



THE COSMOS CO-OP. BANK LTD.

*(Mutuals Scheduled Bank)
Forcing Ltd*

Compensation Policy

Resources Department

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Department: Resources Department

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
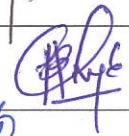
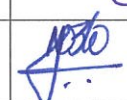
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Policy approval - Policy is reviewed as per RBI guidelines.

Name	Position	Signature
Hon. Board of Directors		

Procedural Sign Off

Sr. No.	Name	Position	Review / Signature
1	Apekshita Thipsay	Managing Director	
2	Anand Chalke	Dy. Chief Gen. Manager – Retail Business	
3	Archana Joshi	Dy. Gen. Manager – Resources & Accounts	

Distribution List

Sr. No.	Name	Position
1	All branches and employees	

Introduction

Technological progress in payment and settlement systems and the qualitative changes in operational systems and processes 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.

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.

PURPOSE

The main purpose of this policy is to be 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.

CONTENTS

Section 1	Scope
Section 2	Objectives
Section 3	Unauthorized / Erroneous Debit: (Other than electronic banking transactions)
Section 4	ECS direct debits/other debits to accounts
Section 5	Debits towards Service Charges
Section 6	Changes in Terms and Conditions
Section 7	Payment of Cheques after Stop Payment Instructions-
Section 8	Foreign Exchange Services
Section 9	Payment of Interest for delayed Collection of Outstation Cheques
Section 10	Compensation for loss of instrument in Transit-
Section 11	Cheques / Instruments lost in transit / in clearing process or at paying bank's branch
Section 12	Lenders liability; Commitments to borrowers
Section 13	Return of all securities / documents / title deeds of mortgaged property
Section 14	Force Majeure
Section 15	ATM Failure
Section 16	Customers Responsibility
Section 17	Amendment of Policy

Section 1. Scope

This policy applies to all business units across the Cosmos Bank in all geographies and covers all categories of branches/offices.

Section 2. Objectives

Main objective of the 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,

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.

Section 3. Unauthorized / Erroneous Debit: (Other than electronic banking transactions)

- 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, to that extent.
- 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. However, customer will not be entitled to claim any compensation for loss of reputation/ 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 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.

Section 4. ECS direct debits/other debits to accounts

The bank will undertake to carry out direct debit/ ECS debit instructions of customers in time subject to the following:

- Customer having already provided valid and complete mandate to accept any debit received through ECS.
- Customer having already submitted a mandate for Standing Instructions
- Direct Debit / ECS received is complete and correct.
- Customer has sufficient balance in the account at the time of executing direct debits / standing instructions / ECS.

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. Such compensation may be equivalent to the interest calculated on the amount to be debited, for the delayed period, at applicable Savings rate subject to Maximum of Rs. 1000/-

The bank would debit the customer's account with any applicable service charge as per the schedule of charges notified by the bank. In the event the bank levies any charge in violation of the arrangement, the bank will reverse the charges when pointed out by the customer subject to

scrutiny of agreed terms and conditions, and compensate the customer by sum equal to the charges reversed.

For direct debits / ECS debits the Bank will compensate the customer at the savings bank interest rate for the period between the due date of direct debit / ECS debit and the date of actual debit carried out by the Bank on the amount to be debited. The Bank will also reimburse the customer to the extent of any penal interest, late payment charges levied by the debit / ECS originating Bank, upon producing evidence of the same.

Section 5. Debits towards Service Charges

The Bank would debit the customer's account with any applicable service charge as per the schedule of charges notified by the Bank and displayed on the Bank's website, notice board. In the event the Bank levies any charge in violation of the arrangements, the Bank will reverse the charges when pointed out by customer, subject to scrutiny of the agreed terms & conditions.

Any consequential financial loss by way of loss of savings bank interest on account 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 or any charges levied for the balance falling below the minimum balance requirement or any charges levied for return of cheques due to shortfall in balance, will also be compensated to the customer.

Section 6. Changes in Terms and Conditions

Changes in the terms and conditions will be communicated to the individual customers through separate letter. Changes in ROI or scheme parameters will be conveyed through Notice board at the Branch or Bank's website. If any change is made in the fees/charges without any notice then the customers would be given 30 days to accept the change and if such change is to the disadvantage of the customer then the customer may within 60 days and without notice close the account and switch over without having to pay any extra charges or interest.

Section 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 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 minimum 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.

Section 8. 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. In fact, in some countries like US, Europe in absence of return discipline in Cheque clearing, the period for return of cheques is not certain. Bank however, may 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 after cooling period of proceeds credited to the Nostro Account of the bank with its respective correspondent. *Such compensation will be given for delays beyond one week from due date after taking into account normal cooling period stipulated by respective correspondent Banks. The compensation in such cases will be worked out as follows:

- Interest for the delay in crediting proceeds for the period as mentioned above at rate as indicated in the collection policy of the bank.
- Compensation for any possible loss/or recovery of any possible gain on account of adverse/ in favour movement in foreign exchange rate as the case may be, if payment of interest for delay comes in picture.

Section 9. Payment of Interest for delayed Collection of 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 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:

- Savings Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques.
- 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.
- 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 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.
- Notice regarding collection period of outstation cheque and interest payable thereon in case of delay will be displayed prominently at branch.

Section 10. 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 would also be as indicated in our collection policy. The same is extracted below for information:

Section 11. 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 dishonoured 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.

