



# Compensation Policy

United Overseas Bank, India

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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 service to the users of the Banking system. This Compensation policy of the bank 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.

### **1. Objectives**

The objective of this policy is to establish a system whereby UOB India (hereinafter referred to as “the Bank”) compensates the customer for any financial loss the customer 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.

### **2. Scope**

- The policy is based on principles of transparency and fairness in the treatment of customers.
- 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 limited to the compensation specified for the respective services as given below.
- The date of receipt of complaint/notice by the Bank would be taken as ‘zero’ and the timelines mentioned would be counted from the next working day onwards.
- The commitments under this policy are without prejudice to any right the Bank will have in defending its position before any Court of Law, Tribunal or forum duly constituted to adjudicate banker-customer disputes.
- The policy document covers the following aspects:
  - Unauthorised / Erroneous debiting of account
  - Reversal of erroneous debits arising on account of fraudulent transactions

- Failure to execute ECS direct debits/electronic payments/other debits  
Failure to execute standing instructions
- Debits towards service charges
- Payment of cheques after acknowledgement of stop payment instructions
- Foreign exchange services - Collection of cheques outside India denominated in Foreign Currency
- Payment of interest to customers for delayed collection of instruments
- Handling of instruments lost in transit
- Funds transfers using NEFT/RTGS

### **3. Unauthorised / 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 or any charges levied for return of cheques due to shortfall in balance the bank will compensate the customer for any actual interest loss incurred by the customer. The bank has waived off service charges to savings bank customers for reduction in the stipulated minimum balance in the account.
- The customer should approach the bank within a maximum period of six months from the date of unauthorised or erroneous debit.
- In case verification of the entry reported to be unauthorised / 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 unauthorised / erroneous debit.
- In case 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 unauthorised / 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.

- 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.

#### **4. Reversal of Erroneous Debits arising on account of Fraudulent Transactions**

- In case of any fraud, if the Bank is convinced that an irregularity/ fraud has been committed by its staff towards any constituent, Bank would at once acknowledge liability and pay the just claim in accordance with the Bank's extant guidelines.
- In cases where the Bank is at fault, the customer would be compensated without demur in accordance with this policy.
- In cases where neither the branch nor the customer is at fault, but the fault lies elsewhere in the system, the Bank would compensate the customers in accordance with the Bank's extant policies, subject to the customer providing proper supporting document for having incurred the loss.

#### **5. Failure to execute ECS direct debits/ electronic payments (RTGS / NEFT)/other debits to accounts**

- The bank undertakes to carry out direct debit/ ECS debit/standing instructions of customers in time subject to following:
  - Customer having already provided valid and complete mandate to accept any debit received through ECS.
  - Customer having already submitted a mandate for standing instructions.
  - Direct debit/ ECS received are complete and correct.
  - Customer has sufficient balance in the account at the time of executing direct debits/ standing instructions/ ECS.
- In the event the bank fails to meet such commitments customer will be compensated on the following lines:
  - For direct debits / ECS debits - The Bank shall reimburse the customer to the extent of any penal interest, late payment charges levied by the debit/ ECS originating Bank, upon producing evidence of the same.

- For standing instructions - The Bank shall compensate the customer to the extent of the financial loss not exceeding Rs. 100 per occasion subject to providing proper supporting documents for having incurred the loss. In addition, the service charges, if any, recovered for execution of the Standing Instruction shall also be refunded.
- Electronic payments such as NEFT/RTGS 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 remittance like NEFT, RTGS or by any other means, received on behalf of the customer.  
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 deposits or penalties charged for non-maintenance of minimum balance due, as applicable.

## **6. Debit towards service charges**

- 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 by way of loss of savings bank interest on account 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 or any charges levied for balance falling below minimum balance requirement or any charges levied for return of cheques due to shortfall in balance, will also be compensated to the customer.

## **7. 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. Interest, if eligible will be paid at the prevailing Savings Bank rate during the period of delay. In case of overriding factor, the payment will be made at the discretion of the Bank, based on the transactional history of the customer.

## **8. Foreign Exchange Services (Foreign Currency Cheque Collection)**

- 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, subject to the discretion of the bank.

