

# The Royal Bank of Scotland plc

## Retail Banking Clients Compensation Policy

### **Introduction:**

Technological progress in electronic banking options, 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.

The Compensation Policy of the Bank therefore is a reflection of the Bank's on-going endeavor to provide better service to our customers and set higher standards for performance. The Policy is based on principles of Bank's conduct and policies having transparency and fairness in the treatment of customers.

The objective of the Policy is to establish a system where the Bank compensates the customer for any financial loss that he/she might have incurred due to deficiency in service on the part of the Bank or any act of omission or commission directly attributable to the Bank.

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.

Acceptance of the compensation/penal interest/reimbursement etc. by the customer under this policy shall be deemed to be the final settlement of all issues arising out of complaints / grievances for which compensation is claimed/paid.

### **1. Unauthorized / Erroneous Debit**

If the bank has raised an unauthorized/erroneous direct debit to an account, the entry will be reversed on being informed of the erroneous debit, after verifying the position. This should be brought to the notice of the bank within a reasonable period of the account statements sent by the bank. 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 and is less than a year old, the bank shall arrange to complete the process of verification within a maximum period of 15 working days from the date of reporting of erroneous debit. In case, the verification involves a third party or the transaction is more than a year old, 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. However, it is to be noted that the Bank's right to set off will not be impaired by this clause. Disputed transactions reported by customers regarding credit card operations, related to retrieval requests and charge backs, which require reference to a merchant establishment or their Bankers, will be handled as per rules/regulations and time frames prescribed by card association (Master Card) prevalent at the time of dispute raised by the card holder.

### **2. Delay in Crediting Failed ATM/POS Transactions**

The Bank will investigate and convey its decision on accepting or declining the request within a period of 7 working days from the date of receipt of the customer's complaint. In the event of a delay beyond 7 working days, the Bank will (suo moto) proactively pay a compensation of INR 100 per day for each day after 7 working days post receipt of customer complaint.

Any customer is entitled to receive the above described compensation only if the complaint is lodged with the Card issuing Bank within 30 calendar days of the date of the disputed transaction.

### **3. Delay in Release of Securities/Documents**

Bank will pay a penalty of INR 100 per day if the bank fails to release the Securities/Lending documents within 15 working days of closure of the loan/account.

### **4. 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 provided sufficient balance is available in the account of the customer on the date of debit and a valid ECS mandate has been registered with the bank. 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.

### **5. Payment of Cheques after Stop Payment Instructions**

Customer may, if required, ask for a stop payment on any of the cheque or range of cheques issued by the Customer subject to the condition that these instructions may be carried out by the Bank within one working day from the date of receipt of such instructions by the Bank.

Any Account, which has a mandate for joint operations, the stop payment instructions must also be signed in the same manner as applicable to the operations of the Account. Accordingly the Bank shall not be liable or responsible for clearing of Cheques, or any consequences thereof, with respect to which stop payment instructions have been received by the Bank, if such instructions have been received by the Bank on a date and time which is subsequent to the said Cheque(s) were received in clearing or not signed as per instructions pertaining to operations of the Account. The charges for this Service will be debited to the Account as per the prevailing schedule of charges.

Customer(s) declares and undertakes that it/they will not dispute any action taken by the Bank pursuant to any instruction received by the Bank, by telephone/fax/other electronic medium, irrespective of whether such instructions have been issued by the Customer or not, and even if such instructions have been received by the Bank but have not been acted upon or have been improperly /incorrectly acted upon, with respect to any Account(s) of the Customer, existing and those that may be opened in the future, singly or jointly, with the Bank, nor make any claim on the Bank for any consequences, direct or indirect, thereof, including without limitation any and all losses, liabilities, claims, prosecutions, expenses (including attorney fees and legal costs), costs and the like incurred/suffered by the Customer(s) thereof.

