



Pune People's Co-op Bank Ltd., Pune

(Multi-State bank)

Customer Compensation Policy

Prepared by

Shri. Kailas Pawar (DGM)

Shri. Mohan Thorat (DGM)

Shri. Sanjay Bhondve

Chief Executive Officer (O)



Customer Compensation Policy

1. Introduction:

The Bank's endeavor has been to provide efficient services to its customers by making best possible usage of its technology infrastructure. In order to increase the efficiency of the Bank's operations and improve the level of customer service, a policy has been framed to compensate adequately to any customer who faces deficiency in Banking Services.

2. Objective:

The primary objective of this policy is to establish a system whereby the Bank compensates the customer for any financial loss might incur due to proven deficiency in service on the part of the Bank or any act of omission or commission directly attributable to the customer.

This policy will be applicable to all customers of the Bank. It is based on the principles of transparency and fairness in the treatment of customers and their genuine grievances. It is therefore imperative and for all branches / Head Office to ensure that prompt and efficient service is rendered to all customers at all times.

However, it must be understood and is reiterated that this policy covers only compensation for financial losses which customers might incur due to deficiency in services offered by the Bank.

3. Coverage of the policy:

This policy cover areas relating to unauthorized / erroneous debiting of accounts, payment of cheques after acknowledgement of stop payment of instructions, compensation for settlement of disputed ATM transactions, delay in ECS direct debits / other debits to accounts, lending, any other services provided by the bank etc.

4. Unauthorized / Erroneous debits:

If the Bank has raised an unauthorized / erroneous debit to an account, the entry will be reversed immediately on being detected / informed, after due verification. If such a debit has resulted in a financial loss to the customer by way of reduction in the balance applicable for payment of interest on savings bank deposit or payment of additional interest to the Bank in a loan account will compensate the customer to that extent.

Further, if the customer has suffered any loss incidental to return of a cheque or not carrying out of direct debit instructions due to insufficiency of balance on account of the unauthorized / erroneous debit, Bank will compensate the customer to the extent of such financial loss, besides



refunding the cheque return charges. However customer will not be entitled to claim any compensation for loss of reputation or loss of profit.

In case verification of the entry reported to be erroneous by the customer does not involve a third party, the bank will 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, the bank will complete the verification process within a maximum period of one month from the date of reporting of erroneous transaction by the customer.

5. ECS direct debits / other debits to accounts

The bank will undertake to carry out direct debit / ECS debit instructions of customers in time. If bank fails to meet such commitments customer will be compensated to the extent of any financial loss the customer would incur on account of delay in carrying out the instruction / failure to carry out the instructions. Such compensation may be equivalent to the interest calculated on the amount to be debited, for the delayed period, at applicable Savings Bank rate, with minimum of Rs. 100/-, subject to a maximum of Rs.1,000/-.

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 or inadvertently, Bank will reverse the charges, subject to scrutiny of agreed terms and conditions, and compensate the customer by a sum equal to the charges reversed.

6. Unauthorised Electronic Transactions reported by Customers

The bank have formulated a Board Approved Customer Protection Policy for unauthorised electronic Banking transactions reported by customers.

The policy covers the liability of customers in different scenarios depending on whether compromise was at the Bank's end, customer's end or elsewhere in the system.

For all such transactions, the Bank is governed by the Board Approved Customer Protection Policy.

7. Payment of Cheques after Stop Payment Instructions:

In case a cheque has been paid after stop payment instruction is acknowledged by the bank, the bank will reverse the transaction within 2 working days of the customer intimating the Bank, and give value-dated credit to protect the interest of the customer. Such debits will be reversed within 02 working days of the customer intimating the transaction to the bank.



Pune People's Co-op Bank Ltd., Pune

(Multi-State bank)

Any consequential financial loss to the customer will be compensated as provided above. However no compensation will be paid if the cheque has been paid prior to acknowledgement of stop payment instructions.

8. Compensation for loss of instrument in Transit

The bank's compensation policy for financial loss suffered by the customers due to loss of instrument after it has been handed over to the bank for collection by the customer is indicated in our cheque collection policy.

