working days from the date of reporting of erroneous debit. In case, the verification involves a third party or where verifications are to be done at overseas centers, the Bank shall complete the verification process within a maximum period of one month/30 days from the date of reporting of erroneous transaction by the customer.
- 5.5 Erroneous transaction reported by customer in respect of credit card operations which require reference to a merchant establishment will be handled as per rules laid down by card association.
- 5.6 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. In case of non-availability of physical copy of charges/fees at the branch, it can be downloaded from the Bank's website and customer's concern can be immediately resolved. Banks website www.unionbankofindia.co.in have updated data on Banks policies, products, services, customer rights, compensation, grievance redressal etc., which can be used for the benefit of customers and stakeholders.

6. NACH/ECS/NECS direct debits/other debits to accounts:

- 6.1 The Bank will undertake to carry out direct debit/NACH/ECS/NECS debit instructions of customers in time. In the event the bank fails to meet such commitments, 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.
- 6.2 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, the Bank will reverse the charges when pointed out by the customer subject to scrutiny of agreed terms and conditions.
- 6.3 Credit Cards: Where it is established that the bank had issued and activated a credit card without written consent of the recipient, the bank would reverse the charges immediately and also pay a penalty without demur to the recipient amounting to twice the value of charges reversed in this regard. 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 RuPay /VISA / Master Card International. The bank will provide explanation and, if necessary documentary evidence to the customer within a maximum period of 60 days.

7. 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. Any consequential financial loss to the customer will be compensated as provided under point 5.2 above. Such debits will be reversed within next 2 working days of the customer intimating the transaction to the Bank.

8. Fraudulent collection of cheques under CTS:

If a cheque presented under CTS is fraudulently collected in the account maintained with our Bank, the Bank will immediately make payment of the disputed amount to the drawee/paying bank on being informed of the fraudulent collection, after verifying the position. The payment in such cases will be made on a case-to-case basis with the approval of competent authority/Official in Central Office.

9. Foreign Exchange Services:

Compensation for delayed payment of Clean Instruments is incorporated in FEDAI (Foreign Exchange Dealers Association of India) Circular No.SPL-05.BC/FEDAI Rules/2019 dated 11th March, 2019(updated up to 15 November 2020). It is mandatory for the Banks to follow the guidelines of FEDAI. In line with this circular the Bank would not compensate the customer for delays in collection of cheques under different currencies sent to different 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. 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.

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. Such compensation will be given for delays beyond one week from the date of credit to Nostro Account/ due date after taking into account normal cooling period stipulated. The compensation in such cases will be worked out as follows:

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

9.1. Compensation for delayed payment in Foreign Exchange Transactions:

As per FEDAI Circular No.SPL-05.BC/FEDAI Rules/2019 dated 11th March, 2019(updated up to 15 November 2020), Authorised Dealers (ADs) shall pay 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. On receipt of disposal instruction complying with guidelines, required documents from the beneficiary the Bank shall transfer funds for the credit of beneficiary's account immediately but not exceeding 2 working days from date of such receipt.

In case of delay, the bank shall pay the beneficiary interest @ 2% over its savings bank interest rate. The bank shall also pay compensation for adverse movement of exchange rate, if any, as per its compensation policy specifying the reference rate and date applicable for calculating such exchange loss.

In case, the beneficiary does not respond within 5 working days from receipt of credit intimation as above and the bank does not return the remittance to the remitting bank, the bank shall initiate action to crystallize the remittance -

- 9.2. Bank notify due action to the remitting bank and the beneficiary
- 9.3. Bank shall crystallize the remittance within certain period as per their policy, not exceeding the time allowed for surrendering of foreign currency under any Statute or any other Regulation including RBI Directions.

10. Payment of Interest for delayed Collection / delayed Interest credit:

As part of the compensation 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 Bank's cheque collection policy. 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:

- 10.1. Savings Bank rate for the period of delay beyond T+2 days in collection of local cheques.
- 10.2. Savings Bank rate for the period of delay beyond T+6 days in collection of outstation cheques sent to Bank's own branches at other centers.
- 10.3. In case of cheques sent to other bank branches for collection where delay is beyond T+10 days interest will be paid at the rate applicable to term deposit for the respective period or Savings Bank rate, whichever is higher.
- 10.4. In case of extraordinary delay, i.e. delays exceeding 90 days interest will be paid at the rate of 2% above the corresponding interest rate mentioned above.
- 10.5. 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 extra ordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account.

11. Compensation for Loss of Instrument in Transit:

The bank's compensation policy towards 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 "Policy on Collection of Cheques/Instruments & Dishonor of Instruments". The reasons of loss in transit and compensation payable is given here below:

11.1. 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 he/she 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. The Bank would provide all required reasonable assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

In line with the Compensation Policy of the Bank, the Bank will compensate the accountholder 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 i.e.
 - i. Cheques/ instruments drawn on one of our branches deposited at another center - Same day
 - ii. Cheques/instruments drawn on other bank and sent for collection to:
 - Centers where we have a branch - Maximum T+6 days

Centers where we do not have a branch:

Centers	Maximum Timeframe (in days)
State Capitals	7
Major Cities	10
Other Locations	14

- b. If the period (7/10/14 days as the case may be) exceeds, interest will be paid for the period exceeding the stipulated collection period at the rates specified above.
- c. 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.
- d. 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 who would charge a fee if any for issue of duplicate instrument.

11.2. Fraudulent encashment of cheques lost in transit:

In case cheques sent for collection by our Bank are lost in transit and later on fraudulently encashed by collecting/presenting through other banks, the Bank will make payment of the disputed amount to the original payee who has not received the credit, on being informed of the fraudulent collection, after verifying the position and /or declaration of fraud as per Bank’s procedure. The payment in such cases will be made on a case-to-case basis with the approval of Competent Authority as mentioned in **Appendix-I**.

11.3. Compensation for loss of instrument in Transit in case of discounted cheques:

Where the cheque is lost after it is discounted, the Bank would bear all the costs for obtaining duplicate instruments but the customer will assist in obtaining duplicate instrument. However, Customers' liability under negotiable instrument act will not be extinguished till Bank receives the proceeds of the cheque.

