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1. Introduction

This Policy document will lay down clear guidelines on how to compensate the customers for any financial loss they might incur due to deficiency in service on the part of the Bank or any act of omission directly attributable to the Bank or its employees. This Policy will only be applicable for compensation for financial losses incurred due to deficiency in services offered by the Bank which can be measured directly. The commitments mentioned in this Policy will be without any prejudice to any right the Bank shall have in defending its position before any forum constituted to resolve bank-customer disputes or before any court of law. The Policy does not cover and is not applicable in respect of claims made by customers on account of opportunity losses/damages/claims regarding reputation loss.

2. Guiding Principles

The Customer Compensation Policy will be based on the principles of transparency and fairness in the treatment of customers. This Policy will cover the incidents as described in the policy, where the Bank is liable to compensate the customers for any financial loss arising from different types of transactions.

By adopting the Customer Compensation Policy, the Bank will ensure a reduction in the number of complaints to the Banking Ombudsman or to the RBI. This Policy will help ensure that the staff at all levels in the Bank interact uniformly across various branches with all types of customers regarding the compensation process. This Policy will also be available on the bank's website. While the policy defines the compensation amount and timeline for payment, in case of any additional and exception compensation over and above the policy to be paid same will be approved by the Business Head of the respective business vertical

3. Timelines for payment of compensation amount

In case the Bank is liable to pay any compensation in accordance with the Policy, the same would be paid to the complainant within 7 working days from the completion of the investigation.

For instances where the timelines are specified by the regulator basis extant guidelines same shall be followed.

4. Unauthorized / Erroneous Debit

- 4.1. In case the Bank has raised an unauthorized/erroneous direct debit to an account, the entry will be reversed at the earliest on being informed of such debit, after due verification of the transaction. In such cases, the Bank will compensate the customer for direct financial loss, Additionally compensate the customer for any, loss of savings account interest due to reduction in the minimum closing 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. The customer should approach the Bank within a maximum period of 45 days from the date of erroneous debit.

- 4.2. In case the process of verification of the debit reported to be erroneous by the customer doesn't involve any third party, the Bank will try to complete the process of verification within 7 days from the date of reporting of such erroneous debit.
- 4.3. In case the verification process involves a third party, the Bank will ensure to complete the process of verification within 1 month from the date of reporting of such erroneous debit.
- 4.4. 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 or refund.
- 4.5. Customer's Liability will be clarified and well communicated to the customer for taking a decision on compensation amount for various deficiencies

5. ECS Direct Debits / Other Debits to Accounts

- 5.1. The Bank will undertake to carry any direct debits/ECS direct debit as instructed by the customer in time provided customers have already provided complete and valid mandate to accept any debit received from ECS and the Direct Debit/ECS received is complete and correct.
- 5.2. In the event the Bank fails to carry out such transactions in time for reasons which can be directly attributable to the Bank, the customers will be compensated at the prevailing fixed deposit interest rate for the period between the due date of direct ECS debit and the date of actual debit carried out by the Bank.
- 5.3. In case of ECS Direct Debits/ other debits which are towards payments of Equated Monthly Installments (EMI), the Bank will reimburse the customer, the penal interest and/or late payment charges, if any, after production of necessary proofs and thorough investigation of the same.
- 5.4. 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 normalize the repayment schedule which got disturbed on account of delay/failure in carrying out the instruction.
- 5.5. Electronic payment such as RTGS/EFT/NEFT instruction will be governed by the applicable terms and conditions as communicated to the customer.
- 5.6. The Bank will debit the customer's account with applicable service charges as mentioned in the tariff schedule. In the event of any additional service charge being charged is not in accordance with the arrangement, the Bank will immediately reverse any such charge after it has been brought to notice by the customer. The charges will be reversed only if it is not in accordance with the agreed terms and conditions. In such cases, the Bank shall compensate the customer for any direct financial loss by way of loss of savings account interest on account of reduction in the daily closing 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. Also be communicated from time to time to the customer.

6. Delay in Payment of Term Deposits on Maturity/Due Date

In the event of any delay in payment of term deposit proceeds on maturity date, the bank shall pay compensation as per below calculations.

