



Compensation Policy

1. Introduction

This Compensation policy of the Bank is a reflection of our on-going efforts to provide better service to our customers and set higher standards for performance. 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 the customer 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.

This policy document covers the following aspects:

1. Erroneous debiting of account
2. Payment of interest to customers for delayed collection of cheques/instruments
3. Payment of cheques after acknowledgement of stop payment instructions
4. Remittances within India
5. Foreign exchange services
6. Lending

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.

2. Erroneous Debit

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 such cases, the Bank will compensate the customer for direct financial loss, if any, 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. The customer should approach the bank within a maximum period of six months from the date of erroneous debit.

This is not applicable in case of credit card account, if the erroneous debit entry is identified and reversed not resulting in customer being liable to pay any interest or penal charges.

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 complete the verification process within a maximum period of one month 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 however, 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. Currently the chargeback investigation on account of chargeback disputes range between 45 to 75 days.

3. ECS direct debits/other debits to accounts

The bank undertakes 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 direct financial loss, if any, incurred by way of loss of savings account interest on account 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 or any charges levied for reason of balance falling below the minimum balance requirement or any charges levied for return of cheques due to shortfall in balance.

Electronic payments such as RTGS/EFT/NEFT instructions will be governed by the applicable terms and conditions communicated to the customer.

The bank would debit the customer's account with any applicable service charge as per the tariff schedule notified by the bank.

In the event the bank levies any charge that is not as per such tariff, upon being informed of the erroneous charge by the customer, the bank will reverse the charges after verification. In such cases, the bank shall compensate the customer for any direct financial loss by way of loss of savings account interest on account 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 or any charges levied for balance falling below minimum balance requirement or any charges levied for return of cheques due to shortfall in balance.

4. Credit Cards

Where it is established that the bank had issued a credit card without consent (written, e-mail, on phone; SMS etc) of the recipient, the bank would not only reverse the charges immediately but also pay compensation without demur to the recipient amounting to twice the value of charges reversed as per as per RBI circular RBI / 2005-06 / 211 DBOD.FSD.BC. 49/ 24.01.011/ 2005-06 dated Nov 21, 2005. Charges will include only those charges that are levied to customer even when no transactions have been done on the card and such charges have been actually recovered from the customer. –

Operation of the credit card account shall be in accordance with the ICICI Bank credit card terms and conditions. In particular, the cardholder is responsible for all the transactions approved on his/her credit card prior to report of the loss to the bank as per the ICICI Bank credit card terms and conditions as amended from time to time and prevalent at the time of such event. Also, in accordance with the ICICI Bank credit card terms and conditions, the bank reserves the right to honour, refer or decline any transaction on the credit card, at its sole discretion and without assigning any reason whatsoever. Transactions reported as erroneous by customers in respect of credit card operations, which require specific reference to a merchant establishment will be handled as per Chargeback rules laid down by VISA/MasterCard International. The bank will provide explanation and, if necessary, documentary evidence to the customer within a maximum period of 75 days.

5. 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 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.

Such debits will be reversed within 2 working days of the customer intimating the transaction to the bank. In such cases, the bank shall compensate the customer to the extent of direct financial loss, if any, by way of loss of savings account interest on account of reduction in the minimum balance applicable for payment of interest on savings bank deposit or payment of additional interest to in a loan account or any charges levied for reason of balance falling below minimum balance requirement or any charges levied for return of cheques due to shortfall in balance.

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, wherever applicable provided complete information/details for the credit is provided. The cooling period may vary for different types of transactions.

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

- Interest for the delay in crediting proceeds as indicated in the cheque collection policy of the bank.
- Compensation for any possible loss on account of adverse movement in foreign exchange buying rate of the bank as applicable for the transaction.

7. Remittances in India

The compensation on account of delays in collection of instruments would be as indicated in the bank's collection policy, which is reproduced below for information:

a. 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 30 days as per the below matrix:

Sr No	Scenario	Interest Rate
Cheque Deposit in Operative Account		
1	Delay* upto 30 days	Savings Account Interest Rate
2	Delay* beyond 30 days	Prevailing Fixed Deposit Interest Rate on the date of deposit of cheque (applicable for period of delay*. FD interest would be compensated from 1 st day of delay*)
Cheque Deposit in Loan Account		
1	Any delay* more than 29 days	Interest applicable to loan account

*Delay would be calculated from day of expiry of turnaround time indicated

Such interest shall 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. It may be noted that interest payment would be applicable only for instruments (drawn in INR) sent for collection within India where ICICI Bank has a branch or cheque is collected through correspondent bank.

b. 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 account holder so that the account holder 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 assistance to the customer to obtain a duplicate instrument from the drawer of the cheque. This will be applicable only to instruments drawn in INR payable within India.

If the Bank loses the cheque, the Bank will bear the stop payment charges on customer producing relevant document.

The compensation in such cases would be as follows:

- i. 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 above.
- ii. 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.
- iii. 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 that would charge a fee for issue of duplicate instrument.

In case the cheque drawn by customer towards his ICICI bank credit card outstanding is lost/misplaced, the bank will reverse any charges that are levied to the customer's credit card account due to delay in payment of the cheque amount to credit card account.

8. 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 prevents it from performing its obligations within the specified service delivery parameters.

9. Reversal of Erroneous debits arising on fraudulent or other transactions:

- a. In case of any fraud, if concerned business/operations group (or unit of the business/operations group such as a branch, processing centre, etc.) is convinced that an irregularity / fraud has been committed by its staff towards any constituent, the concerned business group (or unit thereof) should at once acknowledge its liability and pay just claim.
- b. In cases where concerned business/operations group (or unit thereof) is at fault, they may compensate the customer without demur.
- c. In cases where neither the business/operations group (or the unit thereof) nor the customer is at fault, but the fault lies elsewhere in the system, the concerned business/operations group (or unit thereof) should compensate the customer upto a limit of Rs. 5000.

10. Violation of the Code by banks agent:

In the event of receipt of any complaint from the customer that the bank's authorized representatives such as Direct Sales Associates (DSA), Collection Agencies etc. have engaged in any improper conduct or acted in violation of any Code adopted by the bank, the bank shall take appropriate steps to investigate and to handle the complaint and to compensate the customer for direct financial loss, if any, by way of loss of savings account interest on account 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 or any charges levied for reason of balance falling below minimum balance required or any charges levied for return of cheques due to shortfall in balance the customer would incur on account of delay in carrying out the instruction/failure to carry out the instructions.

11. Transaction of "at par instruments" of Co-operative Banks by Commercial Banks:

The Reserve Bank of India has expressed concern over the lack of transparency in the above transaction resulting in dishonour of at par instruments when the remitter has already paid for the instruments. In this connection it is clarified that the bank will not honour cheques drawn on current accounts maintained by other banks with it unless arrangements are made for funding cheques issued. Issuing bank should be responsible to compensate the cheque holder for non-payment/delayed payment of cheques in the absence of adequate funding arrangement.