12. Issue of Duplicate Demand Draft and Compensation for delays:

- 12.1.** Duplicate Draft will be issued within a fortnight from the receipt of such request from the purchaser thereof provided all the required documentation as per Bank's procedure in vogue is completed and submitted by the Customer.
- 12.2.** For delay beyond the above stipulated period, interest at the rate applicable for fixed deposit of corresponding period as existing during that point of time, will be paid as compensation to the customer for such delay.
- 12.3.** It is clarified that the above instructions 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 draft endorsed to third parties.

13. 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, which the bank has adopted, the bank is committed to investigate the matter and endeavor to communicate the findings to the customer within 7 working days from the date of receipt of complaint and wherever justified, compensate the customer for, reasonable financial loss, if any, as contemplated under this policy.

14. Transaction of "At Par Instruments" of Co-operative Banks by Commercial Banks:

The RBI has expressed concern over the lack of transparency in the arrangement for payment of "At Par" instruments of co-operative banks by commercial banks resulting in dishonor of such instruments when the remitter has already paid for the instruments. In this connection it is clarified that the Bank will not honor cheques drawn on current accounts maintained by other banks with it unless specific arrangements are made/ entered into for funding cheques issued. Accordingly 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. Payment of penal interest for delays in Credit / Return of RTGS/ NEFT/NACH/ ECS/ NECS Transactions:

The Bank will pay interest to its customers on account of delay in credit / return of RTGS/ NEFT/ NACH/ECS/NECS transactions. The interest will be paid at current/prevaling RBI LAF Repo Rate plus 2 percent for the period of delay/till the date of refund as the case may be to the affected customers.

16. Compensation decided by Banking Ombudsman/ Consumer Forum/Internal Ombudsman (IO):

Nowadays in certain cases referred to Banking Ombudsman and Consumer Forum, banks have been ordered to pay compensation to complainants. With a view to settle compensation without delay and as per the Compensation Policy, Bank will pay compensation as decided by the Banking Ombudsman/Internal Ombudsman (IO)/Banking Ombudsman (BO)/Consumer Forum Cases, as per the delegation/ limit mentioned in **Appendix-I**.

Advisories by Banking Ombudsman: The payment in case of Advisories Issued by the Banking Ombudsman has to be made within 30 days without fail, by obtaining sanction from the respective Delegated Authority.

Awards by Banking Ombudsman: The Advisories if not paid within the stipulated time period, then, it becomes award. Banking Ombudsman may issue award against the bank, which reflects in the Bank's Balance Sheet, hence, utmost care needs to be taken to meet the advisory well in time.

17. Lenders liability; Commitment to borrowers:

Compensation for delay in release of Movable/Immovable Property Documents

As per RBI's direction vide Circular No. RBI/2023-24/60 DoR.MCS.REC.38/01.01.001/2023-24 dated 13.09.2023 -

- (i) In case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction from with relevant registry beyond 30 days after full repayment/settlement of loan, the Bank shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Bank, it shall compensate the borrower at the rate of Rs.5,000/- for each day of delay.
- (ii) In case of loss/damage to original movable/immovable property documents, either in part or in full, the Bank shall assist the borrower in obtaining duplicate/certified copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at paragraph above. However, in such cases, as additional time of 30 days will be available to the Banks to complete this procedure and the delayed period penalty will be calculated thereafter (i.e after a total period of 60 days)
- (iii) The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

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

17.1. Force Majeure events.

17.2. 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/or other required documents to prove that he/she is the same person.

17.3. 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).)

17.4. 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 persons, etc., then 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/Hon'ble Court for a particular/specific course of action. Till such time and in such/similar circumstances, the Bank shall not liable to release the title documents to the Borrowers/Guarantors (as the case may be) and shall not be liable to pay any compensation to any party.

18. Framework for compensation to customers for delayed updation/rectification of credit information:

RBI vide its circular Ref.No. RBI/2023-24/72 DoR.FIN.REC.48/20.16.003/2023-24 dated 26.10.2023 has directed for implementing the compensation framework to the customers for delayed updation /rectification of credit information by Credit Institutions (Cis) and CICs by which the Complainants shall be entitled to a compensation of Rs.100/-per calendar day in case their complaint is not resolved within a period of thirty (30) calendar days from the date of the initial filing of the complaint by the complainant with a CI/CIC.

19. Failure of ATM Transactions:

It is mandatory for the Bank to reimburse the customer, the amount wrongfully debited on account of failed ATM transactions within a maximum period of 5 working days from the date of the transactions. Beyond T+5 working days, compensation of Rs.100/- per day shall be paid to the account holder. Detailed SOP in regards is being issued time to time. TAT as per latest RBI Circular DPSS.CO.PD No.629/02.01.014/2019-20 dated September 20, 2019 for Harmonization of Turn Around Time (TAT) and customer compensation for failed transactions using authorized Payment Systems is as under :

Harmonization of Turnaround Time (TAT) and customer compensation for failed transactions using authorized Payment System.

Sl. No.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
1	Automated Teller Machines (ATMs) including Micro-ATMs		
1a	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.
2	Card Transaction		
2a	<u>Card to card transfer</u> 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.
2b	<u>Point of Sale (PoS) (Card Present) including Cash at PoS</u> 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.
2c	<u>Card Not Present (CNP) (e-commerce)</u> Account debited but confirmation not received at merchant's system.		
3	Immediate Payment System (IMPS)		
3a	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.
4	Unified Payments Interface (UPI)		
4a	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.
4b	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.

Sl. no.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
5	Aadhaar Enabled Payment System (including Aadhaar Pay)		
5a	Account debited but transaction confirmation not received at merchant location.	Acquirer to initiate "Credit Adjustment" within T + 5 days.	₹100/- per day if delay is beyond T + 5 days.
5b	Account debited but beneficiary account not credited.		
6	Aadhaar Payment Bridge System (APBS)		
6a	Delay in crediting beneficiary's Account.	Beneficiary bank to reverse the transaction within T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
7	National Automated Clearing House (NACH)		
7a	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.
7b	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.	
8	Prepaid Payment Instruments (PPIs) - Cards / Wallets		
8a	<u>Off-Us transaction</u> The transaction will ride on UPI, card network, IMPS, etc., as the case may be. The TAT and compensation rule of respective system shall apply.		
8b	<u>On-Us transaction</u> Beneficiary's PPI not credited. PPI debited but transaction confirmation not received at merchant location.	Reversal effected in Remitter's account within T + 1 day.	₹100/- per day if delay is beyond T + 1 day.

