

Compensation Policy

1. 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 Banking system. It is our endeavour to offer services to the customers with best possible utilization of our 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 1st November 2004, had offered banks further opportunities to increase its efficiency for better performance. Our Bank's Compensation policy is 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.

2. Objective

The objective of this policy is to establish a system whereby the Standard Chartered Bank India, (referred here as '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.

3. Framework

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 as such as 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

4. Unauthorised / Erroneous Debit by the Bank:

4.a. 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 the return of the cheque or failure of the direct debit instruction 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 into consideration all relevant factors

4.b 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 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 centres, 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.

4.c. Unauthorised 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.

5. Unauthorised Electronic Transactions reported by Customers

As per the circular no. DBR.No.Leg.BC.78/09.07.005/2017-18 dated July 6, 2017 issued by the Reserve Bank of India, all Banks are required to formulate a Board Approved Customer Protection policy for unauthorised electronic banking transactions reported by the customers.

The policy is inter alia required to cover in detail, the liability of customers in different scenarios depending on whether compromise was at Bank's end, customer's end or elsewhere in system

For all such transactions the Bank would be governed by their Board Approved Customer Protection policy or any other equivalent policy.

6. ECS direct debits/other debits to accounts

6.a. 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 financial loss the customer would incur on account of delay in carrying out the instruction/failure to carry out the instructions, subject to the customer mandate being in order.

6.b. The Bank would debit the customer's account with any applicable service charge as per the schedule of charges notified by the Bank. In the event the Bank levies any charge in violation of the arrangement, the Bank will reverse the charges when pointed out by the customer subject to scrutiny of agreed terms and conditions. Any consequential financial loss on the account will also be compensated.

6.c. Where it is established that the Bank had issued and activated a credit card without 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.

7. Payment of Cheques after Stop Payment Instructions:

In case a cheque has been paid after stop payment instructions are acknowledged by the Bank, the Bank shall reverse the transaction and give value-dated credit to protect the interest of the customer. Any such financial loss to the customer will be compensated under para 4. Such debits will be reversed within 2 working days of the customer intimating the transaction to the Bank.

8. Payment of Interest for delayed Collection of Local / Outstation Cheques:

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 in the Cheque Collection Policy. 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 between 7/10/14 (beyond stipulated period) days as the case may be in Collection of Outstation Cheques
- b) Where the delay is between 14 days (beyond stipulated period), interest will be paid at the rate applicable for term deposit for corresponding respective period or Savings Bank rate, whichever is higher.
- 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 a regular overdraft/ loan account of the customer, interest will be paid at the rate applicable to the loan

9. Compensation for loss of instrument in Transit

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

Cheques / Instruments lost in transit / in clearing process or at paying bank's branch (applicable to banking accounts):

9.a. 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.

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 ways:

- 9.a.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 above.
- 9.a.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.
- 9.a.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 who would charge a fee for issue of duplicate instrument.

10. Issuance of duplicate draft

The Bank will issue a duplicate draft within a fortnight from the receipt of such requests from the purchaser along with the submission of documents as prescribed by the banks. For delay beyond the above stipulated period, interest at the rate applicable for fixed deposit of the corresponding period will be paid as compensation to the customer for such delay.

11. Violation of Code by Bank agents

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 this Code of Bank's commitment to customers which the Bank has adopted voluntarily, the Bank is committed to investigate the matter and endeavour 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 financial loss, if any, as contemplated under the policy.

12. Transaction of "at par instruments" of Co-operative Banks by Commercial Banks

RBI has expressed a concern over the lack of transparency in the arrangement for payment of "at par" instruments of Co-operative banks by Commercial banks resulting in dishonour of such

instruments when the remitter has already paid for the instruments. In this connection it is clarified that the Bank will not honour cheques drawn on current accounts maintained by other banks with it unless arrangements are made for funding cheques issued. Issuing Bank to be responsible to compensate the cheque holder for non-payment/delayed payment of cheques in the absence of adequate funding arrangement (“para 12 is applicable only for policy documents of commercial banks)

13. ATM Failure

It is mandatory for the Bank to reimburse the customer, the amount wrongfully debited on account of failed ATM within a maximum period of 5 working days from the receipt of complaint. For any failure to re-credit the customer’s account within 5 working days from the date of receipt of the complaint, bank shall pay compensation of Rs. 100 per day to the aggrieved customer. The compensation shall be credited to the customer’s account automatically without any claim from the customer on the same date when Bank affords the credit for the failed ATM transactions. Details of the chargeback in case of ATM transaction by a customer of the Bank when he used other Bank ATM may be included.

14. Foreign Exchange Services:

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 with 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 1 week from the date of credit to the 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

15. Lenders Liability, commitment to borrowers

The Bank has adopted the principals of lenders of liability. In terms of guidelines for lenders liability and the Code of Bank’s Commitment to customers adopted by the Bank, the Bank would return to the borrowers all the securities/document/title deeds to mortgaged property within 15 days of repayment of all dues agreed to or contracted. The Bank will compensate the borrower for monetary loss suffered, if any due to delay in return the same. In the event of loss of title deeds to mortgage property at the hands of the banks the compensation will cover out of pocket expenses for obtaining duplicate documents plus a lumpsum amount as decided by the Bank.

16. Wealth Management Products

Bank is a corporate agent and distributor of Insurance and Mutual Fund products respectively. For any deficiencies in service bank will assist customers to raise their grievances with the tie-up partners. For any deficiencies in services at Bank level raised by customer, the issue will be examined by the Bank and if the lapse on the part of the bank is confirmed (mis-selling) customer will be compensated as per the provisions of this policy.

17. 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, accidents, 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.

18. Erroneous Collection/ Recovery Calls

In the event of receipt of a complaint from the customer stating that the Bank or its representatives or DSA have engaged in collection / recovery calls (excluding payment reminder calls) even after repayment of all outstanding dues towards the Bank, the Bank is committed to enquire into the matter and endeavours to redress such customer complaints within a timeline. In case of any apparent direct financial loss suffered by the customer on account of receiving such collection/recovery calls, the Bank shall suitably compensate the customer to the extent of the actual loss suffered by the customer if any, as determined by law.

Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorised Payment Systems

In line with the RBI circular on Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorized Payment Systems (RBI/2019- 20/67) and keeping in mind the large number of customer complaints emanating on account of unsuccessful or ‘failed’ transactions, the Policy takes note of the following compensation framework that will be affected ‘Suo moto’ for the following authorised Payment Systems

Sl. 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) including Micro-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	<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.
b	<u>Card Not Present (CNP) (e-commerce)</u> 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	National Automated Clearing House (NACH)		
a	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.
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.	

Note: The enclosed table covers services that the Bank currently offers.