If a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable at the contracted rate of interest on the matured TD

7. Fund Transfer using NEFT/RTGS

In the event of any delay or loss on account of error, negligence or fraud on the part of an employee of the destination bank in the completion of funds transfer 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 LAF repo rate plus 2 per cent for the period of delay. In the event of delay in return of the funds transfer instruction for any reason whatsoever; the destination bank shall refund the amount together with interest at the current RBI LAF repo rate plus two per cent till the date of refund.

8. Payment of Cheques after Acknowledgement of Stop Payment Instructions

In case a cheque has been paid after receiving and acknowledging the stop payment instruction, and there have been no subsequent contradictory instructions communicated to the Bank, the Bank will reverse any such transaction and give value dated credit to the customer. Such debits will be reversed within 7 working days from the receipt of complaint from the customer after carrying out the necessary verifications. In such an event, the Bank will compensate the customer to the extent of any direct financial loss, if any, on the account of loss of savings account interest because of reduction in the daily closing balance applicable for interest payment on saving bank deposit or payment of additional interest to in a loan account or any other charges levied for a reason of balance falling below the minimum balance requirement or any charges levied for return of cheques due to shortfall in balance.

9. Foreign Exchange Services

Collection of Foreign Currency Cheque

The Bank will not compensate the customer for delays in collection of cheques designated in foreign currencies sent to foreign countries. Generally, the time for collection of instruments drawn on banks in foreign countries differ from country to country. The time norms regarding the return of instruments cleared provisionally also vary from country to country. Such instruments are accepted for collection on 'best of efforts' basis. 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 stipulated normal cooling period.

The Bank will compensate under such cases as follows:

- Interest for the delay in crediting proceeds as indicated in the Cheque Collection Policy of the Bank.
- Compensation for any possible loss on account of adverse movement in foreign exchange rate as applicable for the transaction.

Delay in Crediting Foreign Inward Remittances:

Compensation will be paid as per Foreign Exchange Dealers Association of India (FEDAI) Rules 8th edition. As per rule 4.5, in case foreign inward remittance, Bank shall make payment 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. In case of delay, the bank shall pay the beneficiary interest @ 2% above the savings account interest rate. The bank shall also pay compensation for adverse movement of exchange rate, if any, as per its compensation policy

10. Payment of Interest for Delayed Collection of Local/Outstation Cheques

As part of the Compensation Policy of the Bank, the Bank will pay interest to its customers on the cheque amount in case there is delay in giving credit beyond the time period mentioned. The compensation on account of delays in collection of instruments will be as indicated in the Bank's Cheque Collection Policy which is reproduced below for convenience:

10.1 Payment of interest for delayed collection of local cheques

- The Bank shall pay interest, at the applicable savings account rate, to the customer on the cheque amount in case there is a delay in giving credit beyond the specified time period. 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 this purpose of payment of interest on delayed collection.
- Local cheques are subject to the clearing process of clearing cycle for the respective location. Cheques accepted across counter and collection boxes in the branch premises before the cut-off time will be presented for clearing on the same day. Cheques deposited after the cut-off time and in collection boxes outside the branch premises will be sent for clearing the next day.

10.2 Payment of interest for delayed collection of outstation cheques

10.2.1 As part of the Compensation Policy, interest will be paid to the customer on the amount of the cheque in case there is delay in giving credit beyond the specified time period. The interest shall be paid without any demand from the customers.

10.2.2 The following time norms are applicable for Cheques sent for collection to outstation centers within the country:

- Cheques presented at any one of the four major Metro centers (New Delhi, Mumbai, Kolkata and Chennai) and state capitals where the Bank has a branch and payable at one of the other three centers: Maximum period of 7 days.
- Major cities where the Bank has a branch: Maximum period of 10 days.

- All other centers: Maximum period of 14 days
- Cheques drawn on non-branch locations whether the Bank has a tie-up with correspondent bank or not: Maximum period 14 working days.

