



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 etc. The policy is based on principles of transparency and fairness in the 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. 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 the 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 to an account, the entry will be reversed immediately on being informed of the erroneous debit, after expeditious verification/confirmation of the error.

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 shall arrange 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, the Bank shall, on a best effort basis, complete the verification process within a reasonable time period, not exceeding 30 working 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. Further, this provision, would not apply to recovery of legitimate bank charges by debit to the account, which is as per terms and conditions accepted by the customer and done only after the laid down process has been followed by the Bank.

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/ direct debits), other debits or delayed Credits to accounts

The Bank will undertake to carry out ECS / RTGS / NEFT/ direct debits/other debits or Credits instructions of customers in time. In case of NEFT transactions, efforts should be made by the Bank to put through the requests for NEFT transactions received by them, either online or across the counters, within two hours of the receipt of the requests. In case of any further 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 commitments on account of any act or omission directly attributable to the Bank, the customer will be compensated, 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 within 7 working days from the date when customer points out such an error, subject to scrutiny of agreed terms and conditions and such other terms and conditions as may be communicated by the Bank from time to time.



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.

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 moto 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

The Debit Card holder shall be responsible for all transactions approved on his/her debit card prior to report of the loss to the Bank as per YES BANKs Debit card terms and conditions, as amended from time to time and prevalent at the time of such event. 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 MasterCard International. The Bank will provide explanation and if necessary, documentary evidence to the customer within a maximum period of 60 days.

Payment of Cheques after Stop Payment Instructions

In case the Bank receives a stop payment instruction from the customer well in time for the Bank to give effect to such an instruction and the Bank erroneously pays out the amount on a stopped cheque/payment instruction, 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 (Unauthorized / Erroneous Debits). 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. 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 to for term deposit for the respective period.
- 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 above 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 Lost in Transit/Dishonored Cheques

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 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 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

For collection of cheques designated in foreign currencies sent to foreign countries for collection, the Bank will be liable to compensate the customer only for any undue delays caused in affording the credit once proceeds have been credited to the Nostro account of the Bank. 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.

Remittances in India

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

In the event of receipt of any complaint from the customer that the Bank's agent/representative / courier 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 upto and including Rs 5000/- 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 will not honour cheques drawn on the current accounts maintained by the concerned 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 of liability. In terms of the guidelines for lenders liability, and the Code of Bank’s Commitment to customer 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.

ATM Failure

Delay in crediting failed ATM Transactions. The Bank will investigate and convey its decision on accepting or declining the request within 7 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.

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.”