

## Compensation Policy

### INTRODUCTION & OBJECTIVE:

At YES BANK, we are committed to our mission of building the World's Best Quality Bank in India, by providing our customers with an unparalleled "Customer experience". Service quality is of paramount importance to us. However, in the event, for some reason, beyond our control or inadvertently, we are unable to meet the service levels committed by us in our dealings with individual customers, this Compensation policy will be applicable.

The Compensation policy of the Bank is therefore designed to cover areas relating to, and such as 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 and Foreign exchange services, lending, etc. The policy is based on principles of transparency and fairness in treatment of customers.

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.

Further, the Bank shall not be liable for any loss of profits, or any indirect or consequential loss, damages or expenses incidental to the error. Acceptance of compensation under this policy shall imply a full and final settlement of all issues arising out of grievances for which compensation is claimed.

#### **UNAUTHORIZED / ERRONEOUS DEBITS:**

If the bank has raised an unauthorized/erroneous direct debit in an account, the entry will be reversed immediately by the Bank on being informed of the erroneous debit, after expeditious verification/confirmation of the error. 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. In such cases, the Bank will compensate the customer for direct financial loss, if any, from the date of the debit to the date of rectification, by way of loss of savings account interest due to 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 balance falling below minimum balance requirement or any charges levied for return of cheques due to shortfall in balance.

In case verification of the entry reported to be erroneous by the customer does not involve a third party, the Bank will endeavour 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 reasonable time period, not exceeding 30 days from the date of reporting of erroneous transaction by the customer.

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

Erroneous transaction reported by customers in respect of credit card operations which require reference to a merchant establishment will be handled as per rules laid down by card association.

**ELECTRONIC TRANSACTIONS (ECS / RTGS / NEFT/ IMPS/ DIRECT DEBITS), OTHER DEBITS:**

The Bank will undertake to carry out ECS / RTGS / NEFT/ IMPS/ direct debits/other debits or Credits instructions of customers within the stipulated time. In case of electronic transactions, efforts should be made by the Bank to put through the requests for these transactions received by them, either online or across the counters, upon receipt of the requests. In case of any delay, the same should be promptly informed to the originators/customers and the reasons for the said delay.

In the event the Bank fails to meet such ( mentioned in the header/ this section) commitments on account of any act or omission directly attributable to the Bank, the 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, for loss of savings account interest due to 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 balance falling below minimum balance requirement or any charges levied for return of cheques due to shortfall in balance, from the date of the debit / delayed credit to the date of rectification.

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. Any consequential financial loss to the customer will also be compensated.

Where it is established that the bank had issued and activated a credit card without written 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.

**PENAL INTEREST PAYABLE FOR DELAYS IN CREDIT / RETURN OF NEFT/NECS / ECS TRANSACTIONS:**

In case of any delay in crediting the beneficiaries' account, the Bank shall pay penal interest calculated at the applicable RBI LAF Repo Rate plus two per cent from the due date of credit till the date of actual credit. Further, irrespective of whether a claim is made/lodged by the Beneficiary, the Bank shall suo motto on detection of any delay in crediting the beneficiaries' account, shall pay penal interest, as indicated above.

In case, the delay or loss is owing to an error, negligence or fraud on the part of an employee of the Bank, even in such cases, the Bank shall pay penal interest, as mentioned above.

**DEBIT CARDS:**

**Limited Liability of a Customer:** Reserve Bank of India vide its circular on Customer Protection - Limiting Liability of Customer in Unauthorized Electronic Banking Transactions dated July 6, 2017 has defined the Customer' maximum liability. Detailed YES BANK policy is uploaded on YES BANK website under Regulatory Policies under the name Customer Protection Policy ([https://www.yesbank.in/pdf/customer\\_protection\\_policy\\_21nov17\\_pdf](https://www.yesbank.in/pdf/customer_protection_policy_21nov17_pdf)). The same is summarized below:

A Customer shall be liable for the loss occurring due to unauthorized transactions in the following cases:

- Where the loss is due to negligence by a Customer, such as where he has shared the payment credentials, the Customer will bear the entire loss until he reports the unauthorized transaction to the Bank.
- Where the responsibility for the unauthorized electronic banking transaction lies neither with the Bank nor with the Customer, but lies elsewhere in the system and when there is a delay (of four to seven working days after receiving the communication from the Bank) on the part of the Customer in notifying the Bank of such a transaction, the per transaction liability of the Customer shall be limited to the transaction value or the amount mentioned in Table 1, whichever is lower.