The same is extracted below for information:

Cheques / Instruments lost in transit / in clearing process or at paying bank's branch

- i. In the event of a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying banks branch, the Bank will immediately on knowledge about 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.
- ii. If the Bank loses the cheque, the Bank will bear the stop payment charges on customer producing relevant documents. The Bank may use its discretionary powers to reimburse reasonable expenses incurred by the customer in connection with the lost cheque.
- iii. 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 specified above.
- iv. In addition, bank will pay interest on the amount of the cheque for a further period of 15 days at Savings Bank rate to provide for likely further delay in obtaining duplicate cheque / instrument and collection thereof.
- v. 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 who would charge a fee for issue of duplicate instrument.

9. Issue of Duplicate Draft and Compensation for delays:

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



10. ATM Failure

It is mandatory for bank to reimburse the customer, the amount wrongfully debited on account of failed ATM transaction (own ATM and other Bank ATM) within a maximum period of 7 working days from the receipt of the complaint. For any failure to re-credit the customer's account within 7 working days from the date of receipt of the complaint, bank will pay compensation of Rs.100/- per day to the aggrieved customer. This compensation will be credited to the customer's account automatically without any claim from the customer, on the same day when bank affords the credit for the failed ATM transactions.

11. Wealth Management Products:

Bank is a corporate Agent and distributor of Insurance products respectively. For any deficiencies in services bank will assist customers to raise their grievances with the tie-up partners.

In the event of Bank receiving any complaint from the customer regarding mis-selling of the Wealth Management Products (all 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 will take appropriate steps to investigate and handle the complaint.

In case lapses by the Bank employees are established, the Bank will compensate the customer to the extent of the direct financial loss suffered by him / her on account of the transaction, post ascertaining all the facts and documents available. However, the Bank will not in any event compensate for any notional losses on account of the transaction.

12. Lenders liability - Commitments to borrowers:

The bank has adopted the principles of lenders liability. In terms of the guidelines for lenders liability, and the Code of Bank's Commitment to customers adopted by the bank, the bank would return to the borrowers on obtaining a request letter all the securities / documents / title deeds to mortgaged property within 30 days of repayment of all dues agreed to or contract, subject to any other right/lien/claim by the Bank till the relevant claim is settled / paid. If any right to set off is to be exercised for any other claim, Bank would retain the securities / documents / title to mortgage property till the relevant claim is settled / paid. The bank will compensate the borrower for monetary loss suffered, if any due to delay in return of the same.

In the event of loss of title deeds to mortgaged property at the hands of the Banks, the compensation will cover actual expenses incurred for any documentation for obtaining duplicate title deeds/documents plus a lump sum amount.



Pune People's Co-op Bank Ltd., Pune

(Multi-State bank)

The lump sum compensation would be paid as follows:

"The Bank would pay the compensation for delay in return of securities / documents / title deeds to the mortgaged property beyond 30 days of repayment of all dues agreed to or contracted, subject to above conditions, @ Rs.100/- per day subject to maximum Rs.5000/- to the borrower."

Payment of compensation would be approved by the Cluster Heads.

The above would be applicable only to performing assets and not under any OTS agreed to by the Bank. Neither is it applicable to return of securities / documents / title deeds to mortgaged property of borrower accounts that are non-performing assets (NPAs) in the Bank's Books of Accounts.

Any lapse or deficiency in the services other than mentioned above will be dealt with as –

1. Assess or verify the deficiency in services.
2. Quantity of the loss incurred due to deficiency in the services
3. Compensate the customer equal to quantified loss.
4. The work of assessment, quantification and decide the compensation will be performed by three members committee consisting of CEO and the executives where if regulators have not prescribed any compensation
5. Compensation will be paid within next 7 working days from the date of decision.

13. Customers' responsibility:

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.

Bank will not be responsible for the loss to the customer, if the customer acts fraudulently and/or acts without reasonable care which has resulted into loss to him/her. Bank will also not be responsible for the losses arising out of misuse, of lost PIN, compromise of passwords/ secure or confidential information, suffered by the customer until the time the Bank has been notified and has taken steps to prevent misuse.

