

**KOTAK MAHINDRA BANK LTD.****Customer's Compensation Policy**

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**CUSTOMER COMPENSATION POLICY**

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## **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 services 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 1st November 2004, had offered bank further opportunities to increase its efficiency for better performance. The 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 for redressal to various forums/ Banking Ombudsman etc. 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.

**Objective:**

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.

**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. This should be brought to the notice of the bank within a reasonable period of the account statements sent by the bank. 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 may compensate the customer to the extent of payment of interest at the savings bank deposit rate for such loss.

In case verification of the entry reported to be erroneous by the customer does not involve a third party and is less than a year old, 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 the transaction is more than a year old 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.

Erroneous transactions 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 Credit Card Association

### **1.1 Reversal of Erroneous Debits arising on Fraudulent or Other Transactions including unauthorized Electronic Banking Transactions:**

The bank shall determine the liability of the customers and compensate them in cases of unauthorised electronic banking transactions as under:

#### (a) Zero Liability of a Customer

A customer's entitlement to zero liability shall arise where the unauthorised transaction occurs in the following events:

- (i) Contributory fraud/ negligence/ deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer).
- (ii) 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 three working days of receiving the communication from the bank regarding the unauthorised transaction.

#### (b) Limited Liability of a Customer

A customer shall be liable for the loss occurring due to unauthorised transactions in the following cases:

- (i) In cases where the loss is due to negligence by a customer, such as where he has shared the payment credentials, the customer will bear the entire loss until he reports the unauthorised transaction to the bank. Any loss occurring after the reporting of the unauthorised transaction shall be borne by the bank.
- (ii) In cases where the responsibility for the unauthorised 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 Table 1 below, whichever is lower.

***Table 1: Maximum Liability of a Customer (as per point ii above):***

<b>Type of Account</b>	<b>Maximum liability (₹)</b>
<ul style="list-style-type: none"> <li>• BSBD Accounts</li> </ul>	INR 5,000
<ul style="list-style-type: none"> <li>• All other SB accounts</li> <li>• Pre-paid Payment Instruments and Gift Cards</li> <li>• Current/ Cash Credit/ Overdraft Accounts of MSME's</li> <li>• 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</li> <li>• Credit cards with limit up to Rs.5 lakh</li> </ul>	INR 10,000
<ul style="list-style-type: none"> <li>• All other Current/ Cash Credit/ Overdraft Accounts</li> <li>• Credit cards with limit above Rs.5 lakh</li> </ul>	INR 25,000

(iii) In cases where the responsibility for the unauthorised 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 **8 working days to 60 calendar 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 Bank shall be limited to:

20% of the transaction value or 20% of the Bank Liability as if reported from 4 to 7 working days, whichever is lower will be compensated to the Customer.

In case of **credit card**, the customer compensation will be higher of 1 & 2:

1. 20% of the transaction value or 20% of the bank liability as if reported from 4 to 7 working days, whichever is lower
2. Insurance amount received by the Bank

(c) Full Liability of a Customer

- (i) In cases where the loss is due to negligence by a customer, such as where he has shared the payment credentials, the customer will bear the entire loss until he reports the unauthorised transaction to the bank. Further, in cases where the unauthorised electronic banking transaction was successful through the second factor authentication sent to the Customer's registered email / mobile number and the Bank demonstrates delivery of that second factor authentication to the Customer then, the Bank is not liable for the losses.
- (ii) Customer will be bound by Clause number 8.17 – Electronic Banking, 12.4 – Taking Care and 12.6 – Liability for losses of the revised code of commitment by Banking Codes and Standards Board of India effective January 2014 which stipulates that for cases where the customer has either acted fraudulently or inadvertently compromised his security details or acted without reasonable care then, the Banks are not responsible for the losses. Indicative list of such instances have been detailed as an Annexure to this Policy (Annexure 1).
- (iii) In cases where the responsibility for the unauthorised electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and when there is a delay beyond 60 calendar days in notifying the bank of such a transaction after receiving the communication from the bank, the bank is not liable to compensate the customer.
- (iv) In cases where the Customer does not provide the relevant documentation, as required by the Bank within 15 calendar days of Customer reporting the fraud, then the Bank is not liable to compensate the Customer. Indicative list of such documentation have been detailed as an Annexure to this Policy (Annexure 2).

(d) Exception cases

The Bank may also at its discretion, on a case to case basis, decide to waive off any customer liability (whether part or full) in case of unauthorised electronic banking transactions.

