COMPENSATION POLICY

Division: Chennai

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1. Objective

The objective of this policy is to establish a system whereby 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 solely or directly attributable to the Bank. By ensuring that the customer is compensated without having to request 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. Framework

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, 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.

Compensation Policy is guided by the changes to regulation released by the Reserve Bank of India (RBI) and other pertinent authorities and regulators.

3. Unauthorized / Erroneous Debit by the Bank

3.1 If the Bank has raised an unauthorized/erroneous direct debit to an account, the entry will be reversed immediately on being informed by the client or through internal finding 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 (compensation will be calculated basis date of transaction and not date of reporting).

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Further, if the customer has suffered any financial loss incidental to return of a cheque by the Bank without reason 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 reasonable direct financial losses on account of the same, subject to production of documentary proof of direct financial loss.

3.2 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 on a best-effort basis 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.

3.3 In case any amount has been debited to the account of a customer on account of fraudulent transaction(s) and the Bank is at fault, the amount will be restored to the affected customer account without delay/demur, once the fraud is established, with due verification.

3.4 If a fraud, in the account of a customer, has been committed by a member of staff, and has been so established, Bank will not only restore the amount, it will also pay compensation at 1% above the applicable interest rate in respect of deposit/overdraft/loan account, for the period, on the amount involved.

3.5 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. For reversal of wrong credit posted by Bank of Ceylon Chennai Branch, no consent of customer is required. However, for reversing the amounts in case of wrong credit entirely due to an error on the part of a third party, prior consent of the customer is required to do such reversal.

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4. Direct debits-NACH/ECS debits

4.1 The Bank will undertake to carry out direct debit / Standing instructions/ ECS or NACH debit 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 provided sufficient balance is available in the account of the customer on the date of debit and a valid debit mandate/ standing instruction has been registered with the Bank. This policy will cover charges levied only on the account that the credit was to go into, and not for any other issues thereof.

4.2 In terms of NACH/ ECS, procedural guidelines / relevant circulars / instructions are issued from time to time by Reserve Bank of India, The Bank should afford credits to beneficiary accounts or return transactions (uncredited for whatever reason) to the originating / sponsor Bank within the prescribed timeline.

4.3 The Bank will pay interest to its customers on account of delay in Credit / Return of NEFT / NECS / ECS transactions solely attributable to the Bank or its employees. The interest will be paid at the rate of prevailing RBI LAF Repo Rate plus two percentages from the due date of credit till the date of actual credit for any delayed credit to the beneficiary account even if no claim is lodged.

4.4 The Bank would debit the customer's account with any applicable service charge as per the tariff schedule/schedule of charges notified by the Bank. Where a service charge is inadvertently erroneously levied, the Bank will reverse the erroneous entry within 7 days of the Bank receiving communication in this regard from the customer subject to scrutiny of terms and conditions and such other terms and conditions as may be communicated from time to time.

4.5 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 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 or penalties charged for non - maintenance of minimum balance due on saving / current accounts / or any other corporate accounts.

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5. **Delay in affording credit and/ or return of transactions**

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.

For a delay in crediting NEFT/ NECS/ NACH transactions to the beneficiary beyond the timeline as per the procedural/ regulatory guidelines on account of error or negligence the Bank shall pay the customer penal interest at the rate RBI LAF repo rate plus two percent. The penal interest shall be paid to the customer even if no claim is lodged by the customer to that effect.

For a delay in crediting RTGS to the beneficiary beyond the timeline as per the procedural/ regulatory guidelines, the Bank shall pay the customer penal interest at the current repo rate plus two percent per day. In case of a delay in the credit with the credit passed on the same day, compensation shall be paid for one day. The penal interest shall be paid to the customer even if no claim is lodged by the customer to that effect.

In case, it is not possible to credit the funds to the beneficiary's 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 for RTGS payments whereas for NEFT transactions the funds would be returned within 2 hours of receipt of payment at the member interface.

6. **Unsuccessful or 'failed' transactions**

Compensation would be given to the customer for unsuccessful or 'failed' transactions. Failure could be on account of various factors not directly attributable to the customer such as disruption of communication links, time-out of sessions, non-credit to beneficiary's account due to various causes, etc.