14. Disclaimer clause

Notwithstanding anything contained here above, the Bank will not pay any compensation due to

- Delays on account of non-functioning of business due to factors beyond the control of the bank. The period covered by such events will be omitted for calculation of delay etc.



Pune People's Co-op Bank Ltd., Pune

(Multi-State bank)

- Where the issues are sub-judice and pending before Courts, Ombudsman, arbitrator, Government and matter put on hold due to stay.

15. Amendment / Modification of the Policy

The Bank reserves the right to amend/modify this Policy, as and when deemed fit and proper, at its sole discretion.

16. Force Majeure:

The bank will not be liable to compensate customers for delayed credit if some unforeseen event (including but not limited to civil commotion, sabotage, lockout/ strike/ other labour disturbances, due notice whereof is given in advance to the customers through media, accident, fires, natural disasters or other "Acts of God", war, damage to bank's facilities or of its correspondent bank(s), absence of all types of usual modes of transportation, etc.) beyond the control of the bank prevents it from performing its obligation within the specified service delivery parameters.



Limiting Liability of Customers for Unauthorized Electronic Banking Transactions

This policy seeks to communicate in a fair and transparent manner for compensating the customer for loss arising out of unauthorized electronic transaction

- 1) Mechanism of creating customer awareness on the risks and responsibilities involved in electronic banking transactions.
- 2) Customer's responsibility in case of unauthorized electronic banking transactions.
- 3) Quantum of compensation due to unauthorized electronic banking transactions.

Applicability:

This policy is applicable to the electronic banking transactions which can be broadly divided into two categories

1. Remote/online payment transactions (transactions that do not require physical payment instruments to be presented at the point of transactions e.g. mobile banking, card not present (CNP) transactions) and
2. Face-to-face/ proximity payment transaction (transactions which require the physical payment instrument such as card to be present at the point of transaction e.g. ATM, POS IMPS,UPI etc.)
3. a) This policy is applicable to entities that hold legal relationship with the bank viz. :
 - i) Individual and non-individual customers who hold current or savings account.
 - ii) Individual / non-individual entities that hold Debit/ATM Card. Of the bank
 - iii) Stakeholders of banks (Employee, Management) who has current or savings account in bank.
- b) This policy is not applicable to:
 - i) Non-Customer that uses Bank's infrastructure e.g. ATMs, electronic wallet etc.(if any)
 - ii) Entities that are part of the ecosystem such as interchange organizations, Franchises, Intermediaries, Agencies, Service partners, Vendors, Merchants etc.

Definitions & Explanations

(For the purpose of this policy)

- a) Net loss is defined as financial outgo from customer's account e.g. debit to customer's account or card.
- b) Card not present (CNP) transactions are defined as transactions that require use of



Pune People's Co-op Bank Ltd., Pune

(Multi-State bank)

- Card information without card being physically used e.g. e-commerce transactions.
- c) Card present (CP) transactions are defined as transactions that require use of physical card e.g. at ATM or shops (POS).
 - d) Payment transactions are defined as transactions that involve transfer of funds from one account/ wallet to another account/wallet electronically and do not require card information e.g. NEFT.
 - e) Unauthorized transaction is defined as debit to customer's account without customer's consent.
 - f) Date & time of reporting is defined as date & time on which customer has submitted a unique complaint. Date of receiving communication from the Bank, is excluded for purpose of computing number of working days for all action specified in this policy. The working schedule of the home branch would be considered for calculating working days for customer reporting. Time of reporting will be as per Indian Standard Time.
 - g) Complaint means an act of the customer reporting unauthorized electronic banking transaction.
 - h) Number of days will be computed based on working days.
 - i) Mode of reporting will be the channel through which customer complaint is received in writing first time by the Bank, independent of multiple reporting of the same unauthorized transaction.
 - j) Value date:- The date on which customer had done a transaction.
 - k) Transaction Date:- Date on which bank had posted in customers bank account.