10.2.3 **Interest for the delayed collection shall be paid at the following rates:**

- Savings account bank rate for the period of delay beyond 7/10/14 as the case may be in collection of outstation cheques.
- In case the delay is beyond 14 days, interest will be paid at the applicable rate for term deposit for the duration of the delay.
- 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 for the duration of the delay.
- 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, interest will be paid at the rate of 2% above the rate applicable to the loan account.

10.2.4 At certain locations where the Bank has no branches, the instrument will be directly sent for collection to the drawee bank or collected through a correspondent bank. On account of any unjustified delays on part of the drawee bank in sending proceeds, the Bank will not be liable to pay any compensation to the customer, beyond 14 working days.

10.2.5 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.

11. Compensation for Instruments 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 will be as indicated in the Cheque Collection Policy which is reproduced below for convenience:

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 branch, the Bank shall immediately notify the account holder, so that the account holder can inform the drawer to stop payment. This will be applicable only to instruments drawn in INR payable within India.

In case of cheques or instrument lost in transit, the Bank will compensate the account holder in the following way:

- In case the Bank notifies the customer regarding loss of instrument 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 said collection period at the rates specified above (as given in paragraph 10.2.3.).

- In addition, the Bank will pay interest on the amount of the cheque for a further period of 15 days at savings account bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
- The Bank will also compensate the customers for charges at actuals up to Rs 500/- that they might incur in getting duplicate Cheque /instrument upon production of receipt, in the event the instrument is to be obtained from a Bank/institution who will charge a fee for issue of the duplicate instrument.

12. Transaction of “at par instruments” of Co-Operative Banks by Commercial Banks

In case of payment of “at par instruments” of co-operative banks, the Bank shall not honor cheques drawn on current account maintained by other banks unless arrangements are made for funding cheques issued. The issuing bank will be responsible to compensate the cheque holder for non-payment/delayed payment of cheques in the absence of adequate funding arrangement.

13. Issue of Duplicate Draft and Compensation for Delays

- The Bank will issue duplicate demand draft, in lieu of lost demand draft to the purchaser based on adequate indemnity.
- The Bank shall issue duplicate demand draft to the customer within a fortnight from the receipt of such request along with the necessary documents for the issuance of the same.

Further, for any delay beyond the stipulated period the Bank will pay interest at the rate applicable for fixed deposit of the corresponding maturity as compensation to the customer for delay. This will be applicable only in situations where the request for duplicate demand draft is made by the purchaser or the beneficiary and would not be applicable in the case of third-party endorsements.

14. Violation of the Code by Bank’s Agent

In case the Bank receives any complaint from the customer regarding Bank’s employee, representative, official or agent engaging in improper conduct or violating the commitments to Customers as mentioned in the Citizen’s Charter adopted by the Bank. The Bank will take appropriate steps to investigate the complaint accordingly and compensate the customer to the extent of any direct financial losses suffered by way of loss of savings account interest on account of reduction in the daily closing 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.

15. Lender, Liability; Commitment to Borrowers

The Bank will return to the borrower(s)/guarantor(s) all securities/documents/title deeds to the mortgaged property within 15 working days of repayment of all dues agreed to or contracted. The dues include principal amount, interest, service charge and all other amounts due under any other financial facility availed by the borrower(s)/guarantor(s) from the Bank

in capacity as individual, partner, director, or guarantor. In case of delay on behalf of the Bank in return of securities/documents/title deeds to mortgaged property beyond 15 days of repayment of all dues agreed to or contracted, the Bank will pay compensation of Rs 100/- per week subject to a maximum of Rs 500. However, the Bank will not pay any compensation to the borrower(s)/guarantor(s) under the following cases:

- Force Majeure events as listed in Section 26.
- Any delay on part of the borrower(s)/guarantor(s). E.g. Unavailability or delay in producing identity verification proofs by borrower(s)/guarantor(s).
- In case the borrower(s)/guarantor(s) have changed their residential/ mailing address/phone numbers and have not communicated the same to the Bank, due to which the Bank is unable to contact them for collection of securities/documents/title deeds to the mortgaged property.