(e) Reversal Timeline for Zero Liability/ Limited Liability of customer (for unauthorised transaction reported within 3 working days or 4 to 7 working days or beyond 7 working days)

The Bank shall ensure that:

- (i) On being notified by the customer, the bank shall credit (shadow reversal) the amount involved in the unauthorised electronic transaction to the customer's **account within 10 working days from the date of such notification by the customer**;
- (ii) The complaint is resolved and liability of the customer, if any, is established within such time, not exceeding 90 days from the date of receipt of the complaint;
- (iii) Where the Bank is unable to resolve the complaint or determine the customer liability, if any, within 90 days, the compensation as prescribed in above paragraphs is paid to the customer and
- (iv) In case of debit card/ bank account, the customer does not suffer loss of interest, and in case of credit card, the customer does not bear any additional burden of interest.

However, in case the customer fails to provide documentary evidence as per the Bank's requirements within 15 calendar days of reporting the fraud, in order to enable the Bank to determine the liability, the Bank shall reverse the shadow credit in the customer's account at the expiry of 15 calendar days from the date of receipt of customer complaint and it shall be deemed as a case of "*Full liability of customer*".

The number of working days stated in this Policy shall be counted as per the working schedule of the home branch of the customer excluding the date of receiving the communication.

Further, 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. However, in exceptional circumstances the Bank may compensate the customer for any incidental financial loss, at the discretion of the Bank.

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

- a. In cases where the branch is at fault, they may compensate the customer without demure.
- b. In cases where neither the branch nor the customer is at fault, but the fault lies elsewhere in the system, branch would compensate the customer on a case to case basis for an amount of

25% of the loss incurred by the customer or Rs. 25000/-, whichever is lower subject to the customer furnishing proper documentary evidences for having incurred the loss. The maximum amount that would be compensated per incident involving a number of customers would be limited to Rs 5 lakhs.

## **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 provided sufficient balance is available in the account of the customer on the date of debit and a valid ECS mandate has been registered with the bank.

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. Bank may compensate the customer to the extent of payment of interest at the savings bank deposit rate for such loss.

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.

## **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. Any consequential financial loss, if any 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 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 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 normal cooling period for some major currencies have been indicated in the Cheque Collection Policy. 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.**

Bank shall compensate the beneficiary of an inward remittance by payment of interest @ 2 % over the applicable Savings Bank rate of interest in case the proceeds of the inward remittance advice from abroad for remittance are not paid within 2 Business days post obtaining required documents from the beneficiary as per the guidelines. Saturday may continue to be treated as working day except for transactions involving conversion at confirmed exchange rate (other than travel related transactions like issue / encashment of foreign currency travellers' cheques, foreign currency notes etc.)

Bank shall also compensate the customer for the adverse movement of the exchange rate which will be calculated with reference to the exchange rate updated in RBI site as on the date in which the inward Credit should have taken place.

Further for export bills sent for collection, on receipt of credit advice/statement of Nostro account the Bank shall transfer funds for the credit of exporter's account within two working days if the FEMA guidelines are complied with and all other required documents (including disposal

instructions) are provided to the Bank. If the above stipulated time limit is not observed, the Bank shall pay compensation for the delayed period, if any, at the minimum interest rate charged on export credit prevailing on the date of inward credit. Bank shall also compensate the customer for the adverse movement of the exchange rate, if any, which will be calculated with reference to the exchange rate updated in RBI site as on the date in which the inward Credit should have taken place.

#### **5. Payment of Interest for delayed Collection 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 period mentioned as per 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 the 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 for term deposit for the corresponding period or Saving 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 of 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.

#### **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 indicated in our collection policy. The same is extracted below for information.

**6.1 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 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 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 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 (7/10/14 days as the case may be) interest will be paid for the period exceeding the stipulated collection period at the rates
- 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.

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 for a bank / institution who would charge a fee for issue of duplicate instrument.

**7. Issue of Duplicate Draft and Compensation for delays**

Duplicate draft will be issued within a fortnight from the receipt of such request from the purchaser thereof. For delay beyond the stipulated period, interest at the rate applicable for Fixed Deposit of Corresponding period will be paid as compensation to the customer for such delay.

**8. 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 voluntarily, 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 financial loss, if any, as contemplated under this policy.

#### **9. 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 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 should be responsible to compensate the cheque holder for non payment/delayed payment of cheques in the absence of adequate funding arrangement.

#### **10. Lenders liability: Commitments to Borrowers:**

The bank has adopted the principles of lenders of liability. In terms of the guidelines for lenders liability, and the Code of Bank’s Commitment to customer adopted by the bank, the bank would return to the borrowers all the securities / documents / 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 of 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 lump-sum amount as decided by the bank.

