

## Compensation Policy - 2021

### New Addition in the Compensation Policy:

S.I No	Clause	Remarks	Page no
1	Clause 14: Wealth Management Products	To address the matter related to Mis-selling of third-party products by bank.	09
2	Clause 15: Compensation Payment for delay in Crediting Pension/Arrears	To address the complaints from pensioners alleging Inordinate delay in disbursing revised pension and arrears.	10
3	Clause 16: Compensation to Retail Individual Investors (RIIs) In an IPO	As per SEBI circular we have added this point	10,11 & 12
4	Clause 21: Disclaimer clause	To clarify the areas where bank is not liable to pay any compensation	13 & 14

### Modification in the Compensation Policy:

S.I No	Existing Clause	Revised Clause	Page no
1	Clarification on Unauthorized debit/erroneous debit and compensation	One point added for further clarification: <ul style="list-style-type: none"> <li>To compensate the customers for their claim on Unauthorized Electronic transactions. "Policy on customer Protection-Limited Liability of the customers in Unauthorized Electronic Banking Transactions" is in place.</li> </ul>	3
2	Clause 4 : Foreign Exchange Services	<ul style="list-style-type: none"> <li>Clause 4 is modified and re arranged in consultation with Treasury Department.</li> </ul>	4 & 5





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### Introduction

Technological progress in payment and settlement systems and the qualitative changes in operational systems and procedures that have been undertaken by various players in the market have enabled market forces of competition to come into play to improve efficiencies in providing better service to the users of the system. It will be the bank's endeavor to offer services to its customers with best possible utilization of its technology infrastructure.

Withdrawal of the Reserve Bank of India instructions to banks on time frame for collection of outstation cheques, payment of interest on delayed collection of outstation cheques/instruments, with effect from 1st November 2004, had offered bank further opportunities to increase its efficiency for better performance.

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

### Objective of Policy:

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.

**It is reiterated that the policy covers only compensation for financial losses which customers might incur due to deficiency in the services offered by the bank which can be measured directly and as such the commitments under this policy are without prejudice to any right the bank will have in defending its position before any forum duly constituted to adjudicate banker-customer disputes.**

### Definition of Deficiency and Service:

**Deficiency:** Sec. 2(1) (g) of the Consumer Protection Act, 1986, defines the term Deficiency as any fault, imperfection, shortcoming or inadequacy in the quality, nature and manner of performance which is required to be maintained by or under any law for the time being in force or has been undertaken to be performed by a person in pursuance of a contract or in relation to any service.





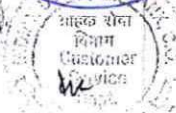
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**Service:** Sec.2(1)(o) of the Consumer Protection Act, 1986, defines that Service means service of any description which is made available to potential users and includes facilities in connection with banking, financing but does not include the rendering of any service free of charge or under a contract of personal service.

### 1. Unauthorized / Erroneous Debit:

- a. 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. Further, if the customer has suffered any financial loss incidental to return of a cheque or failure of direct debit instructions due to insufficiency of balance on account of the unauthorized/erroneous debit, the bank will compensate the customer to the extent of such financial losses.
- b. 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 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.
- c. Unauthorized Erroneous transaction reported by customers (card holder) in respect of debit / credit card operations, which require reference to a merchant establishment will be handled as per rules laid down by card association / card service providers. The Card association referred in the document is the payment facilitating associations such as VISA, Master, Rupay Card, Amex etc., to which financial institutions offering credit card and Debit Card services have become members. The Bank is having licensed arrangements with Card Services with VISA International, RUPAY Card and Master Card.
- d. In case of erroneous debits arising out of Fraudulent or other transactions:
  - The Bank would compensate the customer forthwith without demur, where the bank is at fault.
  - Even when the Bank or the customer is not at fault, and the fault lies elsewhere in the system, then also the Bank would compensate the customer as per bank's policy on Customer Protection - Limiting





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Liability of Customers in Unauthorized Electronic Banking Transactions / RBI extant guidelines.

As a measure of our Bank's commitment to speedy customer service, the customer will be compensated to the extent of amount as mentioned above where erroneous debits have taken place in the customer's account, either through our fault or where the fault is elsewhere in the system after getting necessary approval from the concerned layer of authority as per **Discretionary Administrative powers** indicated below.

