



Master Policy on Customer Service	
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Chapter -2:

Customer Compensation

5.1 Unauthorized / Erroneous Debits by Bank

- a. If the Bank has raised an unauthorized / erroneous direct debit to an account, the entry will be reversed with value dated credit i.e., date of debit to deposit/Overdraft/Loan account immediately on being informed of or come in clear knowledge of the erroneous debit, after verifying the position. Further, if the customer has suffered any financial loss incidental to return of a Cheque or failure of performing 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 such financial losses after taking into consideration all relevant factors.
- b. In case verification of the entry reported to be erroneous by the customer does not involve a third party, the Bank shall endeavor 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 where verifications are to be done at overseas centers, the Bank shall complete the verification process within a maximum period of 90 calendar days from the date of reporting of erroneous transaction by the customer.

5.2 ACH direct debits/other debits to accounts

- a. The Bank will undertake to carry out within the prescribed time, direct debit/ ACH debit instructions of customers. 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 instructions/failure to carry out the instructions. The compensation shall be as per 5,2, d as mentioned below.
- b. In the event of any unauthorized / erroneous ACH /Other debit which results in any financial loss to the customer by way of reduction in the minimum balance or payment of additional interest to the Bank in a loan account, Bank will compensate the customer for such financial loss. The compensation shall be as per 5,2, d as mentioned below.
- c. If the customer has suffered any financial loss incidental to return of a Cheque or failure of performance of direct debit instructions due to insufficiency of balance on account of the unauthorized / erroneous ACH /Other debit, the Bank will compensate the customer to the extent of such financial losses.
- d. The compensation for such financial losses will, however, be restricted only to reimbursement of actual expenses incurred by the customer e.g., penalty / interest paid by the customer to regularize the schedule which got disturbed on account of delay in carrying out the instructions/failure to carry out the instructions.
- e. 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 to the customer will also be compensated.

5.3 Delay in credit/ return of NEFT/NACH/ ACH transaction

- a. In terms of the NEFT / NACH / ACH Procedural Guidelines of RBI, as also the relevant circulars / instructions issued by RBI from time to time, Bank shall credit to the account of beneficiary or return the transaction (un-credited for whatever reason) to the originating / sponsor bank within the prescribed timeline.
- b. Bank would give ACH Credit on the same day of receipt subject to beneficiary details received from sponsor Bank matching with the customer records as available with Bank. In case of any delayed ACH Credit, Bank will pay compensation to the account of beneficiary.
- c. In the event of any delay or loss on account of error, negligence or fraud on the part of an employee of the Bank in the completion of funds transfer pursuant to receipt of payment instructions by the Bank leading to delayed payment to the beneficiary, Bank shall pay compensation to the account of beneficiary.
- d. In the event of delay in return of the funds transfer instructions for any reason whatsoever, the Bank shall refund the amount together with compensation.
- e. During NEFT operating hours, originating banks shall endeavor to put through the requests for NEFT transactions received by them, either online or across the counters, preferably in the next available batch but, in any case, not exceeding two hours (from the start of business hours next day), from the time of receipt of the requests. In the likelihood of any delay / possible delay in adhering to this requirement, the originators / customers should be informed of the delay / possible delay and the reasons for the same.
- f. For delay in NEFT as per 6.5 above the compensation shall be paid 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 beneficiary's account, even if no claim is lodged i.e., Suo moto, without waiting for a complaint or claim from customer. Compensation shall be credited to the Beneficiary's account. For delay in NACH/ACH credits, compensation shall be paid ₹100/- per day if delay is beyond T + 1 day. Department who handles the respective NACH/ACH payment settlements will initiate the interest payment by obtaining approval from competent authority in case of such delay.

5.4 Payment of Cheques after Stop Payment Instructions/Non-Blocking of lost Debit card after acknowledgement of request for its blocking

- a. In case a Cheque has been paid after stop payment instruction is properly submitted and acknowledged by the Bank/Debit card has not been blocked after such a request has been acknowledged by the Bank, Bank shall reverse the transaction debit on account of stopped Cheque/blocked Debit card with value-dated credit to protect the interest of the customer. Any consequential financial loss to the customer will be compensated to the extent of actual amount that the customer might have incurred, after ascertaining and being satisfied about the amount of such loss. Such debits will be reversed within 2 working days of the customer intimating the transaction to the Bank. The total compensation in such events shall be restricted to decision and approval of the competent authority of the bank on case-to-case basis.
- b. However, no compensation will be paid if Cheque has been paid/ ATM Card transaction has occurred prior to acknowledgment of instructions for stop payment of Cheque/ blocking of lost ATM Card.