#### **11. 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, etc beyond the control of the bank prevents it from performing its obligations within the specified service delivery parameters.

## 12. ATM Failure

The bank would reimburse the customer for wrongfully debited amount on account of failed ATM transaction within a maximum period of 7 working days from the receipt of 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 starting from the 8th working day onwards. Customer is entitled to receive such compensation for delay, only if a claim is lodged with the bank within 30 days of the date of the transaction. 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 transactions. Details of chargeback in case of ATM transaction by the customer of the bank when he uses other bank ATM may be included.

## 13. Delayed credit /refunds of NEFT / NECS / ECS / RTGS transactions

The Bank would be held liable to pay penal interest at the current RBI Repo Rate plus two per cent from the due date of credit till the date of actual credit for any delayed credit to the beneficiaries' account. Penal interest shall be credited to the Beneficiary's Account even if no claim is lodged.

### NEFT / NECS / ECS / RTGS:

1. In the event of any delay on account of error, negligence or fraud on the part of an employee of the destination bank in the completion of funds transfer on the same day 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 Repo Rate plus two per cent for the period of delay.
2. In the event of delay in return of the funds on the same day for any reason whatsoever, the destination bank shall refund the amount together with interest at the current RBI Repo Rate plus two per cent till the date of refund."
3. The bank would not resort to value-dating of the credit in the customer's account to avoid payment of penalty which is not in accordance with the instruction issued by RBI in this regard.
4. The data regarding the amount of penalty paid would be submitted to the Board in its next meeting with an explanatory note and the proposed action to be taken to minimize such incidents. A copy of the Board note along the Resolution of the Board on this issue would be furnished to RBI immediately after the meeting of the Board.

### RTGS:

1. The Credit of customer transactions, received by the Bank in its Settlement Account through the RTGS System, will be credited to the account of the beneficiary on the basis of the account number in the payment message.
2. The Bank would credit the account of the beneficiary within 30 minutes of the receipt of the message at the Member Interface.
3. In case of any delay in providing credit to the beneficiaries account, the Bank will pay compensation at current repo rate plus 2% to the customer per day. The Bank will compensate the customer for any delay in credit to his account on the same day. The compensation amount should be credited to the customer account automatically without any request.
4. In case, it is not possible to credit the funds to the customer account for any reason e.g. account does not exist, account frozen, etc., funds will be returned to the originating member within one hour of the receipt of the payment at the Member Interface of the recipient member or before the end of the RTGS Business day, whichever is earlier.
5. In case of any delay in returning the payment to the originating member, the Bank will be liable to pay compensation at current repo rate plus 2% to the originating member and the same will be ultimately credited to the account of originating customer. In case of delay in returning on the same day, the Bank shall pay compensation to the sending bank for one day that will be ultimately credited to the sender customer.

**Applicability:**

1. In case of system / connectivity issues at RBI, SFMS or service provider end resulting in delay in receipt of the message at the Member Interface, the above policy would not be applicable.
2. In the case of NEFT, the penalty provisions would be applicable for delays in credit to customer account exceeding 2 hours from the time of receipt of batch settlement ( timing of N04 message of that particular batch in SFMS )
3. In the case where the beneficiary name differs with that in CBS and is credited or returned based on referrals, the penalty for delayed credit would not be applicable.
4. In cases where the beneficiary account number is modified and credited or returned as part of customer service initiative, the above policy would not be applicable.
5. The above provisions regarding delayed credit would also not be applicable for any issues at the regulator / service providers end. In the event of systems/network failure pan India up to 2

hours (approximate time to have a root cause analysis), the above compensation policy would not be applicable.

## **14. NEFT / RTGS credits to Wrong Beneficiary Accounts**

### **14.1 If KMBL is the remitting Bank**

#### a) Due to error on the part of the customer

The Bank would not be held responsible for any credits to wrong beneficiary account(s) if the error was on part of the remitting customer in mentioning the - beneficiary account (s) details in the NEFT / RTGS request. The Bank would on best effort basis contact the receiving Bank and request them to mark a lien on funds (as per available balances) which were credited to the wrong beneficiary account and request them to refund the amount. Further the Bank would not be held responsible, if the receiving bank does not reciprocate to the request to put the funds on hold or refund the money or if the customer has already withdrawn the amount.