In case the Bank receives any complaint/claim/demand from the borrower(s)/guarantor(s), legal heirs, executors, successors, joint owners/holders, etc. communicating about inter se disputes and/or not to hand over the title documents or hand over the same to particular person(s), etc., the Bank will direct the parties to resolve their disputes and thereafter approach the Bank with a joint application signed by all concerned for release of such title documents or obtain necessary direction from competent authority/court. Until then the Bank will not be liable to release securities/documents/title deeds to the borrower(s)/guarantor(s) and hence will not be liable to pay any compensation to any party in this regard.

Compensation for delay in release of Movable/Immovable Property Documents on repayment/ settlement of personal loans

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 Rs.5,000/- for each day of delay. In case of loss/damage to original movable/immovable property documents, either in part or in full, the 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 as indicated above. However, in such cases, an additional time of 30 days will be available to the Bank to complete this procedure, and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

16. Compensation in case of Frauds (Non-Digital)

The following is applicable for all fraud cases:

- The burden of proving customer liability in case of fraudulent transactions shall lie on the bank.
- In case if branch is convinced that an irregularity / fraud has been committed by its staff towards any constituent, the Bank/Branch should at once acknowledge its liability and pay the just claim.

- In case where the Bank is at fault, the Bank shall compensate the customer without any demur.
- In case where neither the Bank is at fault nor the customer is at fault, but the fault lies somewhere in the system, the Bank will compensate the customer up to a limit of Rs. 5000/-. Such compensation will be paid only once for every Customer Identification Number (CIN).

17. Mis-selling of third-party products

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.

18. ATM Failure:

It is mandatory for banks to reimburse customers amounts wrongfully debited on account of failed ATM transactions, within a maximum period of T+5 days from the date of wrong transaction as per the RBI circular DPSS.CO.PD.No 629/02.01.014/2019-20 on Harmonization of TAT and Customer compensation of failed transactions dated 20th September 2019 (with effect from 15th Oct 2019). Bank shall pay compensation of Rs.100/- per day to the aggrieved customer, Suo moto without waiting for a formal complaint or claim from the customer. The said compensation would be required to be credited to the customer's account automatically, on the day when the bank affords the credit for the failed ATM transaction.

19. Rights and obligations of the Customer

a) Rights

In case of unauthorized electronic banking transactions with one or more of Card not present/Card present/All digital Payment mode, customer is entitled to receive:

- SMS alerts where mobile number is registered in the Bank for all financial electronic debit transactions.
- E-mail alerts where valid e-mail ID is registered for alerts with the Bank for Internet & Mobile Banking financial electronic debit transactions.
- Intimation at registered e-mail/mobile number with complaint number and date & time of complaint.
- Compensation in line with this policy document wherever applicable, subject to customer fulfilling their obligations and the Bank's investigation of the case.

b) Obligations

Customer is bound by following obligations whenever they use or are likely to use the physical card, card information or mobile/net banking or any other electronic mode to conduct financial transactions. The obligations of the customer include but not limited to:

- Record their complaint through any of multiple modes available like - customer care, e-mail ID & branch.

- Mandatorily register for SMS transaction alerts (electronic transactions)
- Update their registered contact details as soon as such details are changed. Bank will only reach out to customer at the last known e-mail id/mobile number. Any failure of the customer to update the Bank with changes shall be considered as customer negligence.
- Provide all necessary documentation - customer dispute form, proof of transaction (success/failure) and should also file a police complaint and provide copy of the same to the Bank.
- Co-operate with the Bank's investigating authorities and comply with the Bank's reasonable requirements towards obtaining details of transactions, investigation purposes etc.
- Share relevant documents as needed for investigation viz. customer dispute form, copy of passport in case of international transactions and police complaint.
- Authorize the Bank to block their account(s) to reduce likelihood of additional loss.
- Not to share sensitive information [such as Card number, 3D secure PIN, ATM PIN, Unique Registration Number (URN), Debit/Credit Card PIN, Card Verification Value (CVV), 0101 Mobile MPIN, 0101 Net Banking user id and password, One Time Password (OTP), etc.] to any entity including bank staff
- Protect their device as per best practices specified in the Bank's website (device includes smart phone, feature phone, laptop, desktop, and TAB)
- Verify their transactions from time to time in the bank statement and raise query with the Bank as soon as possible in case of any error.
- Go through various instructions and awareness communication sent by the Bank or check on the Bank's website at <https://www.aubank.in/> on a regular basis.
- Change ATM/Debit Card/Credit Card PIN frequently, at least once a month.
- Memorize their PIN and not share the PIN or card with anyone, not even their friends or family.
- Not to take help from strangers for using the ATM card or handling their cash
- Press the 'Cancel' key before moving away from the ATM and should remember to take the card and transaction slip.
- Report lost/stolen ATM card to card-issuing bank immediately
- Not to save confidential information such as debit/credit card numbers, CVV numbers or PINs on the mobile phone.

