



Customer Compensation Policy

Introduction

Shivalik Small Finance Bank offers high levels of service to its customers. In the event, for some reason beyond the control of the bank or inadvertently, the bank is unable to meet the service levels committed in the dealings with individual customer, this compensation policy will be applicable. The policy is based on the principles of transparency and fairness in the treatment of customers.

Objective

The objective of this policy is to establish a system whereby the bank compensates a customer for any financial loss he/she may incur due to deficiency of service on the part of bank or any omission or commission directly attributable to bank. It is reiterated that the policy covers only compensation for financial losses in real terms for specific value which the customer might incur due to deficiency of 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 the banker customer disputes. The policy does not cover and is not applicable in respect of claims made by customer on account of opportunity losses or damages or claims for reputational loss. The Compensation Policy is therefore, designed to cover areas relating to unauthorized debiting of account, payment of interest to customer for delayed collection of cheques/instruments, payment of cheques after acknowledgment of stop payment instructions, remittances within India, foreign exchange services etc.

Areas covered in the compensation policy of the Bank

Un-authorized/Erroneous Debit

If the bank has raised an un-authorized/Erroneous direct debit to an account, the below mentioned steps will be followed by the bank.

- If the bank has raised an erroneous direct debit to an account, upon being informed of the erroneous debit, the entry will be reversed after due verification
- In the event the erroneous debit has resulted in a financial loss to the customer by way of reduction in 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 balance falling below the minimum balance requirement or any charges levied for return of cheques due to the shortfall, the bank will compensate the customer to the extent of direct financial loss upon producing an advice as evidence
- The customer should approach the bank within a maximum period of one month from the date of the erroneous debit
- In case the verification of the entry reported to be erroneous by the customer does not involve a third party, the bank shall complete the verification within a maximum period of 7 working days from the date of reporting of the erroneous debit
- In case the verification of the entry involves a third party, the bank shall complete the verification within a maximum period of one month from the date of reporting by the customer

- The Bank reserves its right to debit the customer's account for reversing the amount in case a wrong credit is posted to the account without payment of any compensation

Debit Towards Service Charges

The bank would debit the customer's account with any applicable service charge as per the General Schedule of Features and Charges (GSFC) notified by it. In the event, the bank levies any charges in violation of the arrangement, it will reverse the same when pointed out by the customer subject to verification of the agreed terms and conditions. Any consequential financial loss to the customer will be compensated as per Para "3.1" above.

Payment of Cheques After Acknowledgment of Stop Payment Instructions

In case a cheque is paid after stop payment instruction is received and acknowledged by the Bank and there are no subsequent and contradictory instructions received 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 provided to the customer under Para a above. Such debits will be reversed after ascertaining the facts within 7 working days of the customer intimating the Bank.

Remittances

In terms of the RBI guidelines on payment of interest/penalties for instances of delay in affording credits/returns of RTGS/NEFT/NECS/ECS/ACH/IMPS transactions, Bank undertakes to afford the credits to destination account holders or return the instruction to the remitting bank within the prescribed timeline. In cases where it is not possible to afford the credits to the beneficiary account within the prescribed timeline without any valid reasons, the customer will be compensated for the delayed period of credit at the rate of RBI LAF repo rate.

Failure To Execute Direct Debit/ECS Debit/Standing Instruction/ACH

The Bank undertakes to carry out Direct Debits/ECS/ACH Debits/Standing Instructions of customers in time subject to the following:

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

In case of failure to carry out the instructions subject to the aforesaid clauses and for reasons directly attributable to Bank, the Bank will compensate the customer as per Para a above.

Erroneous Debits Arising On Account Of Unauthorized Banking Transactions (Fraudulent Transaction)

The following is laid down for all fraud cases:

- If a fraud in account of customer has been committed by a member of staff, and has been so established, Bank will restore the amount of direct financial loss to the customer
- In case the fraud in account of the customer is committed in the form of electronic banking transaction the compensation will be provided as per the Grievance Redressal Policy of the Bank.

Violation of The Codes By Bank's Agent

In the event of receipt of any complaint from the customer that the Bank's representative/BCA/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, the Bank will take appropriate steps to investigate and to handle the complaint and to compensate the customer for direct financial loss (if any), subject to the customer providing proper supporting document for having incurred the loss. This is also applicable to sale of Third-Party Products by Bank staff.

Delay in release of Securities/Documents/Title Deeds

The original security documents of title should be returned to the borrower within 30 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 INR 100/- per week, subject to a maximum payment of INR 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.

Delay In Crediting Failed ATM Transactions

The Bank will investigate and convey its decision on accepting or declining the request within 5 working days from receipt of customer complaints. In the event of delay of passing on the credit, compensation of 100 per day after 7 working days from the date of receipt of customer complaints 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. Any customer is entitled to receive such compensation for delay, only if a claim is lodged with the issuing bank within 30 days of the date of the transaction.

Foreign Exchange Services

Payment of Interest for delayed credits (Foreign Inward Remittances and Not Foreign Currency Cheques) - Compensation will be paid as per FEDAI Rules 10th edition published on March 11th, 2019. As per rule 4.5, in case foreign inward remittance, Bank shall make payment or send intimation, as the case may be, to the beneficiary in two working days from the date of receipt of credit advice/nostro statement. In case of delay, the bank shall pay the beneficiary interest @ 2% above the savings account interest rate. The bank shall also pay compensation for adverse movement of exchange rate, if any, as per the compensation policy.

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, accident, fires, natural disasters or other "Acts of God", war, damage to the Bank's facilities or of its correspondent bank(s), etc., beyond the control of the Bank, which prevents it from performing its obligations within the specified service delivery parameters.

Customer's 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 the guidelines issued by the Bank, until the Bank has been notified by the customer
- Customer acts fraudulently and/or acts without reasonable care which has resulted in loss to him/her. Bank will also not be responsible for the losses arising out of misuse of lost PIN, compromise of passwords or confidential information, until the time the Bank has been notified of such loss/compromise and has taken steps to prevent its misuse.

Disclaimer Clause

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

- Dishonor of at par payment agreement with other banks, due to non- funding and security compliance
- Delays on account of non-functioning of business due to factors beyond the control of the bank the period covered by such events shall be omitted for calculation of delay etc.
- Where the issues are sub-judice and pending before Courts, Ombudsman, arbitrator, Government, and matter put on hold due to stay.

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.