5.5 Payment of interest for delayed collection of local/outstation Cheque

- a. Local Cheques: Compensation at Savings interest base rate (base slab) (base slab) shall be paid for the corresponding period of delay.
- b. Outstation Cheques: As part of the Policy, 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 specified in banks 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.
 1. Interest for delayed collection shall be paid at the following rates:
 2. For a period of delay up to 14 days, savings bank base rate of interest (base slab) and for delay is beyond 14 days interest will be paid at the rate applicable for term deposit for the corresponding respective period or Saving Bank rate, whichever is higher (base slab).
 - 2.i) 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 or Savings interest base rate (base slab) whichever is higher.
- c. Cash Management Services: For customers availing Cash Management Services (CMS), collection of instruments is carried out as per the terms of the bilateral agreement between the bank and customers. Penalties, if any, will be payable as per the terms of the bilateral agreement. In the event the 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 (above 90 calendar days), interest will be paid at the rate of 2% above the rate applicable to the loan account

5.6 Credit Card Grievances.

In respect of erroneous transactions reported by customer pertaining to credit card operations, the Bank shall provide explanation and, if necessary, documentary evidence to the customer within a maximum period of 60 days from the date the customer notifies the Bank regarding the erroneous debit. 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. Where it is established that the Bank had issued and activated a credit card without written 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. Failure on the part of the Bank to complete the process of closure of credit card within 7 working days shall result in a penalty of ₹500 per calendar day of delay payable to the customer, till the closure of the account provided there is no outstanding in the account.

5.7 Compensation for Cheque/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 outlet, 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 dishonored 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. This will be applicable only to instruments drawn in INR payable within India. The Bank's Customer 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 as indicated in our Collection Policy.

- If the Bank loses the cheque, the Bank will bear the stop payment charges on customer producing relevant document. The compensation in such cases would be as follows:
 - 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 applicable for delayed cheque collection.
 - b. In addition, bank will pay interest on the amount of the cheque for a further period of 15 days at Savings interest base rate (base slab) to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
 - c. 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 that would charge a fee for issue of duplicate instrument.

5.8 Delay in Clearance of Local Cheques

The compensation on account of delays in collection of Local Cheques would be as indicated in the Bank's collection policy,

- a) Local cheques are subjected to clearing process as per the clearing cycle of the respective location. Thus, the cheques accepted across counter and cleared from drop boxes before the cut off time shall be sent on clearing on the same day while those accepted beyond the cutoff time shall be taken up for clearing the next day.
- b) If there is any delay in collection of local cheques beyond the period mentioned in our cheque collection policy, the Bank will pay in all types of account interest equal to savings bank base rate (base slab) for the period of delay.

5.9 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, Bank shall take appropriate steps to investigate and to address the complaint and to compensate the customer for financial losses, if any suffered by the customer on account of violation of code by bank

official. The bank also, endeavor to communicate the findings of the investigation to the customer within 30 working days from the date of receipt of complaint.

5.10 Issue of Duplicate Draft and compensation for delays

Duplicate draft will be issued within seven working days from the receipt of request complete with all documentation to that effect from the purchaser of the Draft. For delay beyond fortnight interest at the rate applicable for Fixed Deposit of the corresponding period will be paid as compensation to the customer for such delay.

5.11 Release of Movable / Immovable Property Documents

- a. The Bank shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account. In case of delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, the Bank shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Bank, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay.
- b. In case of loss/damage to original movable / immovable property documents, either in part or in full, Bank shall assist the borrower in obtaining duplicate/certified copies of the movable / immovable property documents and shall bear the associated costs, in addition to paying compensation. However, in such cases, the delayed period penalty will be calculated after a total period of 60 days).
- c. The compensation provided as above guidelines shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

5.12 ATM Failure

Bank would reimburse the customer, the amount wrongfully debited on account of failed ATM transaction within a maximum period of T+5 working days from the receipt of the complaint against transactions at ESAF Bank ATM. For any failure to re-credit the customer's account within T+5 working days from the date of receipt of the complaint, Bank shall pay compensation of Rs.100/- per day to the aggrieved customer till the date of settlement. This compensation shall be credited to the customer's account automatically without any claim from the customer, on the same day when Bank gives the credit for the failed ATM transactions. In case the Auto reversal is not happening within the specified timeline, any customer is entitled to receive such compensation for delay, only if a claim is lodged with the issuing Bank within 30 days of the date of the transaction. In case of chargeback of ATM transactions of bank customer using other bank ATM, the TAT and compensation rule of respective system or organisation in control (like NPCI) shall apply.