19.1. General Instructions covering the Turn Around Time (TAT):

19.1.1. The principle behind the TAT is based on the following:

- If the transaction is a 'credit-push' funds transfer and the beneficiary account is not credited while the debit to originator has been effected, then credit is to be effected within the prescribed time period failing which the penalty has to be paid to the beneficiary;
- If there is delay in initiation of a transaction at the originator bank's end beyond the TAT, then penalty has to be paid to the originator.

19.1.2. A 'Failed Transaction' is a transaction which has not been fully completed due to any reason not attributable to the customer such as failure in communication links, non-availability of cash in an ATM, time-out of sessions, etc. Failed transactions shall also include the credits which could not be effected to the beneficiary account on account of lack of full information or lack of proper information and delay in initiating a reversal transaction.

Terms	Definition
T	It is the day of transaction and refers to the calendar date.
R	It is the day on which the reversal is concluded and the funds are received by the issuer / originator. Reversal should be effected at the issuer / originator end on the same day when the funds are received from the beneficiary end.
Bank	The term bank includes non-banks also and applies to them wherever they are authorized to operate.
Domestic Transactions	Domestic transactions i.e., those where both the Originator and Beneficiary are within India are covered under this framework.
Charge Back Claims	In respect of 'charge back' claims made by the customer (card holder) due to usage of cards at ATMs Network of our Bank /NFS Network /Other Networks / any other arrangement existing and that made in future, process of verification shall be undertaken as per the arrangement amongst the member banks to settle the claims.

20. Fraudulent / Unauthorized Debits through Alternate Channels:

20.1. Safeguards to reduce possibility of frauds - Bank has put in place dynamic fraud prevention systems for various alternate channels viz. ATMs, Credit Cards, Debit Cards, UPI and Internet Banking etc. Following safeguards are in place to reduce possibility of frauds:

- Bank's internet banking facility is supported by two factor authentications.
- Beneficiary registration is necessary in case of fund transfer through internet banking.

- c. Additional security features like generation of One Time Password (OTP) for all transactions. SMS alerts on transactions are sent to registered mobile no. of customers.
- d. Customers are cautioned so as to avoid fraudulent communications asking for User Id, Password, Card No., Account No., SMS, and Emails etc. through website as well as internet banking log-in page.
- e. While signature authentication is available in case of Visa/Master Cards, PIN validation is additional security feature of Rupay Cards. In case of UPI/IMPS transaction MPIN/Transaction PIN authentication is available.
- f. All our debit and credit card transactions for online purchase (Card Not Present - CNP) are enabled with two factor of authentication Verified by Visa (VBV) for Visa Cards and Secured Codes for Master Card which is applicable for Indian Merchants.
- g. Use of cards at ATM is protected by PIN which is not supposed to be divulged to anybody by the customer.
- h. Lost Card Insurance cover is available from lodgment of complaint by customer.
- i. 24 x 7 facility for immediate blocking of lost card is available through call center. Customer can also block the card through Mobile banking app (VYOM) and whatsapp banking (UVConn).
- j. UPI payment through App. MPIN can be set through Branch, ATM or Mobile Banking App (VYOM).

20.2. Compensating the Customer:

- a. The Bank would provide immediate compensation in respect of unauthorized transactions of debit/credit card arising due to clone cards or unauthorized transactions in 'card not present scenario'.
- b. On the failed online transactions, the Bank through its Customer Service Excellence Cell would facilitate obtaining reimbursement of the amount expeditiously. However, as such reimbursements have to go through the process of merchant establishments/ payment aggregators; the Bank's commitment will be restricted to obtaining reimbursement.
- c. Compensation under the Policy will, however, not be available in case of compromise of password/security features by the customer.

20.3. Liability Shift on account of ATM cum Debit Card Cloning on our Bank's ATM:

In case of fraudulent cash withdrawals through ATM cum Debit Cards, NPCI has introduced EMV liability process, where, if fraudulent transaction took place at non EMV compliant ATM/Terminal, chargeback claim can be lodged as per the NPCI guidelines. (Details guidelines has been issued by Digital Banking Department vide IC No.02109 dated 25.06.2020). Such claims will be examined by ATM-RECON Department, Central Office for lodging the claim at NPCI Portal. The payment in such cases will be made with the approval of Competent Authority in Controlling Offices/Central Office authorized to settle claims arising out of unauthorized/erroneous direct debits to customer's accounts given in **Appendix-I** of the Policy.

21. Liability of Banks in case of Safe Deposit Vault/Lockers:

The Bank shall not be liable for any loss or damage to the contents of the locker arising from natural calamities or Acts of God like earthquake, floods, lightning and thunderstorm or any act that is attributable to the sole fault or negligence of the customer.

However, Bank shall take all steps for the safety and security of premises in which the safe deposit vaults are housed. The Bank shall ensure that incidents like fire, theft/burglary/robbery, dacoity and building collapse do not occur in the banks premises due to its own shortcomings, negligence and by any act of omission/commission.

The banks liability shall be for an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker in instances where loss of contents of locker are due to incidents mentioned above or attributable to fraud committed by its employee(s).

22. Customer Protection - Limiting Liability of Customers in Unauthorized Electronic Banking Transactions:

With the increased thrust on financial inclusion and customer protection and considering the recent surge in customer grievances relating to unauthorized transactions resulting in debits to their accounts/ cards, the criteria for determining the customer liability in these circumstances have been reviewed by RBI (vide RBI/2017-18/15 DBR.No.Leg.BC.78/09.07.005/2017-18) and the revised directions in this regard are set out below.

22.1. Electronic/ Digital Banking Transactions: Broadly, the Card Transactions can be divided into two categories:

- a. Remote/ Online Payment Transactions [Transactions that do not require physical payment instruments to be presented at the point of transactions e.g. internet banking, mobile banking, card not present (CNP) transactions], Pre-paid Payment Instruments (PPI), and
- b. Face-to-face/ proximity payment transactions (transactions which require the physical payment instrument such as a card or mobile phone to be present at the point of transaction e.g. ATM, POS, etc.)

