

**Saurashtra Gramin Bank**  
**Head Office, RAJKOT.**

**COMPENSATION POLICY**

**Introduction**

Technological progress in payment and settlement systems and the qualitative changes in operational systems and processes that have been undertaken by various players in the market have 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 instructions to banks on time frame for collection of outstation cheques, payment of interest on delayed collection of outstation cheques / instruments, with effect from 1<sup>st</sup> November 2004, had offered bank further opportunities to increase its efficiency for better performance. 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, etc. The policy is based on principles of transparency and fairness in the treatment of customers.

The objective of this policy is to establish a system whereby the bank compensates the customer for any financial loss, he/she might incur due to deficiency in service on the part of the bank or any act of omission or commission directly attributable to the bank. By ensuring that the customer is compensated without having to ask for it, the bank expects instances when the customer has to approach Banking Ombudsman or any other Forum for redressal to come down significantly.

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

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**1. Unauthorized / Erroneous Debit:**

If the bank has raised an unauthorized/erroneous direct debit to an account, the entry will be reversed immediately on being informed of the erroneous debit, after verifying the position. 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, 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.

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, the bank shall complete the verification process within a maximum period of one month from the date of reporting of erroneous transaction by the customer.

Erroneous transaction reported by customers in respect of credit card operations which require reference to a merchant establishment will be handled as per rules laid down by card association.

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

The bank will undertake to carry out direct debit / ECS 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.

The bank would debit the customer's account with any applicable service charge as per the schedule of charges notified by the bank. In the event the bank levies any charge in violation of the arrangement or inadvertently, Bank will reverse the charges, subject to scrutiny of agreed terms and conditions, and compensate the customer with a sum equal to the charges reversed.

Where it is established that the bank had issued and activated a credit card without written consent of the recipient, the bank would not only reverse the charges immediately but also pay a penalty without demur to the recipient amounting to twice the value of charges reversed as per regulatory guidelines in this regard.

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**3. Payment of Cheque 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 para 1 above. Such debits will be reversed within 2 working days of the customer intimating the transaction to the bank.

**4. Foreign Exchange Services:**

The bank provides foreign Exchange Service as per arrangement with sponsor bank i.e. State Bank of India.

The Bank would not compensate the customer for delays in collection of cheques designated in foreign currencies sent to 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, would 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 by State Bank of India to correspondent branch's current account with SBI, link branch. Such compensation will be given for delays beyond one week from the date of credit / 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.

**5. Remittances in India:**

The compensation on account of delays in collection of instruments would be as indicated in the bank's cheque collection policy which is reproduced below for information:

**“Payment of Interest for delayed Collection of Outstation Cheques:**

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

- a) Collection of cheques drawn on Metro Cities : Maximum period of 7 days.
- b) Collection of cheques drawn on state capitals  
& major (Area-I) cities : Maximum period of 10 days.
- c) In all other Centers : Maximum period of 14 days.

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As part of the compensation policy of the bank, 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 mentioned above. Such interest shall be paid without any demand from customers in all types of accounts. There shall be no distinction between instruments drawn on the bank's own branches or on other banks for the purpose of payment of interest on delayed collection.

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

- a) Savings Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques.
- b) Where the delay is beyond 14 days interest will be paid at the rate applicable to for term deposit for the respective period.
- c) In case of extraordinary delay, i.e. delays exceeding 90 days interest will be paid at the rate of 2% above the corresponding Term Deposit rate.
- d) In the event the proceeds of cheque under collection was to be credited to an overdraft / loan account of the customer, interest will be paid at the rate applicable to the loan account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account.

It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India”.

**6. Compensation for loss of instrument in Transit :**

The bank's compensation policy for financial loss suffered by the customers due to loss of instrument after it has been handed over to the bank for collection by the customer would also be as indicated in our collection policy.

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 accountholder so that the accountholder 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 assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

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In line with the compensation policy of the bank the bank will compensate the account holder in respect of instruments lost in transit in the following way:

- a) In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (7/10/14 days as the case may be) interest will be paid for the period exceeding the stipulated collection period at the rates specified above.
- b) In addition, bank will pay interest on the amount of the cheque for a further period of 15 days at Savings Bank rate to provide for likely further delay in obtaining duplicate cheque / instrument and collection thereof.
- c) The bank 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 for issue of duplicate instrument.

**7. Violation of the Code by banks agent**

In the event of receipt of any complaint from the customer that the bank's representative / courier or any other agent either engaged in any improper conduct or acted in violation of the Code of Bank's Commitment to Customers which the bank has adopted voluntarily, bank shall take appropriate steps to investigate and to handle the complaint and where justified, may compensate the customer suitably for financial loss as decided by the Bank.

**8. ATM Failure :**

It is mandatory for bank to reimburse the customer, the amount wrongfully debited on account of failed ATM within a maximum period of 7 working days from the receipt of the complaint. For any failure to re-credit the customer's account within 7 working days from the date of receipt of the complaint, bank shall pay compensation of Rs.100/- per day to the aggrieved customer. This compensation shall 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. Details of charge back in case of ATM transaction by a customer of the bank when he uses other bank ATM may be included.

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.

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**9. TDS**

With implementation of new functionality (TDS Module) in CBS as per the directives of CBDT, the probability of error in deduction of tax after submission of Form 15G/15H do not exist. Moreover, the customer has a recourse to get refund of tax deducted erroneously by the Bank, if any, from Income Tax Department. In such cases, Bank will provide help by issuing required certificate, if any, free of service charges for getting refund from I.T. Dept, along with compensation by paying interest on the amount involved at the SB rate + 2% (Min. Rs.100/-) from the date of deduction of tax to the date of receipt of Refund from I.T. Deptt on submission of copy of I.T Assessment order, after deducting the amount of interest paid by I.T Department, if any.

**10. Force Majeure**

The bank shall not be liable to compensate customers for delayed credit if some unforeseen event including but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fires, natural disasters or other “Acts of God”, war, damage to the bank’s facilities or of its correspondent bank(s), absence of the usual means of communication or all types of transportation, etc beyond the control of the bank prevents it from performing its obligations within the specified service delivery parameters.

**11. Customers’ responsibility :**

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.

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.

The Bank reserves the right to amend/modify this Policy, as and when deemed fit and proper, at its sole discretion. However, the Bank shall endeavour to review the Policy at annual intervals.

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