### Discretionary Administrative powers:

a	Regional Heads	Up to Rs. 25,000/- (SRM Rs. 10,000/- CRM Rs. 25,000/-)
b	GM – CO (Concerned Verticals)	Above Rs. 10,000/- (SRM)/Rs. 25,000/- (CRM) to Rs. 1,00,000/-
c	Executive Director	Above Rs. 1,00,000/- to Rs. 3,00,000/-
d	MD & CEO	Above Rs. 3,00,000/- to Rs. 7,50,000/-
e	Board	Above Rs. 7,50,000/-

### Clarification on Unauthorized debit/erroneous debit and compensation:

- To compensate the customers for their claim on Unauthorized Electronic transactions, "Policy on customer Protection-Limited Liability of the customers in Unauthorized Electronic Banking Transactions" is in place.
- The genuineness of unauthorized debit/erroneous debit shall be verified and confirmed by the concerned Regional Office before making any compensation within the stipulated time as specified in the above para 1 b. of the policy.
- The compensation means making good of the financial loss by way of interest or otherwise sustained by the customer on account of Unauthorized/erroneous debits. Such compensation does not include the actual amount of unauthorized/erroneous debit which will be reversed/re-credited on merits of the case.

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





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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.

- c. Where it is established that the bank had issued and activated a credit card without 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 as per regulatory guidelines in this regard.

#### 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. Any consequential financial loss to the customer will be compensated as provided under para 1 above. Such debits will be reversed within 2 working days of the customer informing the transaction to the bank.

#### 4. Foreign Exchange Services:

##### 4.1 Compensation for delayed payment:

##### 4.1.1 Collection of cheques drawn on Foreign countries

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.

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 bank. Compensation in such cases will be paid in Indian Rupee, as detailed below:

- I. The cooling period will be 21 calendar days from the date of Nostro credit.
- II. The Bank will pay interest at SB rate from the date of credit to Nostro account till the date of credit to the beneficiary's account if the credit is made on the 22<sup>nd</sup> day.
- III. If the delay is more than 22 days, the interest will be paid at 2% above SB Interest Rate for the delayed period.
- IV. The exchange rate prevalent on the date of conversion will apply. No separate compensation will be paid for the difference in exchange rate.



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**4.1.2 Inward Remittances:**

- I. Inward remittances will be credited within 7 days from the date of credit in our Nostro account, if the beneficiary's account particulars are available correctly.
- II. Customers will be compensated by way of interest for the delayed credits beyond 7 days at 2% above SB Interest Rate.

**4.1.3 Export Bills sent for collection:**

- I. On receipt of credit advice/statement of Nostro account and compliances of guidelines, requirements of the Bank and FEMA, Bank shall transfer funds for the credit of exporter's account within two working days.
- II. If the above stipulated time limit is not observed, Bank shall pay compensation for the delayed period at the minimum interest rate charged on export credit.

**4.2 Compensation for adverse movement in exchange rates:**

The following compensation are prescribed for adverse movement in exchange rates due to delay in payment assuming that the customer has complied with FEMA guidelines and Bank's requirement (i.e., the delay is on the part of the Bank).

**4.2.1 Payment of foreign inward remittances:**

All remittances meant for individuals are to be converted at the prevailing card rates and credited to their respective account within 7 days from the date of credit in our Nostro account, if the beneficiary's account particulars are available correctly. In case of delay, compensation would be payable as follows:

- I. If the remittance is not converted within 7 days from the date of credit in our Nostro account even after availability of the beneficiary's account particulars.
- II. In case there is an adverse movement of exchange rate between the actual date of credit to customer's account and the date on which the Forex amount is due for credit, then the amount of compensation would be determined as 50% of the rate difference.

**4.2.2 Payment to Exporter:**

In case of delay beyond the date when the Forex amount is due for credit, compensation would be payable as follows:

- I. In case there is an adverse movement of exchange rate between the actual date of credit to customer's account and the date on which the





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Forex amount is due for credit, then the amount of compensation would be determined as 50% of the rate difference.

- III. If the Exporter expresses his willingness to keep part of the proceeds in EEFC a/c, then no compensation is payable for the amount not converted/kept in EEFC a/c. For the converted part of the amount, the compensation would have paid for delay as mentioned above.

### 5. Remittances In India:

The compensation on account of delays in collection of instruments would be as indicated in bank's collection policy which is reproduced below:

#### a. 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 customer on the amount of collection instruments in case there is delay in giving credit beyond the time period specified in bank's 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:

- I. Savings Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques.
- II. Where the 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.
- III. 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.
- IV. 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.

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 is also be as indicated in our Policy on Cheques. The same is furnished below for information.