Any other electronic modes of credit effected from one entity to another like UPI, IMPS & other currently used digital channels being used or adopted from time to time.

The policy excludes electronic banking transactions effected on account of error by a customer (e.g. NEFT carried out to an incorrect payee or for an incorrect amount), transactions done under duress, claims due to opportunity loss, reputation loss, other incidental costs or collateral damage.

22.2. Terms & Explanations used in this policy:

- a. Real loss is defined as financial outgo from customer's account e.g. debit to customer's account or card.

- b. “Card Not Present (CNP) Transactions” are defined as transactions that require use of Card information without card being physically used e.g. e-commerce transactions.
- c. “Card Present (CP) Transactions” are defined as transactions that require use of physical card e.g. at ATM or Shops (POS).
- d. Payment transactions are defined as transactions that involve transfer of funds from one account/ wallet to another electronically and do not require card information e.g. NEFT.
- e. “Unauthorized Transaction” is defined as debit to customer’s account without customer’s consent.
- f. Consent includes authorization of a transaction debit either through standing instructions, as per accepted banking practice and regulation, based on account opening process and related matters or based on additional authentication required by the bank such as use of security passwords, input of dynamic password (OTP) or static VBV/ MCSC, challenge questions or use of Card details (CVV/ Expiry date) or in case of any other electronic authentication such as UPI/IMPSN Authorisation is required through MPIN and transaction PIN.
- g. Date & time of reporting is defined as date & time on which customer has submitted a unique complaint. Date of receiving communication from the Bank, is excluded for purpose of computing number of working days for all action specified in this policy. The working schedule of the home branch would be considered for calculating working days for customer reporting. Time of reporting will be as per Indian Standard Time.
- h. Notification means an act of the customer reporting unauthorized electronic banking transaction to the bank.
- i. UPI/IMPS requires MPIN and Transaction Pin Authorization respectively.
- j. Number of days will be computed based on working days
- k. Mode of reporting will be the channel through which customer complaint is received first time by the Bank, independent of multiple reporting of the same unauthorized transaction.
- l. Loss in foreign currency if any shall be converted to Indian currency for the purpose of this policy as per bank’s policies on conversion at card rate net of commission.

22.3. Coverage under this policy for Electronic Banking Transactions:

Customer shall be compensated in line with this policy in case of loss occurring due to unauthorized transaction as follows:

- 22.3.1. **Zero Liability of a Customer:** A customer’s entitlement to zero liability shall arise where the unauthorized transaction occurs in the following events:
 - a. Contributory Fraud/ Negligence/ Deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer).
 - b. Third party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, and the customer notifies the bank within **3 working days** of receiving the communication from the bank regarding the unauthorized transaction.
- 22.3.2. **Limited Liability of a Customer:** A customer shall be liable for the loss occurring due to unauthorized transactions in the following cases:

- a. Customer shall bear the entire loss in cases where the loss is due to negligence by the customer, e.g. where the customer has shared payment credentials or Account/Transaction details, viz. Internet Banking user Id & PIN, Debit/Credit Card PIN/OTP or due to improper protection on customer devices like mobile / laptop/ desktop leading to malware / Trojan or Phishing / Vishing attack. This could also be due to SIM deactivation by the fraudster. Under such situations, the customer will bear the entire loss until the customer reports unauthorized transaction to the bank. Any loss occurring after reporting of unauthorized transaction shall be borne by the bank.
- b. In cases where the responsibility for the unauthorized electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and when there is a delay (of four to seven working days after receiving the communication from the bank) on the part of the customer in notifying the bank of such a transaction, the per transaction liability of the customer shall be limited to the transaction value or the amount mentioned in below Table, whichever is lower.

Maximum Liability of a Customer in case of unauthorized Electronic Transaction where Responsibility is neither with the Bank nor with the customer but lies elsewhere in the system & customer has reported unauthorized transaction from the date of receiving the communication within working days as mentioned below		
Type of Account	Within 3 (Three) working days	Within 4 to 7 working days
• BSBD Accounts	Zero Liability	5,000
• All other SB accounts	Zero Liability	10,000
• Pre-paid Payment Instruments and Gift Cards	Zero Liability	10,000
• Current/ Cash Credit/ Overdraft Accounts of MSMEs	Zero Liability	10,000
• Current Accounts/ Cash Credit/ Overdraft Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to Rs.25 lakh	Zero Liability	10,000
• Credit cards with limit up to Rs.5 lakh	Zero Liability	10,000
• All other Current/ Cash Credit/ Overdraft Accounts	Zero Liability	25,000
• Credit cards with limit above Rs.5 lakh	Zero Liability	25,000

Any unauthorized electronic banking transaction reported after 7 working days from the date of receiving the communication will be treated as 100% customer liability.

22.3.3. Third Party Breach:

The following would be considered as Third-party breach where deficiency lies neither with the Bank nor customer but elsewhere in the system:

- a. Application Frauds
- b. Account Takeover
- c. Skimming / Cloning
- d. External Frauds / Compromise of other systems, for e.g. ATMs / mail servers etc. being compromised

Overall liability of the customer in third party breaches, where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, is summarized as below:

Summary of Customer's Liability Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's liability (₹)
Within 3 working days	Zero liability to customer
Within 4 to 7 working days	The transaction value or the amount mentioned in point No. 21.3.2 above, whichever is lower
Beyond 7 working days	100% customer liability.

The number of working days mentioned in the above table, shall be counted as per the working schedule of the home branch of the customer excluding the date of receiving the communication.

22.3.4. Reversal Timeline for Zero Liability/ Limited Liability of customer:

- a. The Bank shall afford shadow credit to the customer account within 10 working days from the date of reporting in all cases as per above statements. Within 90 days of date of reporting, the Bank shall either establish customer negligence or provide final credit to customer. Customer will be given value dated credit (based on date of unauthorized transaction) when customer becomes eligible to be compensated. In case of Debit Card/ Bank Account, the customer shall not suffer loss of interest and in case of Credit Card; customer shall not bear any additional burden of interest for such credit.
- b. The Bank, at its discretion and in circumstances so prevailing may, agree to credit the customer even in case of an established negligence by the customer.
- c. Customer would not be entitled to compensation of loss if any, in case customer does not agree to get the card hot listed or does not cooperate with the Bank by providing necessary documents and evidences including but not limited to police complaint and cardholder dispute form.
- d. Compensation would be limited to real loss after deduction of reversals or recoveries received by the customer.

