

**CUSTOMER COMPENSATION POLICY  
FOR ABU DHABI COMMERCIAL BANK (INDIA)**

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## ADCB (INDIA) Customer Compensation Policy

### 1. Introduction

Compensation Policy of Bank is designed to cover areas relating to unauthorized debiting of account, payment of interest to customers for delay in collection of cheques / instruments, payment of cheques after acknowledgement of stop payment instructions, remittances within India, foreign exchange services, lending etc. The policy is based on principles of transparency and fairness in treatment of the customers.

### 2. Objective:

**2.1** The objective of this policy is to establish a system whereby the bank compensates the customer for any financial loss he/she might incur due to deficiency in service on the part of the bank or any act of omission or commission directly attributable to the bank. By ensuring that the customer is compensated without having to ask for it, the bank expects instances when the customer has to approach Banking Ombudsman or any other Forum for redressal to come down significantly.

**2.2** The policy covers only compensation for financial losses which customers might incur due to deficiency in the services offered by the bank which can be measured directly. The policy does not cover and is not applicable in case of claims made by customers on account of opportunity losses or damages or claims pertaining to reputation loss.

### **3. Deficiencies requiring compensation and the level of compensation**

#### **3.1 Unauthorized / Erroneous Debit:**

If the bank has raised an unauthorized/erroneous direct debit to an account, the entry will be reversed immediately on being informed of the erroneous debit, after verifying the position. In the event the unauthorized/erroneous debit has resulted in a financial loss for the customer by way of reduction in the minimum balance applicable for payment of interest on savings bank deposit or payment of additional interest to the bank in a loan account, the bank will compensate the customer for such loss.

In case verification of the entry reported to be erroneous by the customer does not involve a third party, the bank shall arrange to complete the process of verification within a maximum period of 7 working days from the date of reporting of erroneous debit. In case, the verification involves a third party or where verifications are to be done at overseas centers, the bank shall complete the verification process within a maximum period of one month from the date of reporting of erroneous transaction by the customer.

The Bank reserves its right to debit the account with prior consent of the customer for reversing the amounts in case a wrong credit is posted to a customer's account. In such case no compensation will be paid.

Further, this provision, would not apply to recovery of legitimate bank charges by debit to the account, which is as per terms and conditions accepted by the customer and done only after the laid down process has been followed by the Bank.

#### **3.2 ECS direct debits/other debits to accounts**

The bank will undertake to carry out direct debit/ ECS debit instructions of customers in time. 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 instruction/failure to carry out the instructions.

Electronic payments such as RTGS/EFT/NEFT instructions will be governed by the applicable terms and conditions communicated to the customer.

The bank would debit the customer's account with any applicable service charge as per the schedule of charges notified by the bank. In an 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. 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.

### **3.3 Payment of Cheques after Stop Payment Instructions:**

In case a cheque has been paid after stop payment instruction is acknowledged by the bank, the bank shall reverse the transaction and give value-dated credit to protect the interest of the customer. Such debits will be reversed within 2 working days of the customer intimating the transaction to the bank. In such cases, the Bank shall compensate the customer to the extent of direct financial loss, if any, 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 in a loan account or any charges levied for reason of balance falling below minimum balance requirement or any charges levied for return of cheques due to shortfall in balance.. The bank will not cover any consequential financial loss incurred by the customer externally.

### **3.4 Foreign Exchange Services:**

The Bank would not compensate the customer for delays in collection of cheques designated in foreign currencies sent to foreign countries as the bank would not be able to ensure timely credit from overseas banks. It is the bank's experience that time for collection of instruments drawn on banks in foreign countries differ from country to country and even within a country, from place to place. The time norms for return of instruments cleared provisionally also vary from country to country. Bank however, would consider upfront credit against such instrument

by purchasing the cheque/instrument, provided the conduct of the account has been satisfactory in the past. 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 normal cooling period stipulated. The compensation in such cases will be worked out as follows:

- a. Interest for the delay in crediting proceeds as indicated in the collection policy of the bank.
- b. Compensation for any possible loss on account of adverse movement in foreign exchange rate.

### **3.5 Payment of Interest for delayed Collection of 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. Interest for delayed collection shall be paid at the following rates:

- a. Savings Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques.
- b. Where the delay is beyond 14 days interest will be paid at the rate applicable for term deposit for the corresponding period or Saving Bank rate, whichever is higher.
- c. 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.

In the event the proceeds of cheque under collection were to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account.

It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India”.

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 would also be as indicated in our collection policy. The same is extracted below for information:

### **3.6 Cheques / Instruments lost in transit / in clearing process or at paying bank's branch:**

In the event a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying bank's branch, the bank shall immediately on coming to know of the loss, bring the same to the notice of the accountholder so that the accountholder 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.

In line with the compensation policy of the bank the bank will compensate the accountholder in respect of instruments lost in transit in the following way:

- 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.
- .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.
- 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.

### **3.7 Payment of interest for delay in issue of duplicate draft:**

Duplicate draft will be issued to the purchaser on the basis of adequate indemnity. The Bank will issue duplicate draft (drawn on the Bank) to the customer within a fortnight from the receipt

of such request from the purchaser thereof. For delay beyond this stipulated period the Bank will compensate customer interest at the rate of fixed deposits, applicable on the due date of expiry of the stipulated period. Such compensation shall be paid at the interest rate applicable for fixed deposits for the number of days over and above the stipulated period. This would be applicable only in cases where the request for duplicate draft drawn on the Bank is made by the purchaser and would not be applicable in the case of third party endorsements.

#### **4. Violation of the Code by banks agent/Representative:**

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 the matter and endeavor to communicate to the customer within 7 days of the receipt of complaint and wherever justified, shall compensate the customer for financial losses, if any as per the policy of the Bank.

#### **5. Delay in release of Securities/Documents/Title deeds**

The original security documents of title should be returned to the borrower within 15 working days of repayment of all dues by the borrower, including principal amount, interest, EMI, costs, service charges and all other amounts due. This is subject to there being no outstanding under any other loan/overdraft/other financial facility availed by the borrower from the Bank. In case of delay on the part of the Bank in returning such documents, the Bank will compensate the customer at the rate of ` 100/- per week, subject to a maximum payment of ` 500/-. However, in case of Force Majeure events, the Bank at its own cost would endeavor to retrieve/recreate the title documents and no compensation would be paid in such cases.

#### **6. Force Majeure**

The bank shall not be liable to compensate customers for delayed credit if some unforeseen event (including but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fires, natural disasters or other "Acts of God", war, damage to the bank's facilities or of its correspondent bank(s), absence of the usual means of communication or all types of transportation, etc beyond the control of the bank prevents it from performing its obligations within the specified service delivery parameters.



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