#### b) Due to error on the part of the Bank

If the Bank has remitted funds through NEFT / RTGS to wrong beneficiary account(s) due to error on the part of the Bank staff, then the Bank would be held responsible and would have to make good the loss, if any, suffered by the customer. The Bank would contact the receiving Bank and request them to put on hold the funds (as per available balances) which were credited to the wrong beneficiary account and convince them to refund the amount. If the receiving bank does not refund the money to KMBL for whatsoever reason, then the bank would reimburse the customer for credit to the wrong beneficiary account within a maximum period of 7 working days. For any failure to reimburse the customer within 7 working days from the date of the incident / receipt of customer complaint, bank shall pay compensation to the customer. Compensation for delayed payment would be paid as mentioned below:

- a. Savings Bank deposit rate for the period of delay within 14 days
- b. Where the delay is beyond 14 days, interest will be paid at the rate applicable for term deposit for the corresponding period or Saving Bank deposit rate, whichever is higher.
- c. In case of extraordinary delay, i.e. delays exceeding 90 days interest will be paid at the rate 2% above the corresponding term deposit rate.

#### **14.2 If KMBL is the receiving Bank**

If the money is still available in the customer account, the Bank may put on hold the said amount credited to the wrong beneficiary account upto the balance available in the account. At the request of the remitting bank, the Bank may refund the amount to the remitting bank on obtaining sufficient evidence to prove that the said credit is indeed to a wrong beneficiary account. However, if the money is withdrawn by the customer, it is no longer the responsibility of the Bank.

Further, the Bank will not be responsible to pay any charges / interest for the float enjoyed due to such wrong credit.

#### **15. Compensation on delay in rectification/reconciliation of unsuccessful or failed transactions (refer annexure 1)**

1. 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.
2. 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;
3. 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.
4. Wherever financial compensation is involved, the same shall be effected to the customer's account *suo moto*, without waiting for a complaint or claim from the customer.

#### ***Exception to the rule of paying the compensation suo moto :***

- The compensation for the failed transactions at Kotak bank level will be paid to customer without waiting for a complaints off claim from customer, however the compensation for transactions done by Kotak customer in other bank channels will be paid to customer only upon receipt of compensation value

#### **16. Compensation on delay in paying the TD Maturity Amount to the Customer :**



Whereas there is a delay on part of the Bank in transferring the maturity amount of a Term Deposit as per the maturity instructions given by the customer, Customer needs to be compensated with the Savings Bank interest prevailing on the date of maturity of the Term Deposit.

**17. Cost incurred in preparing the true and certified copies in case documents are lost/misplaced by the bank**

Cost and efforts incurred to prepare the true certified copies of the missing loan documents is to be borne by the bank in case of documents lost/misplaced or destroyed by the bank because of natural calamities

**18. CDM/Recycler Failure**

The bank would reimburse the customer for not crediting amount on account of failed CDM transaction within a maximum period of 7 working days from the receipt of complaint. For any failure to 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 starting from the 8th working day onwards. Any customer is entitled to receive such compensation for delay, only if a claim is lodged with the bank within 30 days of the date of the transaction. 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 transactions.

**Annexure 1 (compensation grid)**

Sl. No.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation Payable
<b>1</b>	<b>Automated Teller Machines (ATMs) including Micro-ATMs</b>		
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.
<b>2</b>	<b>Card Transaction</b>		
a	<b>Card to card transfer</b> Card account debited but the beneficiary card account not credited.	Transaction to be reversed latest within T + 1 day, if credit is not effected to the beneficiary account.	₹ 100/- per day of delay beyond T + 1 day.
b	<b>Point of Sale (PoS) (Card Present) including Cash at PoS</b> 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	<b>Card Not Present (CNP) (ecommerce)</b> Account debited but confirmation not received at merchant's system.		
<b>3</b>	<b>Immediate Payment System (IMPS)</b>		
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.
<b>4</b>	<b>Unified Payments Interface (UPI)</b>		
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.
<b>5</b>	<b>Aadhaar Enabled Payment System (including Aadhaar Pay)</b>		
a	Account debited but transaction confirmation not received at merchant location.		₹100/- per day if delay is beyond T + 5 days.

b	Account debited but beneficiary account not credited.	Acquirer to initiate "Credit Adjustment" within T + 5 days.	
<b>6</b>	<b>Aadhaar Payment Bridge System (APBS)</b>		
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.
<b>7</b>	<b>National Automated Clearing House (NACH)</b>		
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.	
<b>8</b>	<b>Prepaid Payment Instruments (PPIs) – Cards / Wallets</b>		
a	<b>Off-Us transaction</b> 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.		
b	<b>On-Us transaction</b> 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.