**Table 1**

Sr. No.	Type of Account	Maximum Liability
1	Basic Savings Bank Deposit Accounts	5,000
2	All other Savings Bank accounts <ul style="list-style-type: none"> <li>• Current/ Cash Credit/ Overdraft Accounts of MSMEs</li> <li>• Current Accounts/ Cash Credit/ Overdraft Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to Rs.25 lakh</li> </ul>	10,000
3	All other Current/ Cash Credit/ Overdraft Accounts	25,000

The entire liability of the unauthorized electronic banking transactions where the Customer has delayed reporting beyond Seven (7) working days shall be solely on the Customer.

Overall liability of the Customer in third party breaches where the deficiency lies neither with the Bank nor with the Customer but lies elsewhere in the system, is summarized in the Table 2:

**Table 2**

Sr. No.	Time taken to report the fraudulent transaction from the date of receiving the communication from the Bank	Customer's liability
1	Within three working days	Zero liability
2	Within four to seven working days	The transaction value or the amount mentioned in Table 1, whichever is lower
3	Beyond seven working days	Full Transaction Value (Zero liability on Bank)

The number of working days mentioned in Table 2 shall be counted as per the working schedule of the home branch of the Customer excluding the date of receiving the communication.

Transactions reported as erroneous by customers in respect of debit card operations which require specific reference to a merchant establishment will be handled as per Chargeback rules laid down by Network. The Bank will provide explanation and if necessary, documentary evidence to the customer within a maximum period of sixty days

#### **PAYMENT OF CHEQUES AFTER STOP PAYMENT INSTRUCTIONS:**

In case payment of cheque has been done 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 on Unauthorized / Erroneous Debits mentioned above. Such debits will be reversed within 2 working days of the customer intimating the transaction to the Bank, upon due verification.

#### **CHEQUE COLLECTION:**

YES BANK Ltd will take remedial steps to compensate the customer, using variety of modes like value dating the credit or payment of interest etc. 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 cheque collection policy. Interest for delayed collection, on account of delay on account of YES BANK or account of drawee bank shall be paid at the following rates:

- Savings Bank rate as applicable for balances upto INR 1 Lakh for the period of delay beyond the normal stipulated time frame of 7/10/14 working days for collection of outstation cheques.
- Where the delay is beyond 14 days, interest will be paid at the rate applicable for term deposit for the 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 were to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account. For

extraordinary delays, i.e. delays exceeding 90 days interest will be paid at the rate of 2% above the rate applicable to the loan account.

#### **PAYMENT OF INTEREST FOR DELAYED COLLECTION OF LOCAL CHEQUES:**

Interest at Saving Bank rate will be paid to the customer on the amount of the clearing instrument and for the period of the delay in case there delay in giving credit beyond the time period mentioned in the Cheque collection policy after the cheque is presented in clearing subject to the cheque being otherwise in order. The interest shall be paid without any demand from customers.

In case the delay in crediting the proceeds of the Cheque/Demand Draft/Pay order into the account of the Customer arose due to the delay on the part of the drawee bank then YES BANK will inform the customer accordingly via SMS/Email/Letter etc about the delay.

#### **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 possible assistance to the customer to obtain a duplicate instrument from the drawer of the cheque like giving a certificate regarding loss of the cheque etc.
- 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 charges incurred for making stop payment of the lost cheque by the customer with the Paying Bank will be compensated by the Bank.

- If the cheque / instrument has been lost at the paying bank's branch, the collecting banker should have a right to recover the amount reimbursed to the customer for the loss of the cheque / instrument from the paying banker.

For instruments which are lost in YES BANK clearing/transit, i.e. prior to receipt at the paying bank, the Bank will compensate the account holder 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 for delayed collection.
- In addition, Bank will pay interest on the amount of the cheque for a further period of 15 days at Savings Bank A/c interest rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
- The Bank would compensate the customer for any direct and reasonable charges the customer incurs in getting duplicate cheques/instruments, upon production of relevant documentary proof. For instruments lost at the paying bank branch, YES BANK shall assist the customer, on a best effort basis, to obtain a duplicate instrument.