Customer(s) shall fully indemnify and hold the Bank/its officers/employees/agents/representatives fully harmless against the same as well as any losses/claims/prosecutions/liabilities/expenses (including attorney fees and legal costs), costs and the like suffered/incurred by the Bank as a result thereof or arising out of the instructions received by the Bank with respect to the Account over the telephone/fax/other electronic medium in general and in particular to non-payment of any cheque(s) due to stop payment instructions issued by the Customer verbally or otherwise with respect to any cheque/payment of any cheque(s) by the Bank despite stop payment instructions issued by the Customer verbally or otherwise with respect to any cheque(s).

For stop payment instruction(s) deposited in the Drop Box or communicated over Electronic Banking by the Customers, the Bank shall not be responsible or liable for non-processing or delayed processing of such stop payment instruction(s) and consequential losses, if any, and for clearance of the cheque(s) covered by such stop payment instruction(s).

## **6. 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. 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 by the Bank.

The compensation in such cases will be worked out as follows:

- a) RBS shall pay to its customers, interest on delayed credit (for foreign currency cheques) beyond the time frames mentioned above. This interest will be paid only if the delay in realization is on account of RBS. Interest shall be paid by RBS at 2% above the applicable FD rate for the period of delay beyond the time frames mentioned above.
- b) Compensation for any possible loss on account of adverse movement in foreign exchange rate.

## **7. Delayed Credit (INR Cheques)**

RBS shall pay to its individual customers, interest on delayed credit (for both local & outstation INR cheques) beyond the time frames mentioned. This compensation will be paid at the prevalent Savings Bank Account interest rate to the customer by RBS on the instrument amount, for the number of days delayed beyond the cheque collection date as per the mentioned time frames [kindly refer to the Bank's Cheque Collection Policy for further details].

The above is subject to the following:

- Timely receipt of instruments at the processing hubs (which is dependent on external agencies)
- All days considered for calculations are working days only
- Force Majeure situations
- Reasons and situations beyond control of the bank
- RBI / Clearing house delays / cases of strikes, lockout etc.

## **8. Delayed Credit into RBS account through NEFT/RTGS**

The Bank shall pay its customers, suo moto (proactive) compensation for any delay due to any reason at the Bank's end which affected the NEFT/RTGS credits. Such compensation will be paid at RBI Liquidity Adjustment Facility repo rate + 2 % calculated on the NEFT/RTGS amount, for the number of days from the date of receipt of funds by RBS till the actual date of the credit reflecting in the customer's account.

The above described compensation shall be applicable to the following types of instances:

- • NEFT/RTGS credit received by the Bank but not credited on the date of receipt of funds
- • NEFT/RTGS debit initiated from an account with us, but not relayed to the beneficiary Bank the same day (if done within the transaction time window for RTGS/NEFT)

Compensation will not be paid if there delays have occurred on account of a system error/ failure or any other issue outside the Bank's purview.

## **9. Cheques / DD Lost (INR cheques)**

RBS shall pay to its client's compensation in the event of an instrument(s) being deposited is lost by the bank. The compensation will be paid at the prevalent Savings Bank Account interest rate. The Bank will also duly compensate the client on any additional bank charges which may arise

while taking necessary steps to arrange for a duplicate subject to documentary evidence being in place.

#### **10. Remittances in India**

The compensation on account of delays in collection of instruments would be as indicated in the bank's cheque collection policy.

#### **11. 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 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 and to handle the complaint and to compensate the customer for any negligence on the part of the agent on a case to case basis.

#### **12. Force Majeure**

Notwithstanding anything to the contrary herein contained, nothing herein shall apply if the Bank is prevented from discharging any or all of its obligation herein or otherwise due to any cause arisen out of or related to failure of any computer or other electronic systems, any act of God/acts of state/ war/ riot/fire/ civil commotion/strikes/any other orders of governmental/ semi-governmental /local authority/any similar cause/for any reasons beyond the reasonable control of the Bank.