Customer will be responsible for safeguarding confidential information related to their account and will be liable for losses arising due to compromising of such information and not fulfilling their obligations.

20. Role & Responsibility of the Bank

- The Bank shall advise its customers to mandatorily register for SMS alerts and as well as e-mail alerts, for electronic banking transactions. Transaction SMS alerts shall be sent to the customers, wherever mobile number is registered. The Bank may additionally also send e-mail alerts to the customers, wherever e-mail id is registered. .
- The customers shall be advised to notify the Bank of any unauthorised electronic banking transaction at the earliest after the occurrence of such transaction. The longer the time taken by the customers to notify the Bank, the higher will be the risk of loss to the Bank/customer. The customer shall be notified in case of failed authentication, failed login and failed pin tries through email and SMS so that customer can notify the Bank for any attempted fraud attempts.

- The Bank shall provide customers with 24x7 access through multiple channels [like website, customer care, IVR and reporting to any branch (during branch working hours)] for reporting unauthorised electronic transactions.
- The Bank shall also enable a direct link on the Bank's website for lodging the complaints, with specific option to report unauthorised electronic transactions. The communication systems used by the Bank shall record the time and date of delivery of the message and receipt of customer's response, if any, to them.
- The Bank may not offer facility of electronic transactions, other than ATM cash withdrawals, to customers who do not provide mobile numbers to the Bank.
- On receipt of report of an un-authorized electronic banking transaction from the customer, the Bank shall take immediate steps to prevent further unauthorised electronic banking transactions in the account.
- The Bank shall regularly conduct awareness on safe electronic transactions to its staff, customers, merchants and vendors on regular basis through: e-mails, ATMs, SMS, website & Social media handles.
- This will be made available on the Banks' website. Such information will include rights and obligation of the customers as well as non-disclosure of sensitive information. Awareness communication will include aspect such as situations in which customer is entitled for compensation, how, when and to whom un-authorized electronic banking transaction is to be reported, the need for immediate reporting in view of risk of increasing loss, definition of unauthorised electronic banking transaction, the need for disclosure of sensitive information example password, PIN, OTP, date of birth, details of transactions, etc.
- The Bank may use services of qualified external vendors to investigate unauthorised electronic banking transaction reported by the customer.
- The Bank will conduct detailed investigation wherever warranted and ensure that it can clearly identify cause of the incident and the entity responsible.
- Based on the outcome of investigation, the Bank shall communicate its decision to the customer. In case the complaint is being closed in Bank's favour, and the customer requests for supporting proofs, the same shall be made available by the Bank. Bank also has onus to prove that all logs/proofs/reports for confirming two factor authentication is available, wherever applicable. Any unauthorised electronic banking transaction which has been processed post second factor authentication known only to the customer would be considered as sufficient proof of customer's involvement/consent in effecting the transaction.
- In case during investigation or based on external feedback received, if it is found that the customer has falsely claimed or disputed a valid transaction, the Bank shall reserve its right to take due preventive action in the same.