23. Roles & Responsibilities of the Bank:

- a. The Bank shall ensure that the Compensation Policy is available on the Bank's website as well as at Bank's branches for the reference by customers. The Bank shall also ensure that existing customers are individually informed about the bank's policy.
- b. The Bank will regularly conduct awareness on carrying out safe electronic banking transactions to its customers and staff. Information of Safe Banking practices will be made available through campaigns on any or all of the following - website, emails, ATMs, Phone Banking, Net Banking, Mobile Banking. Such information will include rights and obligation of the customers as well as

non-disclosure of sensitive information e.g. password, PIN, OTP, date of birth, MPIN (see out content in account statement over mail) etc.

- c. The Bank should communicate to its customers to mandatorily register for SMS alerts. The Bank will send SMS alerts to all valid registered mobile numbers for all debit electronic banking transactions. The Bank may also send alert by email where email Id has been registered with the Bank.
- d. The Bank will enable various modes for reporting of unauthorized transaction by customers. These may include SMS, Call Centre, Email, Website, Toll Free Number, IVR, Phone Banking or through its branches. The Bank will also enable specific space on its home page where customers can report unauthorized electronic banking transaction.
- e. The Bank shall respond to customer's notification of unauthorized electronic banking transaction with acknowledgement specifying Complaint Number, date and time of transaction alert sent and date and time of receipt of customer's notification. On receipt of customer's notification, the Bank will take immediate steps to prevent further unauthorized electronic banking transactions in the account or card.
- f. The Bank shall ensure that all such complaints are resolved and liability of customer if any, established within a maximum of 90 days from the date of receipt of complaint, failing which, bank would pay compensation as described in this policy.
- g. During investigation, in case it is detected that the customer has falsely claimed or disputed a valid transaction, the bank reserves its right to take due preventive action of the same including closing the account, blocking card limits or other course of actions, as per governing laws of land.
- h. The Bank may restrict customer from conducting electronic banking transaction including ATM transaction in case of non-availability of customer's mobile number.
- i. This policy should be read in conjunction with the latest Policies/Guidelines, Product & Services features, Terms and condition, notices, information etc. placed in website of the Bank. Clauses from the Bank's Grievance Redressal Policy shall form a part of this policy where not specifically addressed in this policy.

23.1. Rights & Obligations of the Customer:

23.1.1. Customer is entitled to -

- a. SMS alerts on valid registered mobile number for all financial electronic debit transactions
- b. Email alerts where valid email Id is registered for alerts with the Bank
- c. Register complaint through multiple modes - as specified in point relating to Bank's roles & responsibilities
- d. Intimation at valid registered email/ mobile number with complaint number and date & time of complaint
- e. Receive compensation in line with this policy document where applicable. This would include getting shadow credit within 10 working days from reporting date and final credit within 90 days of reporting date subject to customer fulfilling obligations detailed

herein and with customer liability being limited as specified in the above Table at point No. 21.3.2, & 21.3.3 of this policy.

23.2. Customer is bound by following obligations with respect to banking activities: Bank at a time and also from time to time inform/update the customers its various Initiative/ Products/Services/Charges and more particularly adopted by the Customers. Other key points are enumerated as under:

- a. Customer shall mandatorily register valid mobile number with the Bank.
- b. Customer shall regularly update his /her registered contact details as soon as such registered details goes to Trash/Spam of SMS/Email and are changed. It will be responsibility of the customer to view/update with such alerts. Bank will only reach out to customer at the last registered/known email/ mobile number. Any failure on the part of customer to update the Bank with changes shall be considered as customer negligence. Any unauthorized transaction arising out of this negligence/delay shall be treated as customer liability.
- c. Customer should provide all necessary documentation - customer dispute form, proof of transaction success/ failure and should also file a police complaint and provide copy of the same to the Bank.
- d. Customer should co-operate with the Bank's investigating authorities and provide all assistance.
- e. Customer must not share sensitive information (such as Debit/Credit Card details & PIN, CVV, Net Banking Id & password, OTP, transaction PIN, MPIN in case of UPI transactions, challenge questions etc.) with any entity, including bank staff.
- f. Customer must protect his/her device as per best practices specified on the Bank's website, including updation of latest antivirus software on the device (Device includes smart phone, feature phone, laptop, desktop and Tab) etc.
- g. Customer shall abide by the tips and safeguards mentioned on the Bank's Website for alerts/updates on Secured Banking.
- h. Customer shall go through various instructions and awareness communication sent by the bank on secured banking.
- i. Customer must set transaction limits in various mode of Alternate Banking Channels to ensure minimized exposure to any such fraudulent attempts.
- j. Customer must verify transaction details from time to time in his/her Bank Account Statement and/or Credit Card Statement and raise query with the bank as soon as possible in case of any mismatch/discrepancy/disagreement. (A detail list on security is attached as Appendix-II)

23.3. Notifying the Bank of the unauthorized transaction:

- 23.3.1. Customer shall report unauthorized transaction to the Bank at the earliest, with basic details such as Account No/Customer ID and/ or Card number, date & time of transaction and amount of transaction.

23.3.2. Customer shall follow bank's reporting process viz.

- a. Notify/ report through SMS, email, website, toll free number, IVR, Phone Banking or through its branches. In case customer is unable to do so, customer could report through phone banking or at the nearest branch.
- b. Lodge police complaint and maintain copy of the same and furnish police complaint when sought by bank's authorized personnel.

23.3.3. Customer shall authorize the bank to block the credit/ debit card/ net banking/ account(s) to reduce likelihood of additional loss.

23.3.4. Customer to clearly specify the facilities to be blocked failing which the Bank reserves the right to block all electronic transactions of the customer to protect the customer's interest. Also, revoking these blocks would require explicit consent from customer for each facility.

23.3.5. Customer shall share relevant documents as needed for investigation or insurance claim viz. cardholder dispute form, copy of passport in case of international transactions and police complaint.

23.3.6. Fully co-operate and comply with Bank's reasonable requirements towards investigation and provide details of transaction, customer presence, etc.

