

## **Compensation Policy**

### **Introduction**

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. 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.

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.

#### **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 to 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 any actual interest loss incurred by the customer.

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. In the event the third party does not for any reason reciprocate or delays are caused beyond all efforts put in by the bank, then such delay shall be excluded from the period of one month stated above and the bank may approach the customer for any assistance that is required to resolve the same.

## **2. Direct debits/electronic payments (RTGS/NEFT)/other debits to accounts**

The bank will undertake to carry out direct debit / Standing instructions of customers on time. In the event the bank fails to meet such commitments the customer will be compensated to the tune of the banking charges that he may have to face from another bank due to the delayed credit. This policy will cover charges levied only on the account that the credit was to go into, and not for any other issues thereof.

Electronic payments such as RTGS/NEFT will be governed by the applicable terms and conditions communicated to the customer. The Bank will compensate the customers for delay directly attributable to the Bank in affording credits of inward remittances like NEFT, RTGS or by any other means, received on behalf of the customers. The compensation would be restricted to direct and actual financial loss in terms of interest or penalties levied due to reduction in the minimum balance applicable for payment of interest on savings bank deposit or penalties charged for non-maintenance of minimum balance due.

## **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 investigate the matter carefully and help the customer in getting back the payment. In case of delay in getting back the payment the customer shall be paid interest at the savings rate during the period of delay. In case of any overriding factor, the payment will be made at the discretion of the Bank, based on the transactional history of the customer.

#### **4. Foreign Exchange Services (Foreign Currency Cheque Collections):**

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. 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 banks as under;

The Bank will receive FCY cheques from customers at designated counters of DBS branches. FCY cheques would be sent to respective Correspondent banks Mumbai office for collection under Cash Letter arrangement. Upon citing credit in Nostro, credit would be passed on to customers account as per Currencies mentioned below-

For USD:

- If Cheque is drawn on NY city then on 14<sup>th</sup> calendar day from credit date in Nostro
- If Cheque is drawn outside NY city then on 21<sup>st</sup> calendar day from credit date in Nostro

For SGD:

- Next working Day from credit date in our Nostro

For GBP:

- Next working day from credit date in our Nostro

For Other Currencies

- Next working day from credit date in our Nostro if credit is on clear funds basis.
- If derived Calendar day is a holiday in India then next working day (except Saturday) would be taken as final credit day.
- In case of cheque is returned later due to any reason, customers account would be debited for the equivalent FCY amount.
- Such compensation will be given for delays beyond one week from the due date after taking into account normal cooling as defined above

In case the credit into the customer account is delayed by more than one week from the due dates specified above, compensation will be paid as per the prevailing Savings Bank Interest rate for the period of delay.

#### **5. Domestic Cheque Collections:**

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

#### **Payment of Interest for delayed Credit of 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 periods committed. The said policy is reproduced below:

#### **Cheque Collection Policy**

DBS Bank Operations receives outstation instruments from various customers maintaining an account with DBS. The instruments may be payable at any location within India. The realisation status of the instruments will depend upon the category under

which they are routed for collection. These are broadly classified under three categories given as under:

Category	Brief Description	Number of Locations
Own Branch Locations	Instruments that are payable at DBS branches, where we have the facility for local clearing e.g. cheques picked up in Mumbai and payable at Delhi	Under this arrangement we have 2 branch locations
State Capital Locations (other than State Capitals in North East India)	Instruments that are payable at State Capitals e.g. cheques picked up in Mumbai and payable at Hyderabad	All State Capitals except those located in North East India
Remote Locations	These centres are not covered by own Bank network and is sent directly to the drawee bank branch for collection	All clearing locations which are not covered in the above two categories will fall in this category

Based on the category under which a clearing location falls, we have defined the “Expected Realisation Time” for each category of Collection. The accepted realisation time is given hereunder:

1. Instruments payable at Own Branch Locations where DBS Bank has its branches – Realisation Time 7 working days
2. Instruments payable at State Capital Locations (except State Capitals located in North East India) – Realisation Time is typically 15 working days (The instruments will be realised on best effort basis)
3. Instruments payable at Remote Locations – Based on our experience we have identified that there is no fixed trend for realisation of instruments which are directly sent to the drawee bank for collection (The instruments will be realised on best effort basis)

## **Interest on delayed realisation**

All customers whose realisation status is not received as per realisation time mentioned above will be compensated with Delayed Interest as per criteria given below:

Category	Criteria	Interest Rate
Own Branch Locations	Interest will be paid in cases where the final status of the instrument is not known within 7 working days from the date of processing	Savings bank interest rate plus 2% on period of delayed credit
State Capital Locations	Interest will be paid in cases where the final status of the instrument is not known within 15 working days from the date of processing	Actual amount of delayed interest claimed and recovered from the drawee bank for delayed realisation will be paid to the customer
Remote Locations	DBS Bank will follow up with the drawee bank for interest in case liquidation proceeds are received beyond RBIs prescribed time lines. Actual amount of delayed interest recovered from the drawee bank will be paid to the customer	Actual amount of delayed interest claimed and recovered from the drawee bank for delayed realisation will be paid to the customer

The delayed interest will be given to the customer, within 7 working days from the liquidation date.

## **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 accountholder so that the accountholder can inform the drawer to record stop payment. 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 by paying the prevailing savings bank interest on the amount of the cheque for a period of 15 days from the date of pick-up of the cheque by the Bank.

**6. Fixed Deposits**

In case the bank fails to act on the customer instruction related to booking of Fixed Deposits even after receiving funds and instructions for the same, the Fixed Deposit for the customer will be booked with due value date as per instructions and funds received.

In case of maturity of these deposits, the bank will act as per the maturity instructions provided by the customer within the cut-off time period for receiving these instructions. In case the Bank fails to act upon the instruction resulting in a financial loss to 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 by reimbursing the actual charges and interest so levied to the customer.

**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 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 voluntarily, bank shall take appropriate steps to investigate the complaint and compensate the customer for actual financial losses in the banking transaction, on a case by case basis. This does not include any other expenses incurred.

**8. Not acting on investment and redemption slips**

If the bank fails to act on any investment or redemption slips submitted to the bank by a customer for onward processing to a Mutual Fund, the bank will

compensate on the delayed amount, at the prevailing savings bank rate, for the period over which the slip has been delayed.

**9. 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, 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 which prevents it from performing its obligations within the specified service delivery parameters.

**10. Full and Final Settlement**

Once the Bank has paid compensation as said above, the same shall be construed as a “full and final settlement” and no further claim shall be entertained by the bank from the customer or anyone else.

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