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**b. 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 branch, 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.

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

- I. 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.
- II. 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.
- III. 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.

**6. 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. 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.

**7. Violation of the Code by banks agent**

In the event of receipt of any complaint from the customer that the bank's representative / courier or DSA (Direct Selling Agent) 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, the bank is committed to investigate the matter and endeavor to communicate its findings to the customer within 7 working days from the date of receipt of complaint and

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wherever justified, compensate the customer for financial loss, if any, as contemplated under this policy.

### 8. Transaction of "at par Instruments" of Co-operative Banks by Commercial Banks:

The RBI has expressed concern over the lack of transparency in the arrangement for payment of "at par" Instruments of co-operative banks by commercial banks resulting in dishonor of such instruments when the remitter has already paid for the instruments. In this connection it is clarified that the bank will not honor cheques drawn on current accounts maintained by other banks with it unless arrangements are made for funding cheques issued. Issuing bank should be responsible to compensate the cheque holder for non-payment/delayed payment of cheques in the absence of adequate funding arrangement.

### 9. Compensation Payments for Digital Transactions on account of Deficiency of Services/Erroneous debits/Delayed dispute transaction:

To compensate the customers for their claim on Unauthorized Electronic transactions, "Policy on customer Protection-Limited Liability of the customers in Unauthorized Electronic Banking Transactions" is in bank. However, any compensation payments related to digital products which are out of the purview of unauthorized transactions have to be dealt in this compensation Policy.

In the event of any deficiency of services like account debited but cash not dispensed (or) account debited but beneficiary account not credited (or) delayed credit to beneficiary account (or) delayed reversal of failed transaction (or) non-delivery of goods/services etc. are to be governed by the NPCI and regulatory guidelines from time to time with regard to each digital product. The Turn Around Time (TAT) prescribed by NPCI/RBI/other card associations will be applicable to digital products, as various cooling periods applicable for different stages of dispute management. The penalty/compensation for such delayed or erroneous debits in the digital products will be compensated as per the guidelines of NPCI/RBI from time to time.

### 10. National Automated Clearing House (NACH)

In the case of delay in crediting beneficiary's account or reversal of amount beneficiary bank to reverse the uncredited transaction within T + 1 calendar day. In the case of account debited despite revocation of debit mandate with the bank by the customer, Resolution to be completed within T + 1 calendar day. The compensation payable in the above mentioned cases are Rs. 100/- per day of delay beyond T+1 calendar day.





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### 11. Failure to execute Standing Instructions:

In case of any failure to execute Standing Instructions (and if it is directly attributable to the Bank), the Bank shall compensate the customer to the extent of the financial loss not exceeding Rs.100/- per occasion subject to providing proper supporting documents for having incurred the loss. In addition, service charges, if any, recovered for execution of the Standing Instruction shall also be refunded. Branches have to obtain prior approval from their Regional Manager for making compensation under this category.

### 12. Lenders liability; Commitments to borrowers

In terms of the Code of Bank's Commitment to customers adopted by the bank, the bank would return to the borrowers all the securities/documents/title deeds to mortgaged property within 15 days of repayment of all dues agreed to or contracted. The bank will compensate the borrower for monetary loss suffered, if any, due to delay in return of the same. In the event of death of owner of the property, the title deed would be delivered as per bank's policy for settlement of deceased customer asset. In the event of loss of title deeds to the mortgage property at the hands of the banks the compensation will cover out of pocket expenses for obtaining duplicate documents plus a lump sum amount of Rs. 5,000/- (Rs. Five Thousand only.)

### 13. Insurance Cover for Digital Banking/Internet Banking Transactions:

As per Banker's Indemnity Policy issued by Banking Operation Department Central Office, Bank has taken Insurance cover to cover the loss due to Fraudulent transactions in Digital Banking Transaction which includes Debit Cards transactions done through any debit card such as Visa, Master, Rupay card, Amex, Internet Banking, Mobile Banking, e wallet, Payment Gateway, UPI, AEPS, BHIM Aadhaar, BHIM UPI, Bharat QR, IMPS, RTGS/ NEFT, Prepaid Card, and Multi currency Travel Card.

### 14. Wealth Management Products:

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

For any deficiencies in services at bank level raised by customer, the issue will be examined by the bank and if the lapse on the part of the bank is confirmed (mis-selling) customer will be compensated as per the provision of clause 1(a) of this policy.