#### **FOREIGN EXCHANGE SERVICES:**

The Bank would not be able to 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.

The rate of foreign currency for conversion will be the exchange rate as prevalent on the next working day of the specified foreign currency after sighting of credit in our Nostro account. The compensation in such cases will be worked out as per FEDAI guidelines.



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

- Interest for the delay in crediting proceeds as per Bank's internal policy
- Compensation for any possible loss on account of adverse movement in foreign exchange rate.

#### **REMITTANCES IN INDIA:**

The compensation on account of delays in foreign inward remittance credit received through wire transfers will be as per the FEDAI guidelines. The current FEDAI guidelines are as mentioned below:

Authorized Dealers shall compensate the beneficiary of an inward remittance by payment of interest @ 2% over the applicable Savings Bank rate of interest in case the proceeds of the inward remittance are not paid within 10 days from the date of receipt of remittance advice from abroad for remittance up to equivalent USD 5000, or an intimation not sent to the beneficiary within 3 working days (reckoning Saturday as a working day) from the date of receipt of credit advice in respect of remittances exceeding equivalent of USD 5000. Saturday may continue to be treated as working day except for transactions involving conversion at confirmed exchange rate (other than travel related transactions like issue/encashment of foreign currency travelers' cheques, foreign currency notes etc.).

#### **VIOLATION OF THE CODE BY BANK'S AGENT:**

In the event of receipt of any complaint from the customer that the Bank's agent/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 revert to the customer within 7 working days from date of receipt of such complaint and wherever justified, shall to compensate the customer for financial losses, if any.

**ISSUANCE OF DUPLICATE DEMAND DRAFT:**

- The Bank will issue duplicate demand draft in lieu of lost demand draft, on basis of adequate indemnity on stamp paper and request from the purchaser or beneficiary.
- The issuance of duplicate draft will be within a fortnight of the receipt of the necessary documents at the branch.
- For any delay caused by the Bank in issuing duplicate draft beyond the above stipulated period, the Bank will pay interest at the rate applicable for fixed deposit of corresponding maturity in order to compensate the customer for such a delay.

**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 since the "at par" instruments are only cheques drawn on accounts maintained with the bank and are not prepaid instruments, the drawee bank (YES Bank Ltd.) will not honour cheques drawn on the current accounts maintained by the other banks with it unless arrangements are made for funding the cheques issued. This has been communicated very clearly in the agreements entered into with the co-operative banks concerned. Thus, the issuing bank i.e. Cooperative Banks /Drawer of the cheque would be responsible to compensate the cheque holder for nonpayment /delayed payment of cheques in the absence of adequate funding arrangement.

**LENDERS LIABILITY: COMMITMENTS TO BORROWERS:**

The Bank has adopted the principles of lenders 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 lumpsum amount as decided by the bank.

**ATM FAILURE:**

YES Bank reimburses its customer, the amount wrongfully debited on account of failed ATM within a maximum period of 7 working days from the receipt of the complaint. For any failure to re-credit the customer's account within 7 working days from the date of receipt of the complaint, the Bank pays compensation of Rs.100/- per day to the aggrieved customer. This compensation shall be credited to the customer's account automatically without any claim from the customer, on the same day when the 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.

**FORCE MAJEURE:**

Bank shall not be liable if any transaction does not fructify or may not be completed or for any failure on part of the Bank to perform any of its obligations under if performance is prevented, hindered or delayed by a Force Majeure event (defined below) and in such case its obligations shall be suspended for so long as the Force Majeure. "Force Majeure Event" means any event due to any cause beyond the reasonable control of the Bank, including without limitations, unavailability of any communication systems, breach, or virus in the processes or payment or delivery mechanism, sabotage, fire, flood, explosion, natural disasters or other "Acts of God", war, damage to the Bank's facilities or of its correspondent Bank(s), civil commotion, strikes or industrial action of any kind, riots, insurrection, war, acts of government, computer hacking, unauthorized access to computer data and storage devices, computer crashes, malfunctioning in the computer terminal or the systems getting affected by any malicious, destructive or corrupting code or program, mechanical or technical errors/failures or power shut down, faults or failures in telecommunication etc Bank prevents it from performing its obligations within the specified service delivery parameters.