23.4. Burden of Proof of customer liability:

The burden of proving customer liability in case of unauthorized electronic banking transactions shall lie on the bank. The Bank has a process of second factor authentication for electronic transactions, as regulated by the Reserve Bank of India. Bank has onus to prove that all logs / proofs / reports for confirming two factor authentication is available. Any unauthorized electronic banking transaction which has been processed post second factor authentication known only to the customer would be considered as sufficient proof of customer's involvement / consent in effecting the transaction.

23.5. Reporting and Monitoring:

TM & FM vertical shall report the customer liability cases to the Stakeholders' Relationship Committee of the Board every Quarter. The reporting shall, *inter alia*, include volume/ number of cases and the aggregate value involved and distribution across various categories of cases viz., card present (CP) transactions, card not present (CNP) transactions, internet banking, mobile banking, ATM transactions, etc. The Standing Committee on Customer Service in the bank shall periodically review the unauthorized electronic banking transactions reported by customers or otherwise, as also the action taken thereon, the functioning of the grievance redress mechanism and take appropriate measures to improve the systems and procedures. All such transactions shall be reviewed by the bank's internal auditors.

24. 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, Lockdown, Strike or other labor disturbances, accident, fires, natural disasters or other “Acts of God”, War, Pandemic, Invocation of Disaster Management Act by any authority of the country such as Central/State/District/Local, 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.

25. Wealth Management Products: Insurance/Investment Distribution related Customer Grievance:

The bank is a corporate Agent and distributor of Insurance and Mutual Fund products. For any deficiencies in such services, the bank will assist all customers to raise their grievances with the tie-up partners.

For any deficiencies in services at the bank level raised by customers, the issue will be examined by the bank and if the lapse on the part of the bank is confirmed (mis-selling) the customer will be compensated, based on the facts and circumstances of the case.

26. Customer Responsibility:

- 26.1. 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.
- 26.2. 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 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.

27. Disclaimer Clause:

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

- 27.1. Any deficiency regarding loans and advances activities of the Bank.
- 27.2. Dishonour of at par payment agreement with other banks, due to non- funding and security compliance.
- 27.3. In case of delay 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.
- 27.4. Where the issues are sub-juiced and pending before Courts, Ombudsman, Arbitrator, Government and/or matter put on hold due to stay.

28. Validity & Review of the Policy:

28.1. The policy shall be reviewed annually in tune with the regulatory guidelines issued from time to time or internal requirements or as and when considered necessary.

28.2. The Compensation Policy 2025-26 shall be valid upto 31st March, 2026.

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Appendix-I

Delegated Authority for approval of Compensation (per Customer/ Per Occasion/ per sanction):
(Rs. In lacs)

NATURE OF TRANSACTIONS	MCB	CAC-I	CAC-II	CAC-III	ZLCC Headed by ZH	RLCC-I Headed by RH in Scale-VI	RLCC-I Headed by RH in Scale-V
1. Fraud compensation							
i. ATM and Alternate Channels related fraud transactions.	Above 500.00	>300-500	>200-300	>40-200	>18.00-40.00	0.00-18.00	0-7.50
ii. Claims arising out of frauds in payment of Cheques under CTS, Fraudulent encashment of cheques lost in transit and all cheque related frauds.	Above 500.00	>300-500	>200-300	>40-200	>18.00-40.00	0.00-18.00	0-7.50
iii. Payment of Shadow Balance (with lien) to aggrieved account under Cheque related fraud before referring the case to PRD (Panel for resolution of Disputes) as per RBI guidelines. (Lien will be released after PRD decision or within 7 days of approval of compensation after complying sanction terms, whichever is earlier).	Above 500.00	>300-500	>200-300	>40-200	>18.00-40.00	0.00-18.00	0-7.50
iv. Payment against PRD (Panel for Resolution for disputes), RBI order in cheque related fraud & other fraud cases	Above 500.00	>300-500	>200-300	>40-200	>18.00-40.00	0.00-18.00	0-7.50
v. Any other cases of frauds.	Above 500.00	>300-500	>200-300	>40-200	>18.00-40.00	0.00-18.00	0-7.50

Classification: Internal

<p>2. Claims arising out of unauthorized/ erroneous direct debits to customers' accounts that result in :</p> <p>a. Reduction in minimum balance, reduction of balance in current account, payment of additional interest by customer in loan account, penalty in deposit accounts (RD).</p> <p>b. Returning of cheque.</p> <p>c. Insufficient balance in account resulting in failing of direct debit instructions.</p> <p>d. Returning of cheque given for payment of loan installment.</p> <p>e. Payment of cheque after stop payment instructions acknowledged by Bank.</p> <p>f. Debits/Charges arising out of failed ATM transactions.</p> <p>g. Any other debits in form of service charges, penalty, penal interest.</p> <p>h. Payment of Awards/Advisories of Banking Ombudsman/Internal Ombudsman and Awards/ advisories of Consumer Forum</p>	Above 500.00	>300- 500	>200- 300	>40- 200	>18.00- 40.00	0.00- 18.00	0-7.50
<p>3. Failure to carry Out</p> <p>a. NACH/ECS/NECS debit/credit instructions</p> <p>b. Standing Instructions</p>	Above 500.00	>300- 500	>200- 300	>40- 200	>18.00- 40.00	0.00- 18.00	0-7.50

<p>4. Fault of system or Branch for not entering proper details and system failures</p>	<p>Above 500.00</p>	<p>>300-500</p>	<p>>200-300</p>	<p>>40-200</p>	<p>>18.00-40.00</p>	<p>0.00-18.00</p>	<p>0-7.50</p>
<p>5. Claims related to Collection of instruments including foreign exchange services transactions:</p> <p>a. Delay in collection of instruments.</p> <p>b. Instruments accepted for collection lost in transit/clearing etc.</p>	<p>Above 500.00</p>	<p>>300-500</p>	<p>>200-300</p>	<p>>40-200</p>	<p>>18.00-40.00</p>	<p>0.00-18.00</p>	<p>0-7.50</p>
<p>6. Miscellaneous:</p> <p>a. Violation of code of Bank's commitment to customers</p> <p>b. Improper conduct of Bank's representative/ courier/ Direct Selling Agent.</p> <p>c. All other type of cases (other than frauds) which are not covered above for which compensation is payable on account of deficiency in service.</p> <p>d. Payment of compensation to issuer Bank as per Govt./Ministry/ RBI guidelines</p> <p>e. Giving Shadow Balance in the system (as per IC NO. 2109-2020).</p>	<p>Above 500.00</p>	<p>>300-500</p>	<p>>200-300</p>	<p>>40-200</p>	<p>>18.00-40.00</p>	<p>0.00-18.00</p>	<p>0-7.50</p>

Procedure for handling compensation claims:

In order to streamline the process and to ensure quick disposal of such cases following procedure will be adopted:

Claims falling within the delegated authority of Zonal Head/Regional Head will be settled at ZLCC/RLCC. If necessary, opinion of concerned department at Central Office may be obtained on technical issues relating to alternate channels to confirm perpetration of fraud.