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### 15. Compensation Payment for delay in Crediting Pension/Arrears:

For complaints from pensioners alleging inordinate delay in disbursing revised pension and arrears, RBI vide their Circular No. RBI/2021-22/08 DGBA.GBD.No. S-1/31.02.007/2021-22 dated 01.04.2021 advised the Pension paying banks to compensate the pensioner for delay in crediting pension/ arrears thereof at a fixed interest rate of 8 per cent per annum for the delay after the due date of payment and the compensation shall be credited to the pensioner's account automatically without any claim from the pensioner on the same day when the bank affords credit for revised pension/ pension arrears, in respect of all delayed pension payments made since October 1, 2008.

### 16. Compensation to Retail Individual Investors (RIIs) in an IPO.

SEBI, vide their circular no: SEBI/HO/CFD/DIL2/CIR/P2018/22 dated 15.02.2018 has issued a circular on compensation to (RIIs) in an IPO:

#### As per Circular:

1. While the process of Applications Supported by Block Amount (ASBA) has resulted in almost complete elimination of complaints pertaining to refunds, there have been instances where the applicants in an Initial Public Offering have failed to get allotment of specified securities and in the process may have suffered an opportunity loss due to the following factors:
  - a. Failure on part of the Self Certified Syndicate Banks (SCSBs) to make bids in the concerned Exchange system even after the amount has been blocked in the investors' bank account with such SCSB.
  - b. Failure on part of the SCSB to process the ASBA applications even when they have been submitted within time.
  - c. Any other failures on part of an SCSB which has resulted in the rejection of the application form.
2. Being Self Certified Syndicate Bank, our Bank adopted the policy for payment of compensation to Retail Individual Investors as per SEBI guidelines. For calculation of minimum compensation payable to investors in scenarios mentioned above in Para 1. a), b) and c), the following factors have been taken into account:
  - a. The opportunity loss suffered by the investor due to non-allotment of shares;
  - b. The number of times the issue was oversubscribed in the relevant category;
  - c. The probability of allotment; and
  - d. The listing gains if any on the day of listing.
3. The formula for calculation of minimum fair compensation is as follows:





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Compensation =  $\frac{\text{Listing price}^* - \text{Issue Price}}{\text{Issue Price}} \times \text{No. of shares that would have been allotted if bid was successful} \times \text{Probability of allotment of shares determined on the basis of allotment}$

\*Listing price shall be taken as the highest of the opening prices on the day of listing across the recognized Stock Exchanges

The formula has been explained with the help of an example as per Reference Chart given below.

- In the case of issues which are subscribed between 90-100%, i.e. non oversubscribed issues, the applicants would be compensated for all the shares which they would have been allotted.
- No compensation would be payable to the applicant in case the listing price is below the issue price.
- RTAs shall share the basis of allotment file, if sought by Self Certified Syndicate Bank (SCSB), so that the SCSB shall have access to the allotment ratio for the purpose of arriving at the compensation.
- Any applicant whose application has not been considered for allotment, due to failure on the part of the Bank, shall have the option to seek redressal of the same within three months of the listing date. On receipt of such application/s, Bank would be required to resolve the same within 15 days, failing which interest at the rate of 18% per annum for any delay beyond the said period of 15 days to be paid to the complainant.
- The Customer can raise complaints seeking compensation through E-Mail / CPGRS / any other electronic Mode directly to Branches and/or SCORES Platform of SEBI website.

Reference chart for calculation of minimum compensation in case of non-allotment of specified securities to applicants (Retail Individual Investors) in an IPO

Example - Security A

Issue Price: 300

Listing Price: 325

Minimum Bid lot: 20 shares

Total No. of Applications received from RII	No. of Equity Shares applied in all valid applications	Shares Reserved for RIIs	No. of times Subscribed
(A) 2,00,000	(B) 3,28,00,000	(C) 35,00,000	9.31

\*RII-Retail Individual Investor





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In this case maximum possible allottees is  $35,00,000/20 = 1,75,000$

The basis of allotment is determined by Lead Managers in consultation with the Stock Exchanges as under:

No. of Lots	No. of Shares at each lot	No. of retail Investors applying at each lot	Total No. of Shares applied for at each lot	No. of investors who shall receive minimum bid-lot (to be selected on lottery)	Allotment Ratio Determined	No. of shares allotted per allottee (minimum lot size)
A	B	C	D=(B*C)	E	F = E:C	G
1	20	10,000	200,000	$8750 = (175000/200000) * 10000$	7:8	20
2	40	10,000	400,000	8,750	7:8	20
3	60	10,000	600,000	8,750	7:8	20
4	80	10,000	800,000	8,750	7:8	20
5	100	20,000	2,000,000	17,500	7:8	20
6	120	20,000	2,400,000	17,500	7:8	20
7	140	15,000	2,100,000	13,125	7:8	20
8	160	20,000	3,200,000	17,500	7:8	20
9	180	10,000	1,800,000	8,750	7:8	20
10	200	15,000	3,000,000	13,125	7:8	20
11	220	10,000	2,200,000	8,750	7:8	20
12	240	10,000	2,400,000	8,750	7:8	20
13	260	10,000	2,600,000	8,750	7:8	20
14	280	5,000	1,400,000	4,375	7:8	20
15	300	15,000	4,500,000	13,125	7:8	20
16	320	10,000	3,200,000	8,750	7:8	20
Total		200,000	32,800,000			175,000

In this case if the number of shares applied by an applicant whose bid was unsuccessful due to failure/error on part of SCSB is 20 shares or multiples thereof, then the minimum compensation is calculated as under:

$$\text{Compensation} = (\text{Rs.}325 - \text{Rs.}300) * 20 * (7/8) = \text{Rs.}437.50$$





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**17. 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 labor 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.

**18. 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. However, the bank shall endeavor to review the policy at Annual intervals.

**19. Validity of the policy:**

The policy is valid for a period of 3 years from the date of approval by the Board and Review of the policy every year. MD and CEO has powers to extend the policy by another 6 months after the expiry.

20. We confirm that all the relevant circulars/guidelines/directions issued by RBI and other regulators with regard to the New Policy or Policy under review/renewal, during the review period has been incorporated in the policy. However, during the review period, no new guidelines has been issued.

Sl. No	RBI/Other regulators Ref No.	Date	Guidelines/Circulars/Direction In Brief
1	RBI/2021-22/08 DGBA, GBD, No. S-1731.02.007/2021-22	01.04.2020	Master Circular - Disbursement of Government Pension by Agency Banks.
2	SEBI/HO/CFD/DIL2/CIR /P2018/22	15.02.2018	Circular on compensation to (RILs) in an IPO

**21. Disclaimer clause**

Notwithstanding anything contained here above, the Bank shall not pay any compensation in the following cases:-

- I. Any deficiency with regard to delay in sanction/rejection of loans and advances of the Bank.
- II. Dishonor of at par payment agreement with Indian Banks' Association for non-funding and security compliance.



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- III. Delays on account of non-functioning of Bank's business due to factors beyond the control of the bank the period covered by such events shall be omitted for calculation of delay etc.
- IV. Where the issues are sub-judice and pending before Courts, Ombudsman, Arbitrator, Government and matter put on hold due to stay.





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#### Compensation on Account of Financial Loss in Non-Digital transactions Standard Operating Procedure (SOP)

We have devised the TAT in this SOP based upon the handling of complaints at Customer Service Department. TAT with regard to Non-digital transaction is not available in IBA and RBI master circulars. The objective to provide SOP and TAT for Non-digital transaction is for speedy redressal of customer grievances.

S.N.	Incident	Details of Incident and Action to be taken	TAT
1	Advisory/Direction Issued by Internal Ombudsman or Banking Ombudsman.	Other than Digital Complaints, Bank has to pay the Compensation amount mentioned in Advisory/Direction issued by IO or BO for <u>deficiency in service</u> . This is applicable for Non-digital Complaints only.	within 3 days of receipt of advisory/direction
2	Unauthorized / Erroneous Debit	If the bank has raised an unauthorized/erroneous direct debit to an account which does not involve a third party, Entry should get reversed immediately after verification. Verification process should get completed within 7 days.	7-Days
		In case the verification involves a third party or where verifications are to be done at overseas centers,	30 Days
3	<u>Incidence of Fraud.</u> (For Digital fraud related incidence, Branches has to refer to Limited Liability Circular of D&D.)	In case any amount has been debited to the account of a customer on account of Fraudulent transactions, if Bank is at fault. The amount will be reversed to the customer account.	Immediately
		If fraud committed by the Staff and has been so established. Bank has to reverse the amount along with compensation of 1% above the applicable interest rate in respect of Deposit/Overdraft/Loan account, for the period, on the amount involved.	Immediately
4	Interest rate dispute on Advances	If customer incurred loss due to charging of interest on advances, branch has to verify the same and if	30 Days

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05 JAN 2022  
BOARD MEETING  
मंडल की बैठक