Preventive measures

- 1) Bank's measures to ensure safety and security of electronic banking transactions:

For ensuring safety and security of electronic banking transactions carried out by the customers, the Bank has implemented various safeguards and Policy - procedures through documented IT Security policies and procedures duly approved by the Bank's Board of directors.

Security measures in respect of electronic banking transactions are given below -

Bank has implemented System to analyses/monitor daily transactions to identify suspicious transactions.

- Monitoring of network is regularly carried out to check authenticity of source of transaction.
- SMS alerts are sent to customers for every electronic banking transaction carried out by them.
- The Risk Assessment and analysis in respect of security of IT systems is carried out every six months and also whenever the situation demands.



Pune People's Co-op Bank Ltd., Pune

(Multi-State bank)

2) Bank's efforts for creating customer awareness on the risks and responsibilities involved in electronic banking transactions:

- The customers, who wish to carry out electronic banking transactions, are mandatorily asked by the Bank to register their mobile number for receiving SMS alerts.
- The Bank will regularly (yearly) conduct awareness programme on carrying out safe electronic banking transactions to its customers and staff. The Bank repeatedly advises its customers about the risks and responsibilities involved in electronic banking transactions by various means such as-
 1. Frequent SMS alerts sent to customer regarding importance of maintaining confidentiality of data such as card no, pin, cvv, user id and password.
 2. Assisting Individual customers who need help at branch level and making them alert
 3. Training programs for the customers
 4. Notifications on web-site.
 5. Customer education through user manuals prescribed by NPCI.

3) Customer liability in cases of unauthorized electronic banking transactions:

In spite of all the efforts, described in above paragraph, if any unauthorized electronic transaction takes place in the customer's account, the customer should inform the Bank at the earliest by any of the following means -

- By calling bank's 24 / 7 available helpline no.
- By sending what's app message on mobile no. provided by bank.
- By calling Head Office or Branch Landline no.
- By reporting personally to any branch of the Bank during working hours
- By filling complaint register form on website: www.punepeoplesbank.com

4) Procedure to be followed on receipt of Customer Complaint.

Only on receipt of report of an unauthorized transaction by a customer, the Bank will take immediate steps to prevent further unauthorized transactions in the account.

5) Customer responsibility in case of unauthorized electronic banking transactions resulting in debits to customers' accounts.

If an unauthorized transaction results in debit to customers account, the liability of the customer shall be measured as:-

A) Zero Liability of a Customer

Customer will have no liability when the unauthorized transaction takes place in the following scenarios:



Pune People's Co-op Bank Ltd., Pune

(Multi-State bank)

1. Contributory fraud/negligence/deficiency on the part of bank
2. 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.

B) Limited Liability Of Customer

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

1. In cases where the responsibility for the unauthorized electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and the customer notifies the bank of such a transaction and when there is a delay beyond three working days in reporting by the customer, i.e. if a customer notifies the Bank after three working days but before expiry of 7 working days of receiving a communications of the transaction, the per transaction liability of the customer shall be limited to the transaction value or the amount as shown below in table, whichever is lower.

Type of account Maximum liability (Rs.) Basic Savings Bank Deposit Account 5,000

- All other Savings Bank accounts 10,000 Current / Cash Credit / Overdraft accounts of individuals with average balance (during 365 days preceding the incidence of fraud) / limit up to INR. 10,000.
- All other Current / Cash Credit / Overdraft Accounts maximum limit up to INR 25,000/- dependences upon total loss of the customer Current / Cash Credit / Overdraft Accounts.

Type of account	Maximum liability (Rs.)
Basic Savings account	5000
All other SB accounts	10,000
All other Current/ Cash Credit/ Overdraft Accounts	25,000

C) Complete Liability of Customer

1. Customer shall bear the entire loss in cases where the loss is due to negligence by the customer, e.g. where the customer has shared payment credentials or Account/Transaction details, viz. Mobile banking user Id & PIN, Debit/Credit Card PIN/OTP or due to improper protection on customer devices like mobile / laptop/ desktop leading to malware / Trojan or Phishing / Vishing attack. This could also



Pune People's Co-op Bank Ltd., Pune

(Multi-State bank)

be due to SIM deactivation by the fraudster. Under such situations, the customer will bear the entire loss.