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

(RBI Circular No. DPSS.CO.PD No.629/02.01.014/2019-20 dated 20/09/2019)

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>Card to card transfer</u> Card account debited but the beneficiary card account not credited.	Transaction to be reversed (R) latest within T + 1 day, if credit is not effected to the beneficiary account.	₹ 100/- per day of delay beyond T + 1 day.
b	<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.
c	<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)		

Customer Compensation

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	Aadhaar Enabled Payment System (including Aadhaar Pay)		
a	Account debited but transaction confirmation not received at merchant location.	Acquirer to initiate "Credit Adjustment" within T + 5 days.	₹100/- per day if delay is beyond T + 5 days.
b	Account debited but beneficiary account not credited.		
6	Aadhaar Payment Bridge System (APBS)		
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.
7	National Automated Clearing House (e-NACH/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.	
8	Prepaid Payment Instruments (PPIs) – Cards / Wallets		
a	<u>Off-Us</u> transaction		
	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	<u>On-Us</u> transaction 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.

5.13 Compensation in case of frauds (other than Internet Banking/ electronic transactions)

- a. The following is laid down for all the fraud cases other than those pertaining to Internet Banking Frauds. Typically, these frauds are of the following types:
 - i. Lottery
 - ii. Job Rackets
 - iii. Transfer of Funds towards emails received.
- b. In case of any fraud as in 16.1 above, if the Bank is convinced that an irregularity / fraud has been committed by its staff towards any constituent, the Bank shall at once acknowledge its liability and pay the just claim.
- c. In case where Bank is at fault, the Banks shall compensate customers without demur, for the Amount of transaction.
- d. In case where neither the Bank is at fault nor the customer is at fault, but the fault lies elsewhere in the system, the Bank will compensate the customer up to Rs 1000/-

5.14 Reversal of Erroneous/Unauthorized/Fraudulent debits arising on Electronic Banking related transactions

- Broadly, the electronic banking transactions can be divided into two categories:
 - (i) Remote/ online payment transactions (transactions that do not require physical payment instruments to be presented at the point of transactions e.g., internet banking, mobile banking, card not present (CNP) transactions), Pre-paid Payment Instruments (PPI), and
 - (ii) Face-to-face/ proximity payment transactions (transactions which require the physical payment instrument such as a card or mobile phone to be present at the point of transaction e.g., ATM, POS, etc.)
- For cases where the Bank has acted in good faith, in normal day to day conduct of business, but the customer has either acted fraudulently or inadvertently compromised his Internet Banking/Mobile Banking security details (example: ID, passwords, date of birth, mother's maiden name etc.) or acted without reasonable care (which includes not taking steps to protect computers from hackers), Bank/Customer will be bound by the revised code of commitment by Banking Codes and Standards Board of India which stipulates that Banks are not responsible for losses caused by a third party when customers have acted without reasonable care.
- However, in exceptional circumstances, Bank may compensate the customer for cases where the customer has not compromised any personal and confidential security parameters required to complete an Internet banking transaction and based on deliberation of various facts such as:
 - i. Justification given by the customer
 - ii. Immediate or delay in reporting by the customer based on SMS alert, account statement, mini statement, etc. received by the customer

5.15 Limiting Liability of Customers in Unauthorized Electronic Banking Transactions

The grounds of complaints are defined in RBI circular on Limiting liability of customers, circular RBI/2017-18/15 dated July 6th 2017.

Summary of Customer's Liability

Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's liability (₹)
Within 3 working days	Zero liability
Within 4 to 7 working days	The transaction value or the amount mentioned in <u>Table 1</u> , whichever is lower
Beyond 7 working days	10% of the Liability and no compensation if exceeds beyond 90 days.

Table 1 – Maximum liability of a customer for various type of accounts.