21. Reporting of the unauthorised transaction by the Customer to the Bank:

- For any complaint related to ATM/Debit/Credit/Prepaid card transaction at an ATM, customer shall take it up with the card-issuing bank.
- Customer shall report un-authorized electronic banking transaction to the Bank at the earliest, with at least the following details viz. Customer account number, date of transaction, amount of transaction, transaction channel, payment mode.
- Customer shall follow Bank's reporting process viz.:



- a) they should report through customer care, IVR, Website (<https://www.aubank.in/customer-support>), email or at the nearest AU Bank branch.
- b) Lodge police complaint and maintain copy of the same and furnish police complaint when sought by Bank's authorized staff.
- c) Customer shall forthwith notify the Bank in case of loss or theft of payment instrument or device such as debit card, credit card, mobile, etc. Failure to report such incidence would be treated as negligence on part of customer.

22. Compensation in case of unauthorized electronic banking transactions

1. Unauthorized Electronic Banking Transactions

In case a customer attempts electronic transactions, a SMS/ email alert shall be sent to the customer. If the transaction is an unauthorized transaction, the customer should notify the Bank at the earliest through IVR, website, phone banking, email etc. On receipt of report of an unauthorized transaction from the customer, banks must take immediate steps to prevent further unauthorized transactions in the account.

2. The following is applicable for all electronic banking transactions:

The burden of proving customer liability in case of unauthorised electronic banking transactions shall lie on the bank

In case the Bank believes that the unauthorized transaction has happened due to the following reasons, there shall be no/ zero liability of the customer:

- a) Contributory fraud/ negligence/ deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer).
- b) 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 unauthorized transaction.
- c) 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 unauthorized transaction to the Bank. Any loss occurring after the reporting of the unauthorized transaction shall be borne by the Bank.
- d) In case where neither the Bank is at fault nor the customer is at fault, but the fault lies somewhere 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 below, whichever is lower.

Type of Account:

- a) For BSBD Accounts maximum liability is Rs. 5,000.
- b) For 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 Individuals with annual average balance (for 365 days preceding the incidence of fraud)/ limit up to Rs.25 lakh, Credit cards with limit up to Rs.5 lakh maximum liability is Rs. 10,000.

- c) For All other Current/ Cash Credit/ Overdraft Accounts, Credit cards with limit above Rs.5 lakh maximum liability is Rs. 25,000

Further, if the delay in reporting is beyond seven working days, the customer liability shall be determined in accordance with the following factors:

- Nature of transaction
- Time of reporting
- Justification given by the customer.
- The maximum compensation that shall be paid to the customers in such cases shall be up to INR 25, 000 or such value as decided by Business Heads of respective verticals on case-to-case basis.

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

3. Reversal Timeline:

On being notified by the customer, the Bank shall credit 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. The credit shall be value dated to be as of the date of the unauthorized transaction.

Further, the Bank shall ensure that:

- Complaint is resolved and liability of the customer is established within 90 days from the date of receipt of the complaint, and the customer is compensated accordingly.
- where it is unable to resolve the complaint or determine the customer liability, if any, within 90 days, the compensation as prescribed in paragraph 19 is paid to the customer.
- 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.

4. Framework for Auto Reversal and compensation

S.N.	Description	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		
	<u>Card to card transfer</u>		
a	Card account debited but the beneficiary card account not credited	Transaction to be reversed (R) latest within T + 1 day, if credits 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.	Auto-reversal within T + 5 days. ₹ 100/- per day of delay beyond T + 5 days	
3	Immediate Payment System (IMPS)		

S.N.	Description	Framework for auto reversal and compensation	
		Timeline for auto-reversal	Compensation payable
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)		
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.	Acquirer to initiate "Credit Adjustment" within T + 5 days. ₹100/- per day if delay is beyond T + 5 days.	
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 (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.	₹100/- per day if delay is beyond T + 1 day.
8.	Prepaid Payment Instruments (PPIs) – Cards / Wallets		
a	<u>Off-Us transaction</u> The transaction will ride on UPI, card network, IMPS, etc. The TAT and compensation rule of respective system shall apply.		
b	<u>On-Us transaction:</u> 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.