#### **13. Erroneous Debits on Account of Fraudulent or Other Transactions Excluding Debits on Account of Internet/Mobile Banking Frauds**

All such erroneous or suspect debits will be investigated by the Bank in conjunction with Government and law enforcing bodies wherever required.

Depending on outcomes of such investigations on a case to case basis,

- (i) In case of any fraud, if the Bank is convinced that an irregularity / fraud has been committed by its staff towards any constituent, the branch shall at once acknowledge its liability and pay the just claim.
- (ii) In cases where Bank is at fault, the Bank shall compensate the customer without demur.
- (iii) In cases where neither the Bank is at fault nor the customer is at fault but the fault lies elsewhere in the system, then the Bank shall compensate the customer upto 50% (not exceeding INR 5,000) of only the direct financial loss suffered by the customer. Such compensation would be paid only once in the lifetime of an account.

- The Bank reserves the right to reject claims arising as a consequence of:
  - Violation of terms and conditions for products and services offered by the Bank
  - Non adherence by the customer to various guidelines released by the Bank from time to time for ensuring safeguard of a client's account and instruments of transactions such as Debit/ATM Card, or other sensitive information etc.
- Customers must always ensure that they have updated their current contact details especially a working mobile number and email id so as to receive alerts promptly. Failure to keep such contact information with the Bank updated may result in the customer being held liable for any loss suffered as a result of misuse of ATM/Debit Cards or any other electronic channel of Bank account transactions/access.
- No compensation shall be entertained or paid for any indirect or consequential loss arising out of the suspect or fraudulent transaction in question.

#### **14. Reversal of Erroneous/Unauthorized/Fraudulent Debits Arising on Internet Banking (Vishing/Phishing/Smishing Related Transactions) and Mobile Banking**

All such erroneous or suspect debits will be investigated by the Bank in conjunction with Government and law enforcing bodies wherever required.

Depending on outcomes of such investigations on a case to case basis,

- (i) In case of any fraud, if the Bank is convinced that an irregularity / fraud has been committed by its staff towards any constituent, the branch shall at once acknowledge its liability and pay the just claim.
- (ii) In cases where Bank is at fault, the Bank shall compensate the customer without demur.
- (iii) In cases where neither the Bank is at fault nor the customer is at fault but the fault lies elsewhere in the system, then the Bank shall compensate the customer upto 50% (not exceeding INR 10,000) of only the direct financial loss suffered by the customer. Such compensation would be paid only once in the lifetime of an account.
- (iv) In cases where the Bank is not at fault, but the customer has either acted fraudulently, negligently or contributed to unauthorized access or inadvertently compromised his/her Internet Banking security details (examples are (but not limited to) Client ID or User ID, transaction/login/one time passwords, date of birth, mothers maiden name, answers to security questions, etc.) or acted without reasonable care (which includes not taking steps to protect computers from hackers or visiting unreliable websites) the case will be handled as per applicable provisions of the extant Code of Commitment to customers in compliance to Banking Codes and Standards Board of India (BCSBI).

Above statements are subject to the following very important notes:

- The Bank reserves the right to reject claims arising as a consequence of:
  - Violation of terms and conditions for products and services offered by the Bank.
  - Non adherence by the customer to various guidelines released by the Bank from time to time for ensuring safeguard of a client's account and instruments of transactions such as Debit/ATM Card, or other sensitive information etc.
- Customers must always ensure that they have updated their current contact details especially a working mobile number and email id so as to receive alerts promptly. Failure to keep such contact information with the Bank updated may result in the customer being held liable for any loss suffered as a result of misuse of Internet Banking and Mobile Banking facilities.
- No compensation shall be entertained or paid for any indirect or consequential loss arising out of the suspect or fraudulent transaction in question.

! RBS is in the process of simplification of banking operations in India. Products and services are being curtailed in a phased manner. To know more on the specific dates for curtailment of services, [click here](#)