Claims where two ZOs/ROs are involved (Account of the customer is held in one Zone/RO and fraud has happened in other Zone/RO), necessary entry for compensation would be made in ZO/RO where account is maintained.

Claims falling within the delegated authority in Central Office will be referred to respective departments in Central Office. The proposal to be examined & prepared by the concerned verticals at CO to place the same before respective competent authority as mentioned above for consideration/approval. The illustrative list of claims pertaining to different verticals are as under:

- a. Claims relating Credit Card will be examined by Credit Card & Merchant Acquiring Business, CO.
- b. Claims relating Internet Banking/Mobile Banking will be examined by Digitization Department, CO.
- c. Claims relating to short interest payment in Deposit accounts will be examined by Deposit Mobilisation Department, CO.
- d. Claims relating to any legal matters like set aside of SARFAESIA sale proceeds by any Hon'ble court, etc. will be examined by SAMV, CO.
- e. Claims relating to third party products i.e. Insurance, Mutual Fund products will be examined by Third Party Products Department.
- f. Claims relating to Government Business transactions like PPF, pension etc. will be examined by Government Business and Relationship Department.
- g. Other claims arising out of mistake or fault in the system/ATM/Debit Card will be examined by Operations Department in consultation with Dept. of Information Technology, wherever necessary.
- h. Claims relating to Gold Loan will be examined by Gold Loan Vertical.
- i. Claims pertaining to CIC/CI will be examined and recorded by CR & MIS.
- j. Compensation for delay in release of Movable/Immovable Property Documents will be examined and recorded by credit department of respective approval authority.
- k. Shadow credit of disputed amount in eligible accounts will be affected by the concern vertical who is undertaking the reconciliation of respective channel of transactions.

The approved amount of compensation will be debited from respective Income / Expenditure Head (except Fraud Compensation). There may be instances, where appropriate head for debit is not

created for payment of compensation viz: deficiency on part of banking services etc. in such cases the compensation to be paid from a separate compensation account. Such compensation account will be created in line with bank guidelines under Income & Expenditure Head. In order to have proper control over the said head, the account will be created at respective vertical at CO only and officials of respective vertical will only be permitted to do transaction in said account.

While referring any claim arising out of fraud, the Regional Office should confirm to the respective delegate that the case has been reported to Transaction Monitoring and Fraud Management Dept. CO in prescribed format.

Branches not coming under purview of Regional Office, the delegation for approval of compensation will vest with their respective Zonal Office upto ZLCC delegation.

Approved compensation note will be sent to Operations Dept. CO for creating the necessary entry in system for debiting suspense account Fraud (in case of compensation pertains to fraud (non-credit) area) as has been directed by ORMC (vide Agenda No.6 dated 23.08.2018).

References:

1. Model Compensation policy of Indian Banks Association.
2. RBI/2017-18/15 DBR.No.Leg.BC.78/09.07.005/2017-18 dated July 6, 2017 on Customer Protection - Limiting Liability of Customers in Unauthorised Electronic Banking Transactions.
3. RBI circular DBOD.Leg.BC.86/09.07.007/2001-02 dated April 8, 2002 regarding reversal of erroneous debits arising from fraudulent or other transactions.
4. RBI Master Circular DBR.No.FSD.BC.18/24.01.009/2015-16 dated July 1, 2015 on Credit Card, Debit Card and Rupee Denominated Co-branded Pre-paid Card Operations of Banks and Credit card issuing NBFCs.
5. RBI Master Circular RBI/2015-16/59 DBR No.Leg.BC.21/09.07.006/2015-16 dated July 1, 2015 on Customer Service in Banks.
6. FEDAI Circular No.SPL-05.BC/ FEDAI Rules/2019 dated 11th March 2019(updated up to 15 November 2020)
7. RBI Circular No.RBI/2019-20/67,DPPS.CO.PD No.629/02.01.014/2019-20 dated 20.09.2019 on Harmonization of Turn Around Time (TAT) and customer compensation for failed transactions using authorised payment systems.
8. RBI Circular No.RBI/2020-21/21,DPPS.CO.PD No.116/02.12.004/2020-21 dated 06.08.2020 on Online Dispute Resolution (ODR) system for digital payments.
9. RBI Circular No.RBI/2023-24/60 DoR.MCs.REC.38/01.01.001/2023-24 dated 13.09.2023
10. RBI Circular No. RBI/2023-24/72 DoR.FIN.REC.48/20.16.003/2023-24 dated 26.10.2023

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Security/ Safeguard Measures

1. Any desk App warning:

“Do not download “ANYDESK” from Play store or any other source, which Fraudster can use to take control of your mobile device and carry out transactions.

- a. You may receive a phone call from a fraudster, who will claim to be a representative from a tech company/bank offering to fix issues in your smartphone or mobile banking apps.
- b. The fraudster will then lure you to download a mobile app like 'Any Desk' from Play store or App Store, which can provide him with remote access to your mobile.
- c. Post the installation of the app (in this case 'Any Desk'), a 9-digit code will be generated, which the fraudster will ask you to share.
- d. Then the fraudster will further ask you to grant him certain permissions. Once granted, the fraudster is now in control of your mobile device.
- e. Further, Mobile Banking credentials and PIN are vished (stolen) from you and the fraudster can now choose to carry out financial transactions from your mobile app which was already installed.
- f. +The fraudsters also forward one SMS to you and advise you to forward it to a specific mobile number from your phone. On the basis of this, the fraudster is able to link/register your mobile number/account with UPI on his own mobile device.
- g. The fraudster subsequently seeks confidential account related credentials like Debit Card number, PIN, expiry date, OTP and sets the MPIN which is then used to authenticate transactions.
- h. Sometimes, the fraudsters could also send “Collect request” to your VPA and ask you to approve/authenticate it on the respective UPI apps to get reversal/refunds. Assuming that you will get credit/refund in your account, you approve the request by authenticating the transaction with MPIN [which is only known to you] but you might end up losing money since your account gets debited once the collect request is approved/ authenticated.