23. SAFE DEPOSIT LOCKER / SAFE CUSTODY ARTICLE FACILITY

- Liability of Bank arising from natural calamities like earthquake, flood, thunderstorm, lightning etc. or due to sole negligence of the customer –

The bank is not responsible for:

Loss or damage to locker contents caused by natural disasters or unforeseen events beyond our control (like earthquakes, floods, lightning, and thunderstorms).

Loss or damage due to customer's actions or negligence (e.g., forgetting your combination or losing your key).

- Liability of Bank arising from events like fire, theft, burglary, dacoity, robbery, building collapse or in case of fraud committed by the employees of the bank –

In the event where loss of contents of locker are due to incidents mentioned above, the banks' liability shall be limited to an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker.

24. Credit Cards issued without customer's consent:

- Credit Cards issued without the written or digital consent of the customer and activated the card without the cardholder's explicit consent (intent for use by cardholder shall also be considered as cardholder's consent), the Bank shall promptly reverse all charges associated with the card variant and compensate the customer with a penalty equivalent to twice the value of the reversed charges. The operation of the credit card account shall adhere to the terms and conditions outlined in AU Bank credit card agreement.
- Any transactions reported as erroneous by customers, necessitating specific reference to a merchant establishment, will be managed in accordance with chargeback regulations established by VISA, Mastercard, Diners, or Rupay network. The Bank commits to providing an explanation and, if necessary, documentary evidence to the customer within a maximum period of 90 days.

25. Closure request of credit card:

The Bank pledges to fulfil card closure requests within 7 working days from the date of receipt. In instances where the closure request is not processed within this timeframe, the Bank will be liable to pay a penalty of ₹500 per day of delay until the account closure is successfully executed, provided there are no outstanding balances.

26. Compensation to customers for delayed updation/ rectification of credit information

The Reserve Bank of India directs CICs and CIs to implement the compensation framework for delayed updation/rectification of credit information by CIs and CICs as detailed in Annexure-1.

27. Force Majeure

The Bank shall not be liable to compensate customers for delayed credit/ non-availability of any service in case some unforeseen event (including but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accidents, 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 may prevent it from performing its obligation within the specified delivery parameters.

28. Reporting

The Bank will present the data on compensation paid to customers to the Standing Committee on Customer Service. This information will also be reported to the Customer Service Committee of the Board of Directors on a quarterly basis.

29. Annexures

Annexure-1

The Reserve Bank of India directs CICs and CIs to implement the compensation framework for delayed updation/rectification of credit information by CIs and CICs as detailed below:

(a) Complainants shall be entitled to a compensation of ₹100 per calendar day in case their complaint is not resolved within a period of thirty (30) calendar days from the date of the initial filing of the complaint by the complainant with a CI/ CIC.

Explanation:

1. Section 21 (3) of CICRA, 2005 provides that a complainant may request a CIC or CI to update the credit information by making an appropriate correction, addition or otherwise, and on such request the CI or CIC shall take steps to update the credit information within thirty (30) days after being requested to do so.
2. (ii) Rule 20 (3) (c) of CIC Rules, 2006 provides that the CI shall forward the corrected particulars of the credit information to the CIC or complainant within a period of twenty-one (21) days from the date when the CI was informed of the inaccuracy in the credit information.
3. (iii) The combined reading of Section 21(3) of CICRA, 2005 and Rule 20 (3) (c) of Credit Information Companies Rules, 2006 provide the CI and the CIC, collectively, an overall limit of thirty (30) days to resolve/ dispose of the complaint. In effect, this would mean that a CI would get twenty-one (21) days and CICs would effectively get the remainder of nine (9) days for complete resolution of the complaint.

(b) A CI shall pay compensation to the complainant if the CI has failed to send updated credit information to the CICs by making an appropriate correction or addition or otherwise within twenty-one (21) calendar days of being informed by the complainant or a CIC.

(c) A CIC shall pay compensation to the complainant if the CIC has failed to resolve the complaint within thirty (30) calendar days of being informed by the complainant or a CI, despite the CI having furnished the updated credit information to the CIC within twenty-one (21) calendar days of being informed by the complainant or the CIC.

