

## **SURAT NATIONAL CO-OPERATIVE BANK LTD**

**Resolution No.: 36**

**Dated: 20/03/2021**

With reference to RBI Circular No.RBI/2017-18/109 DCBR.BPD. (PCB/RCB)Cir No. 06/12.05.001/2017-18 dated 14/12/2017, the bank has formulated this 'Customer Compensation Policy' with regard to Customer Protection during Unauthorized Electronic Banking Transactions.

Presently, the bank is providing Rupay ATM cum Debit card and IMPS Mobile banking facility (transactional service) to its customers for electronic banking transactions. Moreover, bank is going to apply for permission of RBI for commencement of Internet banking facility (transactional based) in a near future.

With an increased surge in above type of transactions, the possibility of failed transactions because of technical problem, cyber crimes and fraudulent transactions etc. is also high leaving customers unsafe for their money.

Considering above, bank shall adopt appropriate systems and procedures to ensure safety and security for electronic banking transactions carried out by customers with robust and dynamic fraud detection and prevention mechanism.

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The bank shall primarily adopt the following steps to mitigate the risk arising out of electronic banking transactions.

- 1 The bank shall make the registration of cell phone number, of customers applying for electronic banking service, mandatory. Also shall ask customers to mandatorily register for SMS alerts and email alerts for their digital transactions.
- 2 The bank shall provide round the clock access (Missed Call Phone Number Helpline) to their customers for complaint registration if any with regard to their electronic banking transactions.
- 3 The customers shall be advised to notify the bank of any unauthorized electronic banking transaction or loss / theft of Debit Card, if comes to their knowledge, as early as possible after the occurrence of such transaction. And also bring to their information that longer the time taken to notify the bank, the higher will be the risk of loss.
- 4 After notification received from customer, bank shall reply with an acknowledgement / complaint number, indicating time and date of such complaint, on the registered cell phone number of the customer.

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- 5 The bank shall take utmost care to avoid any more unauthorized transactions in such account by stopping temporarily the debit electronic transactions in such account.

### **Crystallization of Liability in the event of Loss in**

#### **Unauthorized Electronic Banking Transactions:**

- 1 The customer shall not be held liable for loss occurred because of negligence / deficiency on part of the bank (irrespective of whether or not the transaction is reported by the customer).
- 2 The customer shall also not be held liable if deficiency lies neither with the bank not with the customer, but, lies elsewhere in the system and the customer has reported the same within three working days after receiving the SMS / Email alert from the bank regarding the same.
- 3 The customer shall be held liable where the loss is due to negligence by customer himself such as where he has shared the payment credentials with somebody else. In such cases, customer shall bear the entire loss until he reports the same to bank. Any loss occurring after the reporting of the unauthorized transaction shall be borne by the bank.
- 4 The customer shall be held liable to the extent of loss or amount mentioned below whichever is lower, if deficiency lies neither

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with the bank not with the customer, but, lies elsewhere in the system and the customer has reported the same within four to seven working days after receiving the SMS / Email alert from the bank regarding the same.

Sr.No.	Type of Account	Amount Rs.
1	Basic Savings Bank Account	5,000.00
2	All other SB Accounts	10,000.00
3	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 lakhs.	10,000.00
4	All other Accounts.	25,000.00

- 5 The customer shall be held fully liable if the delay in reporting of unauthorized electronic banking transaction is beyond seven days of the SMS / Email alert from the bank regarding the same.

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- 6 After crystallization of liability, the refund / reversal if any shall be credited to the customer's bank account within 10 working days of such notification by the customer.

### **Reporting and Monitoring of**

### **Unauthorised Electronic Banking Transactions.**

The bank shall make quarterly review of ATM / Debit Card / IMPS failed transactions including volume / number of cases, amount involved, time taken to resolve the case etc. in B.O.D. Meeting. Such transactions shall also be reviewed by bank's internal auditors.

Acceptance of the compensation by the customers under this policy shall be deemed to be final settlement of all issues arising out of grievances for which compensation is claimed.

**For, SURAT NATIONAL CO-OPERATIVE BANK LTD**

(Devang P. Choksi) ( Harshvadan R. Chokhawala) ( Hitesh H. Shah)

**Chairman**

**Vice -Chairman**

**Chief Executive Officer**

# **SURAT NATIONAL CO-OPERATIVE BANK LTD**

## **Customer Compensation Policy**

**Resolution No.....**

**Dated:**

### **OBJECTIVE:**

This Customer Compensation Policy of the Bank is formulated to provide better customer service. The Policy is based on principles of transparency and fairness in the treatment of customers. The objective of the Policy is to establish a system where the Bank compensates the customer for any financial loss the customer might have incurred due to deficiency in service on the part of the Bank or any act of omission or commission directly attributable to the Bank. 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. This policy document covers the following aspects:

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### **1. Erroneous / Unauthorised Debit by the Bank:**

If the Bank has raised an erroneous/unauthorised direct debit to an account, upon being informed of the erroneous / unauthorised debit, the entry will be reversed, after due verification. In the event, the 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 payment of additional interest to the Bank in a loan account, charges levied for balance falling below minimum balance requirement 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 after taking in to consideration all relevant factors.