04 DEC 2021  
MANAGEMENT COMMITTEE OF THE BOARD

INDIAN OVERSEAS BANK  
भारत सेवा विभाग  
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		wrongly charged, rectify the interest rate immediately after receipt of complaint and reverse the excess interest charged within 30 days after taking permission from Regional Office as per extant guidelines like Certificate from Concurrent Auditor etc.	
5	Interest Rate dispute on Deposits	Branch has to verify the customer complaint and rectify the same immediately by taking up with ITD and calculate the Short Interest and credit the same after taking permission from RO within 10 days as per extant guidelines.	10 Days
		If deposits were closed prematurely due to omission or due to human error, then branch has to credit the difference immediately by taking up with ITD (for confirmation of correctness of amount to be reversed) after acknowledging the complaint.	Difference amount to be credited immediately after receipt of complaint.
6	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 commitments, then Bank/ Branch has to compensate the customer for extent of any financial loss the customer would incur on account of delay/failure in carrying out the instruction.	7 Days
		The bank would be in order to debit the customer's account with 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. Bank has to compensate the customer for any consequential financial loss to the customer.	7 Days

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7	Payment of Cheques after Stop Payment Instructions	In case a cheque has been paid after stop payment instruction acknowledged by the bank, the bank shall reverse the transaction and give value-dated credit to protect the interest of the customer. Any consequential financial loss to the customer will be compensated.	2 days
8	Foreign Exchange Services (The exchange rate prevalent on the date of conversion will apply. No compensation will be paid to volatility in the exchange rate)	USD Denominated Cheques: The cooling period will be 21 calendar days for USD denominated cheque collection from the date of Nostro credit. The Bank will pay interest at SB rate from the date of credit to Nostro account till the date of credit to the beneficiary's account if the credit is made on the 22nd day. If the delay is more than 22 days, the interest will be paid at the applicable term deposit interest rate for the delayed period.	21 Days
		Other Currency Denominated cheques: Cooling period for other currencies of other countries is 16 calendar days.	16 Days
		Inward Remittances: Inward remittances will be credited within 7 days from the date of credit in our Nostro account, if the beneficiary's account particulars are available correctly. Customers will be compensated by way of interest for the delayed credits beyond 7 days at 2% above SB Interest Rate.	7 days
9	Remittances in India	Payment of Interest for delayed Collection of Outstation Cheques: Bank has to compensate the customer and pay the SB rate of interest if delay is beyond 7/10/14 days, beyond 15 days Bank has to pay Term Deposit interest. If cheque is for Loan/CC account, then interest is payable as per Loan account interest. For any delays beyond 15 days, 2% additional interest will be paid.	Immediately (As per applicable stipulated time reference)

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		Cheque/Instruments lost in transit/in clearing process or at paying bank's branch: Bank has to help the customer to get the duplicate cheque/instrument and compensate the customer for delay beyond stipulated time of collection. Bank has to Pay 5B Interest on delay in collection beyond 15 days.	Immediately after receipt of complaint.
10	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. 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.	Immediately after receipt of complaint.
11	Violation of the Code of Bank's Commitment to Customer by banks 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, the bank is committed to investigate the matter and endeavor to communicate the findings to the customer within 7 working days from the date of receipt of complaint and wherever justified, compensate the customer for financial loss, if any.	7 Days
12	National Automated Clearing House (NACH)	In the case of delay in crediting beneficiary's account or reversal of debited amount, beneficiary bank to reverse the uncredited transaction within T + 1 calendar day. Rs 100/- per day for any delay. In the case of account debited despite revocation of debit mandate with the bank by the customer. Resolution to be completed within T + 1 calendar day. Rs 100/- per day for any delay.	Immediately Immediately



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13	<b>Failure to execute Standing Instructions</b>	Any failure to execute Standing Instructions (and if it is directly attributable to the Bank), the Bank has to compensate the customer to the extent of the financial loss not exceeding Rs.100/- per occasion along with Service charge incurred for SI registration subject to providing proper supporting documents for having incurred the loss.	7 Days
14	<b>Lenders Liability; Commitments to borrowers</b>	Bank has to return all the Security Papers/ Title deed to borrower within 15 days of clearing all the dues. Any delay beyond this Bank has to compensate the customer if any Monetary loss incurred by customer.	15 days
		In the event of loss of title deeds to the mortgage property at the hands of the banks the compensation will cover out of pocket expenses for obtaining duplicate documents plus a lump sum amount of Rs. 5,000/- (Rs. Five Thousand only.)	30 Days