- 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 Bank. Such compensation will be given for delays beyond one week from the date of clear credit to Nostro Account/ due date after taking into account normal cooling period for that currency, with the stipulated (cooling period is maximum 21 international working days from the value date of credit in our Nostro Account with the Correspondent Bank). The compensation in such cases will be restricted to the extent of prevailing Savings Bank Interest rate for period of delay in crediting the proceeds.
- The bank will not compensate for any possible loss on account of adverse movement in foreign exchange rate.
- The foreign exchange rate on the date of credit in our Nostro Account shall be the basis for calculation of interest irrespective of the rate prevailing on the date of claim / calculation / settlement.

## **9. 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 customers on the amount of collection instruments in case there is delay in giving credit beyond the time period stipulated.
- Interest for delayed collection shall be paid at the following rates:
  - Savings Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques.
  - Where the delay is beyond 14 days interest will be paid at the Savings bank rate plus one percent.
  - In case of extraordinary delay, i.e. delays exceeding 90 days, interest will be paid at the rate of 2 percent 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 the loan account. For extraordinary delays, i.e. delays

exceeding 90 days, 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.

#### **10. 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.
- The bank would provide all assistance in its capacity to the customer to obtain a duplicate instrument from the drawer of the cheque. This would be applicable only to instruments drawn in INR payable within India
- In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection as per the cheque collection policy, interest will be paid for the period exceeding the stipulated collection period at the rates specified above
- In addition, 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 at the Savings Bank rate to provide for possible further delay in obtaining duplicate cheque / instrument and collection thereof.
- The Bank would also compensate the customer for any reasonable charges (Upto Rs. 500/-) 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 from the date of pick-up of the cheque by the Bank.

#### **11. Payment of interest for delayed collection of local cheques**

As part of the compensation policy, the bank will pay interest to its customer on the amount of collection instruments in case there is delay in giving credit beyond 2 days from the date of presentation in clearing, compensation at savings bank interest rate shall be paid for the corresponding period of delay.



## **12. Fund transfer using NEFT/RTGS**

Electronic payments such as NEFT/RTGS 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 remittance like NEFT, RTGS or by any other means, received on behalf of the customer.

The compensation would be restricted to direct and actual financial loss in terms of interest penalties charged for non-maintenance of minimum balance due as applicable.

## **13. Issue of Duplicate Draft and Compensation of delays**

Duplicate draft will be issued within a fortnight from the receipt of such request from the purchaser thereof. For delays 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.

## **14. Award of Compensation**

- The compensation shall be paid by replicating the effect obtained through back-valuation of the affected transaction.
- The compensation as per this Policy is payable to a customer only in those cases where any act of omission or commission is directly attributable to the Bank.
- No claim would be considered, under any circumstance, based on qualitative aspects like reputation damages, loss of image in the society, loss of business, loss of income, etc.
- The amount of compensation is restricted to the actual financial loss of the customer arising out of the amount in the books of the Bank only and in any case, to the maximum limits prescribed for the various services given above.

## **15. Violation of Code by Bank agents**

In the event receipt of any complaint from the customer that the bank's representative / courier has engaged in any improper conduct or acted in violation of any code of commitment, bank shall take appropriate steps to investigate and to handle the complaint and to make good direct loss, if any, to the customers.

## **16. 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 customers 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 borrowers for monetary loss suffered, if any, due to delay in return of the same. In the event of loss of title of deeds to mortgage property at the hands of the bank the compensation will cover out of pocket expenses for obtaining duplicate documents plus a lump sum amount as decided by the bank.

## **17. Compensation to customers for delayed updation / rectification of credit information**

Complainants are entitled to a compensation of Rs.100 per calendar days in case their complaint is not resolved within 30 calendar days, from the date of initial filing of the complaint with a Credit Institution (CI) or Credit Information Companies (CICs).

The Bank shall pay compensation if the Bank fails to send updated credit information to the CICs by making an appropriate correction or addition or otherwise within 21 calendar days of being informed by the complainant or CIC.

## **18. Force Majeure**

The bank shall not be liable to compensate customers for delayed credit/non-availability of service, 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.

## **19. Review**

This policy will be reviewed annually, at a minimum, or as mandated by regulatory changes.