The Bank reserves its right to debit the account for reversing the amounts in case a wrong credit is posted to a customer's account without payment of any compensation. Further, this provision, would not apply to recovery of legitimate bank charges by debit to the account, which is as per terms and conditions accepted by the customer and done only after the laid down process has been followed by the Bank.

### **2. ECS direct debits / other debits to accounts:**

The Bank undertakes to carry out direct debit/ECS debit instructions of customers in time. In the event the Bank fails to meet such commitments, the customer will be compensated to the extent of direct financial loss or payment of additional interest to the Bank in a loan account or any charges levied for reason of balance falling below the minimum balance requirement or any charges levied for return of cheques due to shortfall in balance. Electronic payments such as RTGS/EFT/NEFT instructions will be governed by the applicable terms and conditions communicated to the customer. The Bank would debit the customer's account with any applicable service charge as per the tariff schedule/schedule of charges notified by the Bank.

In the event the Bank levies any charge that is not as per such tariff schedule/schedule of charges, upon being informed of the erroneous charge by the customer, the Bank will

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reverse the charges subject to scrutiny of agreed terms and conditions. In such cases, the Bank shall compensate the customer for any direct financial loss by way of loss of savings account interest on account of reduction in the daily closing balance applicable for payment of interest on savings bank deposit or payment of additional interest to the Bank in a loan account or any charges levied for balance falling below minimum balance requirement or any charges levied for return of cheques due to shortfall in balance.

### **3. Payment of Cheques after Stop Payment Instructions:**

In case a cheque has been paid after stop payment instruction is acknowledged by the Bank, the Bank shall reverse the transaction and give value-dated credit to protect the interest of the customer. Such debits will be reversed within 2 working days of the customer intimating the transaction to the Bank. In such cases, the Bank shall compensate the customer to the extent of direct financial loss, if any, by way of loss of savings account interest on account of reduction in the daily closing balance applicable for payment of interest on savings bank deposit or payment of additional interest to in a loan account to any charges levied for reason of balance falling below minimum balance requirement or any charges levied for return of cheques due to shortfall in balance.

### **4. Interest for delayed collection of Outstation Cheques shall be paid at the following rates:**

As part of the Policy, the Bank will pay interest to its customer on the amount of collection instruments in case there is delay in giving credit beyond the time period specified in our bank. Such interest shall be paid without any demand from customers in all types of accounts. For a period of delay up to 14 days, savings bank rate of interest and for delay beyond 14 days, applicable term deposit rate of interest will be paid. In case of extraordinary delay, i.e. delays exceeding 90 days interest will be paid at the rate of 2% above the corresponding Term Deposit rate.

In the event the proceeds of cheque under collection were to be credited to an overdraft / loan account of the customer, interest will be paid at the rate applicable to



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the loan account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account.

### **5. Cheques / Instruments lost in transit / in clearing process or at paying bank's branch:**

In the event a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying bank's branch, the Bank shall immediately on coming to know of the loss, bring the same to the notice of the account holder so that the account holder can inform the drawer to record stop payment and also take care that cheques, if any, issued by him/her are not dishonoured due to non-credit of the amount of the lost cheques / instruments. The Bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

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

(i). 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 in para no.4 above.

(ii). 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.

(iii). The Bank would also compensate the customer for any reasonable charges he/she incurs in getting duplicate cheque/instrument upon production of receipt, in the event the instrument is to be obtained from a bank/institution that would charge a fee for issue of duplicate instrument.

### **6. Payment of interest for delay in issue of duplicate draft:**

Duplicate draft will be issued to the purchaser on the basis of adequate indemnity. The Bank will issue duplicate draft (drawn on the Bank) to the customer within a fortnight from the receipt of such request. For delay beyond this stipulated period, the Bank will

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

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

### **8. Reversal of Erroneous / unauthorized / Fraudulent or other transactions excluding debits on account of Internet Frauds:**

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

(i) In case of any fraud, if Bank is convinced that an irregularity / fraud has been committed by its staff towards any constituent, Bank should at once acknowledge its liability and pay just the claim.

(ii) In cases where neither the branch nor the customer is at fault, but the fault lies elsewhere in the system, Bank should compensate the customer up to a limit specified here under. The following is laid down for all the fraud cases other than those pertaining to Internet Banking Frauds. Typically, these frauds are of the following types:

- Lottery
- Job Rackets
- Transfer of Funds towards emails received

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(i). In case of any fraud, if Bank is convinced that an irregularity / fraud has been committed by its staff towards any constituent, the Bank will at once acknowledge its liability and pay just claim.

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

(iii). In cases where neither the Bank nor the customer is at fault, but the fault lies elsewhere in the system, the Bank will compensate the customer upto a limit of **Rs. 5000**. Such compensation would be paid only once in the lifetime of an account.