Do's and Don'ts you should follow:

- a. Be alert to fraudulent calls (vishing) that ask you to download apps or share confidential information (disconnect such calls immediately)
- b. In case you have already downloaded “Any Desk” app and it is no longer required, uninstall it

IMMEDIATELY:

- a. Please enable app-lock on your payment or mobile banking related apps.
- b. Report any suspicious activity at your nearest Bank Branch / genuine customer care number only
- c. Do not share your banking passwords or store them in your mobile handset.
- d. Do not share your other sensitive financial details on call such as UPI PIN / MPIN, Debit / Credit Card, CVV, expiry date, OTP, ATM PIN, bank account details, etc.

- e. Don't allow a stranger to guide you to install a mobile app through App Store / Play store, or instruct you to change the setting of your mobile.
- f. Do not rely on customer service numbers of various merchants/entities/ banks etc. retrieved via Google search, since they can be fake.
- g. Do not forward any unsolicited SMS received on a request of so-called representative from a tech company/bank

2. Please Be Aware of the Following:

- a. Choose an account with two factor authentication
- b. Create a strong password
- c. Secure your computer and keep it up-to-date
- d. Avoid clicking through emails
- e. Access your accounts from a secure location
- f. Always log out when you are done
- g. Set up account notifications (if available)
- h. Monitor your accounts regularly

3. PHISHING E-MAIL

- a. Do not click on links or download attachments from unknown sources.
- b. Never reply/forward the mail in case it is found suspicious
- c. Be suspicious of mails even when received from known sources when you are not expecting it.
- d. Do not provide any personal or financial information (like user name, password, credit/debit card credentials etc.) over email
- e. Be wary and cautious of unsolicited emails that demand immediate action
- f. Pay attention to URL of a website. Malicious sites may look identical to a legitimate site but the URL may use a variation in spelling such as 'l' may be replaced with identical looking '1' etc.,.
- g. Always think twice before clicking on any link attached in the e-mail
- h. Check the URL by placing (hovering) mouse poi
- i. Enter on the link provided in the mail which displays the correct website / URL where the link is actually pointed.

4. Internet Security:

- a. Do not blindly click on pop-ups
- b. Do not download software's which are not Approved by Bank
- c. Do not Upload any data belonging to bank on Internet
- d. Users are responsible for protecting their Internet account and password
- e. Users should ensure that they do not access websites by clicking on links provide in emails or in other websites

5. Browser Security:

- a. Older versions of web browsers may contain vulnerabilities. So keep it up to date

- b. Pop-ups can be used as a front for malicious activities. It is advisable to block pop-ups

6. Wi-Fi Security:

- a. Don't enable Auto-Connect to open Wi-Fi Networks
- b. Don't leave broadband connectivity open when it is not utilized
- c. Don't connect to unknown Wi-Fi network at office or public place
- d. Change Default Administrator Passwords and User names

7. Desktop Security:

- a. Shut down the desktop while leaving
- b. Ensure you have updated anti-virus
- c. Scan the attachments before opening
- d. Do not install any unauthorized software
- e. Follow the Clear Desk & Clear Screen policy
- f. Do not enable sharing of folders in your C: drive
- g. Ensure confidential documents are not kept in the open

8. Password Security:

- a. Do use hard to guess Passwords
- b. Do not use same password for all Accounts
- c. Do not write passwords anywhere
- d. Do not use personal information as password e.g. DOB, Name, Mobile No...
- e. Passwords should be unique from previously used passwords.
- f. You are responsible for the work carried out in your User ID. It is your digital identity
- g. Passwords should be created so that they can be easily remembered

9. CREATE AN ALTERNATE EMAIL ADDRESS

- a. Instead of using your primary email address for every online account, create an alternative email address for public-facing accounts and users

10. DON'T GIVE AWAY ADMIN RIGHTS

- a. When a new software or app is asking for system admin rights check the access it's asking for, look in documentation for reasons why, and contact a support team if possible

11. CREATE A SECURITY PLAN

- a. Create a checklist for yourself of do's and don'ts, reminders for regular backups and updates. Please read Cyber security Policy, Information Security Policy & CISO office Circulars.

12. BE CARD SMART

- a. Don't save your card information when you purchase something online or on an app

13. KEEP RECOVERY INFORMATION CURRENT

- a. Check and update the recovery email addresses, phone numbers, and physical addresses associated with your accounts

14. DON'T CLICK LINKS FROM SUSPICIOUS SOURCES

- a. Avoid clicking short links from unknown or questionable sources

15. MONITOR ACCOUNT ACTIVITY

- a. Track the activity logs for your accounts on regular basis

16. CHECK YOUR EMAIL ACCOUNTS

- a. Go through all your email accounts, delete what you aren't using anymore and set up stringent security measures for the accounts you want to keep

17. BACK UP YOUR DATA

- a. Back up your data frequently and in multiple locations to protect your critical information

18. UPDATE YOUR SOFTWARE

- a. Make sure any software you use on your personal computer is updated regularly.

19. DISABLE AUTO-CONNECT

- a. Make sure your Wi-Fi auto discovery functions and Bluetooth is off when you are travelling or in public.

20. CONTROL MOBILE APP ACCESS

- a. Get into the habit of not installing any app unless they come from the official app store

21. REVIEW YOUR PASSWORDS PERIODICALLY

- a. Make sure they are strong and contain an assortment of characters and change them regularly.

22. REGULARLY UPDATE YOUR BROWESERS

- a. Make sure you're using the latest versions of your Internet browsers and any related plug-in.

23. PROTECT YOUR SYSTEMS

- a. Carefully vet antivirus, firewall, and ad-blocker solutions are patched and updated on regular basis

24. SET UP 2FA (TWO FACTOR AUTHENTICATION)

- a. Make sure to link your accounts to your cell phone and/or emails address to verify your identity when you sign in
