



Bank of Bahrain and Kuwait B S C

BANK OF BAHRAIN AND KUWAIT BSC

POLICY ON CUSTOMER COMPENSATION

Introduction

Technological progress in payment and settlement systems and the qualitative changes in operational systems and processes have enabled to improve efficiencies in providing better service to the users of the system. It is the bank's endeavor to offer to its customers, efficient services with best possible utilization of its technology infrastructure.

This Compensation policy of the 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 receiving 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 the customer for any financial loss he/she might incur due to non-adherence of determined levels of 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 to avoid instances of customer references to Banking Ombudsman or any other Forum for redressal.

It is reiterated that the policy covers only compensation for financial losses which customers might incur due to non-adherence of determined levels 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.

1. Unauthorised / Erroneous Debit:

- 1.1 The Bank is expected to raise debits to customer's accounts against proper authority of the customer.
- 1.2 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 confirming/verifying the position.

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- 1.3 In the event such 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 to the extent of such financial loss.
 - 1.4 Further, if the customer has suffered any financial loss consequential to such debit, like return of a cheque or failure of direct debit instructions due to insufficiency of balance on account of such debit, the bank will compensate the customer to the extent of such financial losses.
 - A In case verification of the entry reported to be erroneous 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 by the customer.
 - B. In case, the verification involves a third party, the bank shall make all efforts to complete the verification process within a maximum period of one month from the date of reporting of erroneous transaction by the customer.
- 2. ECS, NEFT, RTGS, NACH, Standing Instructions, etc, other debits and credits to accounts**
- 2.1 The bank will undertake to carry out promptly direct debit and/or credit through ECS, NEFT, RTGS, NACH, Standing Instructions, etc, other debit instructions of customers in time.
 - 2.2 In the event the bank fails to meet such commitments customer will be compensated to the extent of any financial loss that the customer would incur on account of such delay or failure in carrying out the instructions.
 - 2.3 The bank, at all times, would debit the customer's account with any applicable service charge as per the schedule of charges notified by the bank.
 - 2.4 In the event the bank levies any charge in violation of the arrangement, the bank will reverse the charges when noticed by the bank, or pointed out by the customer after necessary scrutiny of agreed terms and conditions.
 - 2.5 Any consequential financial loss like interest, charges etc, to the customer will also be compensated.
- 3. Payment of Cheques after Stop Payment Instructions:**
- 3.1 In case a cheque has been paid after stop payment instruction is duly received by the bank, the bank shall reverse the transaction and give value-dated credit to protect the interest of the customer.
 - 3.2 Any consequential financial loss to the customer will be compensated as provided under para 1 above.

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3.3 Such debits will be reversed within 2 working days of the customer intimating the transaction to the bank.

4. Foreign Exchange Services:

- 4.1 No compensation can be considered to 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 the same country, from place to place. The time norms for return of instruments cleared provisionally also vary from country to country.
- 4.2 The bank will always strive to credit customer’s account when the proceeds are found to be credited to the Nostro Account of the bank with its correspondent.
- 4.3 The Bank will compensate the customer for undue delays in affording credit. Such compensation will be considered for delays beyond one week from the due date or date of credit to Nostro Account after taking into account normal cooling period applicable as under. Such compensation, when payable, would be converted at the exchange rate as applicable on the date of credit:

Currency of Instrument	Customer relationship less than 6 months old	Customer relationship above 6 months old
USD cheque payable at New York	21 calendar days from date of credit into Nostro	12 calendar days from date of credit into Nostro
All other Foreign Currency cheques.		
USD cheque payable outside New York		21 calendar days from date of credit into Nostro

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

- a) Interest for the delay in crediting proceeds as indicated in the collection policy of the bank.
- b) Compensation for any possible loss on account of adverse movement in foreign exchange rate.
- c) Compensation for delays in affording credit on foreign inward remittances will be as recommended in FEDAI Rule 4.A.3(ii)

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5. 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:

“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 mentioned above.
- 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.
- Interest for delayed collection shall be paid at the following rates: Interest has to be paid for the delayed period beyond the specified days at correspondent Term Deposit rate, subject to a maximum of minimum slab of Savings Bank a/c interest 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. It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India.

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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 collection policy. The same is extracted below for information:

“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.

The bank will compensate the account holder in respect of instruments lost in transit in

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the following way:

- a) 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 above.
- b) In addition, bank will pay interest on the amount of the cheque for a further period of 15 days at minimum slab of Savings Bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
- c) 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.
- d) In such cases, the Bank would charge collection charges once only.

6. Violation of the Code by banks agent

In the event of receipt of any complaint from the customer that the bank's 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 besides compensating the customer for financial losses, if any.

7. Return of Documents of Title

- 7.1 Security documents of title will be returned to customer within 15 working days of repayment of all dues by the borrower, including principal amount, interest, EMI, costs, service charges, and all other amounts due.
- 7.2 This is subject to there being no outstanding under any other loan / overdraft / other financial facility availed by the customer from the bank, either as borrower / guarantor / partner / director etc.
- 7.3 For any unreasonable delay on the part of the bank in returning such documents compensation will be paid to the customer at the rate of Rs100/- per week.
- 7.4 Such compensation is however not payable, if the customer has not visited the bank to collect such documents within the said 15 days, after being intimated at the last known address of the customer.

8. Force Majeure

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The bank shall not be liable to compensate customers for delays due to some unforeseen event (including but not limited to civil commotion, 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 and the Bank is prevented from performing its obligations within the specified service delivery parameters.

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