### **9. Reversal of Erroneous/Unauthorised/Fraudulent debits arising on Mobile / Internet Banking (Vishing/Smishing) related transactions**

- Fraudulent debits arising out of Internet banking are mainly categorised as under:
- Funds Transfer to another account (within the Bank and outside the Bank
- Internet / MOTO using RUPAY Debit card
- Skimming / Counterfeit of RUPAY Debit Card
- Hacking of internet ID / password
- Pre-paid mobile recharge transaction using RUPAY Debit card
- Transactions in shopping malls using RUPAY Debit Card.

In case of any fraud, if Bank is convinced that an irregularity/fraud has been committed by its staff towards any constituent, the Bank will at once acknowledge its liability and pay just claim. In cases where the Bank is at fault, Bank will compensate the customer without demur. For cases where the Bank is not at fault, but the customer has either acted fraudulently or inadvertently compromised his Mobile/ Internet Banking security details (example:ID,passwords, date of birth, mother's maiden name etc.) or acted without reasonable care(which includes not taking steps to protect computers from hackers) Bank/Customer will be bound by Clause number **8.17** of the revised code of commitment by Banking Codes and Standards Board of India which stipulates that banks are not responsible for losses caused by a third party when customers have acted without reasonable care. However, in exceptional circumstances our Bank may compensate the customer for cases where the customer has not compromised any

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personal and confidential security parameters required to complete an Internet banking transaction and based on deliberation of various facts such as: Justification given by the customer Immediate or delay in reporting by the customer based on SMS alert, account statement, mini statement, etc received by the customer

### **10. Delay in release of Securities/Documents/Title deeds**

The original security documents of title should be returned to the borrower within 15 working days of repayment of all dues by the borrower, including principal amount, interest, EMI, costs, service charges and all other amounts due. This is subject to there being no outstanding under any other loan/overdraft/other financial facility availed by the borrower from the Bank. In case of delay on the part of the Bank in returning such documents, the Bank will compensate the customer at the rate of Rs. 100/- per week, subject to a maximum payment of Rs. 500/-. However, in case of Force Majeure events, the Bank at its own cost would endeavour to retrieve/recreate the title documents and no compensation would be paid in such cases.

### **11. 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 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.

### **12. Delay in affording credits and/or return of transactions**

In the event of any delayed credit to beneficiaries' account, the destination bank would be held liable to pay penal interest. NECS/ECS-Credit: Destination bank would be held liable to pay penal interest at the current RBI liquidity adjustment facility (LAF) repo rate plus 2 percent from the due date of credit till the date of actual credit for any delayed

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credit to the beneficiaries' account. Penal interest shall be credited to the beneficiary's account even if no claim is lodged.

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

### **13. Mis-selling of third party products**

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

### **14. Timelines for payment of compensation amount**

In case the Bank is liable to pay any compensation in accordance with the Policy, the same would be paid to the complainant within 7 working days from the completion of the investigation.

### **15. Compensation Framework for Failed Transactions using Authorised Payment Systems:**

The aspects of the compensation framework are outlined below:

**(i) Turn Around Time (TAT)** - The prescribed TAT is the outer limit for resolution of failed transactions Key Principles:

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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 penalty is payable to the beneficiary. If there is delay in initiation of a transaction at the originator bank's end beyond the TAT, then penalty is payable to the originator.

- T is the day of Transaction and refers to the calendar date.
- R 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.

### (ii) Failed Transactions:

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.

### (iii) Description of the incidents, timeline for auto-reversal and compensation payable is as mentioned below:

Sr. No.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation Payable
I	II	III	IV
1	Automated Teller Machines (ATMs)		
A	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		
A	Card to card transfer Card account debited but	Transaction to be reversed (R) latest within	₹ 100/- per day of delay beyond T + 1

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	the beneficiary card account not credited.	T + 1 day, if credit is not effected to the beneficiary account.	day.
B	Point of Sale (PoS) (Card Present) including Cash at PoS 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.
C	Card Not Present (CNP) (e-commerce) Account debited but confirmation not received at merchant's system.		
3	Immediate Payment System (IMPS)		
A	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)		
A	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
B	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.
5	Aadhaar Enabled Payment System (including Aadhaar Pay)		
A	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.
B	Account debited but beneficiary account not credited.		
6	Aadhaar Payment Bridge System (APBS)		
A	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)		
A	Delay in crediting	Beneficiary bank to	₹100/- per day if

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	beneficiary's account or reversal of amount.	reverse the uncredited transaction within T + 1 day.	delay is beyond T + 1 day.
B	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	

Acceptance of the compensation by the customers under this policy shall be deemed to be final settlement of all issues arising out of grievances for which compensation is claimed.

**For, SURAT NATIONAL CO-OPERTIVE BANK LTD**

**CHAIRMAN**

**GENERAL MANAGER/CEO**