2. In cases where the responsibility for unauthorized electronic banking transaction lies neither with the Bank nor with the customer, but lies elsewhere in the system and when there is a delay on the part of the customer in reporting to the Bank beyond 7 working days, the customer would be completely responsible for all such transactions. It will be treated as 100% customer's liability.

D) Additional Points

1. Customer would not be entitled to compensation of financial loss if any, in case customer does not agree to get the card hot listed or does not cooperate with the Bank by providing necessary documents including police complaint to cybercrime department (FIR copy is required) and cardholder dispute form.
2. Compensation would be limited to real loss after deduction of reversals or recoveries received by the customer.

- E)** The number of working days mentioned in above paragraphs shall be counted as per the working schedule of the bank of the customer excluding the date of receiving the communication.

Reversal timeline for zero liability and limited liability of customers:

On being notified by the customer, the Bank shall credit (shadow reversal) the amount involved in the unauthorized electronic transaction to the customer's account within 10 working days from the date of such notification by the customer.

1. The Bank shall ensure that –
 - (i) A complaint is resolved and liability of the customer (if any) established within 90 days from the date of receipt of the complaint and the customer is compensated as per provisions mentioned in policy.
 - (ii) Where the Bank is unable to resolve the complaint or determine the customer liability, if any, within 90 days from the date of receipt of the complaint, the compensation will be paid (as per policy) to the customer within next ten days from the date of receipt of complaint.
 - (iii) In case of debit card / bank account, the customer does not suffer loss of interest, (Bank will pay interest on the amount of loss due to unauthorized electronic transaction for the period till customer gets compensation amount credited in his account.



Third Party Breach

The following would be considered as Third-party breach where deficiency lies neither with the Bank nor customer but elsewhere in the system:

- i) Application frauds;
- ii) Skimming / cloning;
- iii) External frauds / compromise of other systems, for e.g. ATMs / mail servers etc. being compromised.

Rights & Obligations of the Customer

a) Customer is entitled to:

- i) SMS on valid registered mobile number for all financial electronic transactions;
- ii) Email alerts for NEFT/RTGS operations where valid email Id is registered for alerts with the Bank;
- iii) Register complaint through the modes specified in this document;
- iv) Receive compensation in line with this policy document wherever applicable. This would include getting shadow credit within 10 working days from reporting date and final credit within 90 days of reporting date subject to customer fulfilling obligations detailed herein and with customer liability being limited as specified.

b) Customer is bound by following obligations with respect to banking activities:

- i) Customer shall mandatorily register valid mobile number with the Bank.
- ii) Customer shall regularly update his /her registered contact details as soon as such details are changed. Bank will only reach out to customer at the last known email/mobile number/ address. Any failure of customer to update the Bank with changes shall be considered as customer negligence. Such delay shall be treated as customer liability.
- iii) Customer should 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.
- iv) Customer should co-operate with the Bank's investigating team and provide all assistance.
- v) Customer must not share sensitive information (such as Debit/Credit Card details & PIN, CVV, Net-Banking Id & password, OTP, transaction PIN, challenge questions) with any entity, including bank staff.
- vi) Customer must protect his/her device as per best practices specified on the Bank's website, including but not limited to updating of latest antivirus software on the device (Device includes smart phone, feature phone, laptop, desktop and Tab)
- vii) Customer shall abide by the tips and safeguards mentioned on the Bank's website



Pune People's Co-op Bank Ltd., Pune

(Multi-State bank)

- viii) Customer shall go through various instructions and awareness communication sent by the bank on secured banking
- ix) Customer must set transaction limits to ensure minimized exposure.

Proof of Customer Liability

The Bank has a process of two factor authentication for electronic transactions, as regulated by the Reserve Bank of India. Bank has onus to prove that all logs / proofs /reports for confirming two factor authentication is available. Any unauthorized 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.

Compliance

The report of unauthorized electronic banking transactions and actions taken there on shall be placed before every board meeting. All such transactions will be reviewed by Bank's internal Auditors.