The Bank will compensate the accountholder for any reasonable charges he/she incurs in getting duplicate cheque/instrument upon production of receipt, (maximum Rs. 500/-) in the event the instrument is to be obtained from a bank/ institution who would charge a fee for issue of duplicate instrument.

In case the cheque is lost by the Bank, the charges for "stop payment "instructions will not be levied on the customer.

When a cheque/instrument is claimed to have been deposited by the customer in Drop-Box, but the Bank's records do not show receipt of such cheque with the Bank, the Bank cannot decide on the compensation amount for lost cheque in the absence of details of cheque like date, amount, drawee bank/branch/drawee centre etc., In such cases, the customer will have to corroborate a claim for lost cheque with full facts, inter-alia including confirmation/enquiries from the drawee person/ banks about genuineness of the claim and, on this basis, if it is established that the customer has, in fact, tendered the cheque in Drop-Box, the Bank will consider payment of compensation to a maximum of Rs.500/- on the basis of verification from CC TV footage.

Section 12. Lenders liability; Commitments to borrowers

The bank has adopted the principles of lenders of 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 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 loss of title deeds to 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 as decided by the bank.

Section 13. Return of all securities / documents / title deeds of mortgaged property:

The Branch will return all the security documents / title deeds of the mortgaged property within one month of the repayment of all dues agreed to or contracted. If any right to set off is to be exercised for any other claim, the Bank will give due notice with full particulars about the other claims and retain the securities / documents / title to mortgaged property till the relevant claim is settled / paid.

In case of any failure to comply with these and if it is directly attributable to the Bank, the Bank will compensate the customer to the extent of the financial loss not exceeding Rs. 100.00 per day subject to a maximum payment of Rs.1000/-

In the event of loss of title deeds of the mortgaged property at the hands of the Bank, the compensation will cover out of pocket expenses for obtaining duplicate documents plus a lump sum amount @ of Rs. 100 per day subject to a maximum payment of Rs.1000/-. In all such cases Bank will also extend all assistance for obtaining duplicate documents.

Section 14. 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.

Section 15. ATM Failure

It is mandatory for bank to reimburse the customer, the amount wrongfully debited on account of failed ATM as per Reserve Bank of India guidelines as issued from time to time. For any failure to re-credit the customer's account within stipulated time, bank shall pay compensation as prescribed by Reserve Bank of India. This compensation shall 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. Details of charge back in case of ATM transaction by a customer of the bank when he uses other bank ATM may be included.

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

- Reserve Bank has put in place a framework on Turn Around Time (TAT) for resolution of customer complaints and compensation framework across all authorised payment systems which will result in customer confidence and bring in uniformity in processing of the failed transactions.

- The prescribed TAT is the outer limit for resolution of failed transactions.
- The bank and other operators / system participants shall endeavour towards quicker resolution of such failed transactions.
- Wherever financial compensation is involved, the same shall be effected to the customer's account suo moto, without waiting for a complaint or claim from the customer.
- Customer who do not get the benefit of redress of the failure as defined in the TAT, can register a complaint to the Banking Ombudsman of Reserve Bank of India.

Sl. no.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
I	II	III	IV
1	Automated Teller Machines (ATMs) including Micro-ATMs		
a	Customer's account debited but cash not dispensed.	Pro-active reversal (R) of failed transaction within a maximum of T + 5 days.	₹ 100/- per day of delay beyond T + 5 days, to the credit of the account holder.
2	Card Transaction		
a	<u>Card to card transfer</u> Card account debited but the beneficiary card account not credited.	Transaction to be reversed (R) latest within T + 1 day, if credit is not effected to the beneficiary account.	₹ 100/- per day of delay beyond T + 1 day.
b	<u>Point of Sale (PoS) (Card Present) including Cash at PoS</u> Account debited but confirmation not received at merchant location i.e., charge-slip not generated.	Auto-reversal within T + 5 days.	₹ 100/- per day of delay beyond T + 5 days.
c	<u>Card Not Present (CNP) (e-commerce)</u> Account debited but confirmation not received at merchant's system.		
3	Immediate Payment System (IMPS)		
a	Account debited but the beneficiary account is not credited.	If unable to credit to beneficiary account, auto reversal (R) by the Beneficiary bank latest on T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
4	Unified Payments Interface (UPI)		
a	Account debited but the beneficiary account is not credited (transfer of funds).	If unable to credit the beneficiary account, auto	₹100/- per day if delay is beyond T + 1 day.

		reversal (R) by the Beneficiary bank latest on 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.

Sl. no.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
I	II	III	IV
5	Aadhaar Enabled Payment System (including Aadhaar Pay)		
a	Account debited but transaction confirmation not received at merchant location.	Acquirer to initiate “Credit Adjustment” within T + 5 days.	₹100/- per day if delay is beyond T + 5 days.
b	Account debited but beneficiary account not credited.		
6	Aadhaar Payment Bridge System (APBS)		
a	Delay in crediting beneficiary’s account.	Beneficiary bank to reverse the transaction within T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
7	National Automated Clearing House (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.	

Section 16. Customers Responsibility

The 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. The Bank will also not be responsible for the losses arising out of misuse of lost PIN, Cheque book, passbook, 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.

Section 17. Amendment of Policy

This Policy is based on the RBI directives issued from time to time. The policy will be reviewed from time to time as per the requirement. It explicitly covers compensation for financial losses which customers might incur due to deficiency in the services offered by the Bank. The Bank will have the right in defending its position before any forum duly constituted to adjudicate banker-customer disputes.