Type of Account	Maximum liability (₹)
<ul style="list-style-type: none"> • BSBD Accounts 	5,000
<ul style="list-style-type: none"> • All other SB accounts • Pre-paid Payment Instruments and Gift Cards • Current/Cash Credit/Overdraft Accounts of MSMEs • Current accounts/Cash credit/Overdraft accounts of Individual with Annual average balance (During 365 days preceding the incidence of fraud) limit up to Rs.25 lakhs • Credit cards with limit up to Rs.5 Lakhs 	10,000
<ul style="list-style-type: none"> • All other Current/Cash Credit/Overdraft Accounts • Credit cards with limit above Rs.5 Lakh 	25,000

5.16 Other areas of deficiencies in services

Where loan has been allowed against NSCs, KVPs, LIC policy and the Branch after maturity of the instruments does not collect the proceeds of the instruments in question from the concerned Post Offices/ LIC Offices, thereby charging interest in the loan account is continued, excess interest so charged in the loan account will be reversed to the customer immediately.

- In case of affecting reversal of excess interest charged in the borrower accounts due to non-adjustment of liquid securities like Fixed Deposits/ NSC/KVP/ LIC policy etc. in time, the concerned outlet will have to obtain prompt permission /approval from the controlling Regional Offices.

5.17 Mis-selling of third-party product

In the event of Bank receiving of any complaint from the customer regarding mis-selling of the third-party products by the Bank, or about having engaged in any improper conduct or about having acted in violation of any Code adopted by the Bank, the Bank shall take appropriate steps to investigate and to handle the complaint. In case lapses by the Bank employees are established, the Bank will compensate the customer suitably, based on the facts and circumstances of the case, such compensation shall not exceed Rs.10000/- in a single instance.

5.18 Compensation for Locker

Bank outlines its responsibility owed for any loss or damage to the contents of the lockers due to the negligence as bank owes a separate duty of care to exercise due diligence in maintaining and operating locker or safety deposit systems. The duty of care includes ensuring proper functioning of the locker system, guarding against unauthorized access to the lockers and providing appropriate safeguards against theft and robbery. Further, bank shall adhere to the Master Directions of RBI on Frauds for reporting requirements about the instances of robberies, dacoities, thefts and burglaries. In instances where loss of contents of locker are due to incidents mentioned above or attributable to fraud committed by its employee(s), the banks' liability shall be for an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker. (RBI Circular No. DOR.LEG.REC/40/09.07.005/2021-22 dated 18/08/2021)

5.19 Responsibility of Customers

Customer shall be responsible for safe keeping of Cheque book, passbook, Cards, PIN, passwords or other security information.

- Bank will not be responsible for the loss to the customers due to customer's carelessness in keeping the Cheque book, passbook, cards, PIN or other security information and not following Do's and Don'ts issued by Bank, until the Bank has been notified by the customer.

5.20 Disclaimer Clause

Bank shall not pay any compensation in the following cases: -

- a. Loss of reputation or loss of profit.
- b. Any deficiency in regard to loans and advances activities of the Bank.
- c. Dishonor of at par payment agreement with other banks, due to non- funding and security compliance.
- d. Delays on account of non-functioning of business due to factors beyond the control of the bank, the period covered by such events shall be omitted for calculation of delay etc.
- e. Where the issues are sub-judice and pending before Courts, Ombudsman, arbitrator, Government and matter put on hold due to stay.

5.21 Force Majeure

The Bank shall not be liable to compensate customers due to unforeseen event including but not limited to civil commotion, sabotage, lockout, strike or other labor disturbances, accident, fires, natural disasters or other “Acts of God”, war, damage to the Bank’s facilities or of its correspondent Bank(s) systems, absence of the usual means of communication or all types of transportation, etc. beyond the control of the Bank, preventing the Bank from performing its obligations within the specified service delivery parameters.

5.22 Delay in resolution of disputes related to CIR (Credit Information Report)

Delay in resolution of disputes related to CIR (Credit Information Report) As per regulatory direction, complainants will be compensated if their disputes related to CIRs (Credit Information Reports) are not addressed within 30 calendar days by the bank and CICs (Credit Information Companies) jointly. 30 calendar days TAT is shared between bank and CICs as 21 calendar days from the date of complaint received at the bank and 9 calendar days respectively. In the event where overall dispute resolution process takes more than 30 calendar days and if the bank has consumed more than 21 calendar days then bank will compensate Rs 100 per day of delay to the complainant. The compensation amount shall be credited to the bank account of the complainant within 5 working days of resolution of the complaint. The above details are guided by the instructions as per the RBI circular no: RBI/DoR/2024-25/125 DoR.FIN.REC. No.55/20.16.056/2024-25, dated 6th Jan 2025.