



# Compensation Policy

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## Compensation policy

This Compensation Policy (“Policy”) of National Australia Bank, Mumbai Branch (“Bank”) is 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.

The objective of this Policy is to establish a system whereby the Bank compensates its 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.

The Policy covers only compensation for financial losses which its 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 may have in defending its position before any forum duly constituted to adjudicate banker-customer disputes.

## Unauthorized / erroneous debit

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. 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 for any reasonable loss incurred.

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.

## 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, 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.

The Bank would debit the customer’s account with any applicable service charge as per the “Guide to Fees and Charges” of 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 reasonable financial loss to the customer will also be compensated.

## Payment of cheques after stop payment instructions

In case a cheque has been paid after stop payment instruction is acknowledged by the Bank and the cheque has not been presented and paid, the Bank will 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 to the customer. Such debits will be reversed within 2 working days of the customer intimating the transaction to the Bank.

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

- a) Interest for the delay in crediting proceeds as indicated in the ‘Cheque Collection Policy’ of the Bank.
- b) Compensation for any possible loss on account of adverse movement in foreign exchange rate.

## Payment of interest for delayed collection of outstation cheques

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 Bank's 'Cheque Collection Policy'. Such interest will 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:

- a) Savings Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques.
- b) 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.
- c) 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.
- d) 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, interest will be paid at the rate of 2% above the rate applicable to the loan account.

## 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 'Cheque Collection Policy'.

## Issue of duplicate draft and compensation for delays

Duplicate draft will be issued within a fortnight from the receipt of such request from the purchaser thereof only if presentation of the draft has not occurred. For delay beyond the above stipulated period, interest at the rate applicable for fixed deposit of corresponding period will be paid as compensation to the customer for such delay.

## Violation of the code by the Bank's agent

In the event of receipt of any complaint from the customer that the Bank's representative / courier or agent has engaged in any improper conduct or acted in violation of any code adopted by the Bank in relation to its commitment to its customers, which the Bank has adopted voluntarily, the Bank is committed to investigate the matter and endeavor to communicate the findings to the customer within 30 working days from the date of receipt of complaint and wherever justified, compensate the customer for any reasonable financial loss, if any, as contemplated under this Policy.

## Lenders liability: commitment to borrowers

The Bank has adopted the principles of lenders liability. In terms of the guidelines for lenders liability, the Bank would return to the borrowers all the securities/documents/title deeds to mortgaged property within 45 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 Bank, the compensation will cover out of pocket expenses for obtaining duplicate documents.

## 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, riots, terrorism, war, 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.

For more information call  
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