Below guidelines specify how the Bank would calculate the compensation amount:

i. RTGS

In case of any delay in returning the failed payment, the originating customer is eligible to receive compensation at current repo rate plus 2%.

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ii. NEFT

If the NEFT transaction is not credited or returned within two hours after batch settlement, then the Bank is liable to pay penal interest to the affected customer at the current RBI LAF Repo Rate plus two percent for the period of delay / till the date of credit or refund, as the case may be, is afforded to the customers' account without waiting for a specific claim to be lodged by the customer in this regard.

The Customer Can contact Operations In-charge of the branch if there is an issue of delay / non-credit to the beneficiary account. If the issue is not resolved satisfactorily customer can contact next level of Escalation accordingly.

Escalation Level	**Designation of the Head of the Department**	**Phone No. and E-mail id**
Level - 1	Junior Executive Grade - II Operation In-Charge	91-44- 39519907/ 05 opschn@boc.lk
Level - 2	Vice President/Assistant Vice President/Junior Executive - III	91-44-39519902 adelenesarah@boc.lk / saranya@boc.lk / rahul@boc.lk
Level – 3	Deputy Manager	91-44-39519901 dmchennai@boc.lk

If the issue is not resolved in respect of above levels customer can raise a complaint via email or by post at following address giving UTR number and details of the issue:

The Chief General Manager

Customer Education and Protection Department

Reserve Bank of India

1st Floor, Amar Building

SBS Road, Fort

Fort Mumbai 400 001

cgmcepd@rbi.org.in

In case grievance is not resolved within 30 days, customer may approach the Banking Ombudsman under the RBI Banking Ombudsman Scheme, 2006. The contact details of BO along with the area of operation are available on the RBI website at: https://rbi.org.in/Scripts/AboutUsDisplay.aspx?pg=BankingOmbudsmen.htm

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However, the Bank are not liable to compensate the customer in case of delay in RTGS/ NEFT transaction if the delay is caused by any of the following reasons:

- Account has been frozen
- Account has been inactive
- Account is dormant
- Non NRE payer trying to credit NRE customer
- Inward credit to NRO account
- Any other valid Business reason

iii. NACH

National Automated Clearing House (NACH)			
a	Delay in crediting beneficiary's account or reversal of amount.	Beneficiary Bank to reverse the un-credited 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	

In the above grid, the T+1 has to be used in context of calendar Day until 31st December 2022 as per latest communication from RBI.

It may be noted that:

* the prescribed TAT is the outer limit for resolution of failed transactions; and
* the Banks shall endeavor towards quicker resolution of such failed transactions.

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.

However, the Bank won't be liable to compensate the customer in case of delay in UPI/ IMPS transaction, if there is a delay due to operational/ technical issues at eco-partner's end (e.g. NPCI)

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NPCI has automated compensation calculation in IMPS/ UPI Portals for delay in marking of return of funds.

- For delay in return from BOC (as beneficiary), NPCI will debit BOC as a part of settlement and pass on compensation to remitter Bank. In this case, compensation from BOC' pocket will be to remitting Bank customer (and not DBS customer)
- For delay in return from counterparty Bank (as beneficiary. Where BOC is remitter), NPCI will debit the other Bank and pass on compensation to BOC. In this case, compensation from another Bank's pocket will be passed on to BOC customer.

Customers who do not get the benefit of redress of the failure as defined in the TAT, can register a complaint to the Banking Ombudsman of Reserve Bank of India.

7. 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 investigate the matter carefully and in case there were no contradictory instructions received by the Bank, the Bank shall reverse the transaction and give value-dated credit within 2 working days of the customer intimating the transaction to the Bank. Any consequential financial loss to the customer will be compensated as provided under Para 3 above. 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.