(d) The complainant shall be advised by the CI/ CIC of the action taken on the complaint in all cases, including the cases where the complaint has been rejected. In cases of rejection, the reasons for rejection shall also be provided by CI and CIC.

(e) Compensation to be provided by the CICs/ CIs to the complainant (for delayed resolution beyond thirty (30) calendar days of filing the complaint) shall be apportioned among the CIs/ CICs concerned proportionately.

(f) Where the grievance/ complaint involves inaccurate credit information provided by more than one CI, the complaint shall be registered by the complainant with the concerned CIC. The CIC shall coordinate with all the CIs concerned and furnish the complainant with a comprehensive resolution of the grievance.

(g) Where the complaint has been received and registered by a CIC and there has been a delay in the resolution of the complaint, the CIC shall inform the concerned CI(s) and the complainant after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by the CI(s) and/ or CIC.

(h) Where the complaint has been received and registered by a CI and there has been a delay in the resolution of the complaint, the CI shall inform the concerned CIC(s) and the complainant after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by the CI and/ or CIC(s).

(i) The date of the resolution of the grievance shall be the date when the rectified Credit Information Report (CIR) has been sent by the CIC or CI to the postal address or email ID provided by the complainant.

(j) The CICs/ CIs shall make appropriate provision in their complaint submission format (both online and offline) for enabling the complainant to submit the contact details, email ID, and bank account details/ Unified Payment Interface (UPI) ID for crediting the compensation amount. The onus of providing accurate details will lie with the complainant and the CIs/ CICs will not be held responsible for any incorrect information provided by the complainant.

(k) The compensation amount shall be credited to the bank account of the complainant within five (5) working days of the resolution of the complaint.

(l) The complainant can approach RBI Ombudsman, under the Reserve Bank - Integrated Ombudsman Scheme, 2021, in case of wrongful denial of compensation by CIs or CICs.

(m) In case of wrongful denial of compensation by CIs which are yet to be covered under the Reserve Bank - Integrated Ombudsman Scheme, 2021, the complainant can approach Consumer Education and Protection Cell (CEPC) functioning from Regional Offices (ROs) of Reserve Bank of India.

(n) Non-Maintainability: The compensation framework shall not be applicable in the following cases:

(i) disputes for which remedy has been provided under Section 18 of CICRA, 2005.

The Section 18 of CICRA, 2005 provides that for disputes arising amongst, CICs, CIs, borrowers, and clients on matters relating to the business of credit information and for which no remedy has been provided under CICRA, 2005, such disputes shall be settled by conciliation or arbitration as provided in the Arbitration and Conciliation Act, 1996.

(ii) complaints/ references relating to (a) internal administration, (b) human resources, (c) pay and emoluments of staff, and (d) references in the nature of suggestions and commercial decisions of the CIC/CI.

(iii) complaints pertaining to disputes/ grievances regarding the computation of the credit score/ credit score model.

(iv) complaints that have been decided by or are already pending in other fora such as Consumer Disputes Redressal Commission, Courts, Tribunals, etc.

CICs and CIs which contravene or default in adherence to the above directions shall be liable for penal action as per the provisions of CICRA, 2005.

30. Glossary

Term	Definition
ATM	Used as an acronym for "Automatic Teller Machine"
Bank	It refers to AU Small Finance Bank
CIN	Used as an acronym for "Customer Identification Number"
ECS	Used as an acronym for "Electronic Clearing Service"
EMI	Used as an acronym for "Equated Monthly Installment"



LAF	Used as an acronym for “Liquidity Adjustment Facility”
NEFT	Used as an acronym for “National Electronics Fund Transfer”
Nostro Account	It refers to a bank account held in a foreign country by a domestic bank, denominated in the currency of that foreign country. These are primarily used for settlement of foreign exchange & trade transactions
Payable at Par	It refers to cheques that will be treated as local cheques, even if the issuing & drawee bank are in different cities. The entire amount of the cheque will be credit to customer account, without deduction of outstation cheque charges
RBI	Used as an acronym for “Reserve Bank of India”
RTGS	Used as an acronym for “Real Time Gross Settlement”