8. Foreign Exchange Services

Compensation for delayed payment in Foreign Exchange Transactions: As per FEDAI Circular No.SPL-05. BC/FEDAI Rules/2019 dated 11th March, 2019, Authorized Dealers (ADs) shall pay or send intimation, as the case may be, to the beneficiary in two working days from the date of receipt of credit advice / Nostro statement. On receipt of disposal instruction complying with guidelines, required documents from the beneficiary the Bank shall transfer funds for the credit of beneficiary's account immediately but not exceeding 2 working days from date of such receipt. In case of delay, the Bank shall pay the beneficiary interest @ 2% over its savings Bank interest rate. The Bank shall also pay compensation for adverse movement of exchange rate, if any, as per its compensation policy specifying the reference rate and date applicable for calculating such exchange loss. In case, the beneficiary does not respond within 5 working days from receipt of credit intimation as

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above, the Bank shall initiate action to crystallize the remittance –

8.1.1 Bank notify due action to the remitting Bank and the beneficiary

8.1.2 Bank shall crystallize the remittance within certain period as per their policy, not exceeding the time allowed for surrendering of foreign currency under any Stature or any other Regulation including RBI Directions.

9. Payment of interest for delayed Collection of Local/Outstation Cheques

As part of the compensation policy, the Bank will pay interest to its customers on the amount of collection instruments (local/ outstation cheques) in case there is a delay in giving credit beyond the time specified in the Bank's Cheque Collection Policy. Such interest will be paid without any claim being made from customers. Interest for delayed collection shall be paid at the following rates:

a. Saving Bank Rate for the period of delay beyond 3 working days in case of local cheques.
b. Savings Bank rate for the period of delay beyond 7 days in collection of outstation cheques payable at CTS Centers and 10 days in non-CTS Centers.
c. Where the delay is beyond 14 days interest will be paid at the rate applicable to term deposit for the respective period.
d. 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.
e. 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, interest will be paid at the rate of 2% above the rate applicable to the loan account.
f. The interest will be paid only if the amount is INR 10 or more.

10. 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.

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In case of maturity of these deposits, the Bank will act as per the maturity instructions provided by the customer within the cut-off 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.

11. Issue of Duplicate Demand Draft

The Bank will issue a duplicate demand draft to the customer within a fortnight from the date of receipt of such request along with necessary documentation sought. In case of delay beyond this period, the Bank will pay interest at the fixed deposit rate applicable for the Corresponding maturity period. This would be applicable only in cases where the request of the duplicate demand draft drawn on the Bank is made by the purchaser and would not be applicable in case of third-party endorsements.

12. Return of Documents on Repayment of Loan

The Bank will return to the customer, all the securities / documents / title deeds to the mortgaged property within 15 days of the repayment of all dues agreed to or contracted and other related formalities and documentation.

If any right to set off is to be exercised for any other claim, the Bank will give due notice with full particulars about the other claims and retain the securities / documents / title to the mortgaged property till the relevant claim is settled / paid. For delay on the part of the Bank in return of securities /documents / title deeds to mortgaged property beyond 15 days of repayment of all dues contracted, the Bank will pay compensation of Rs.100/- per week subject to a maximum of Rs.5000.

13. Customer's Responsibility

13.1 The Bank will not be responsible for the loss to customers due to customer's carelessness in keeping the cheque book, passbook or other secured information, until the Bank has been notified by the customer.

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13.2 The Bank will not be responsible for the loss of 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 losses arising from compromise of confidential information, until the time the Bank has been notified of such loss and the Bank has taken steps to prevent its misuse.

Disclaimer Clause

Notwithstanding anything contained hereinabove, the Bank shall not pay any compensation in the following cases

1. Any alleged deficiency in regard to loans and advances activities of the Bank.
2. In case of non-functioning of business due to factors that are beyond the control of the Bank, the period covered by such events shall be excluded for calculation of delay.
3. Where issues are sub-judice and pending before Courts, Ombudsman, Arbitrator, Government and matter put on hold due to stay.

14. 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.

15. Actual / Direct Loss

The Bank shall be liable to compensate the customer only to extent of actual and direct loss (specifically excluding notional and indirect loss) under this compensation policy for various Banking services including pre-paid instrument service, provided that sufficient proof of loss being attributable to Bank is provided and shall be subject to absence of negligence on part of the customer.

16. 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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17. Review of the Policy

The Policy will be reviewed by Chennai Branch on an annual basis in tune with the regulatory guidelines issued from time to time or internal requirements or as and when considered necessary.

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