

Compensation Policy, Citibank, N.A., India

Introduction

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 acknowledgement of stop payment instructions, remittances within India, foreign exchange services, lending, issue of duplicate demand draft, ATM cash withdrawal, 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. By ensuring that the customer is compensated without having to ask for it, the Bank expects instances when the customer has to approach the 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 may have, and can exercise in valid defense of a position or in a dispute, before any forum duly constituted to adjudicate bank-customer disputes.

On receipt of a complaint from a customer alleging improper conduct or breach of the Code of Bank's Commitment to Customers¹ (which the Bank has adopted voluntarily), on the part of an agent of the Bank, the Bank is committed to investigate the matter and communicate the findings to the customer within 7 working days from the date of receipt of complaint, and wherever justified, compensate the customer for financial loss, if any, as contemplated under this Policy.

1. Unauthorized / Erroneous debit

In instances of erroneous debit to bank account, the Bank shall investigate the matter, and upon confirmation of error, the entry shall be reversed. If the result of the erroneous debit is a financial loss for the customer by way of reduction in the minimum balance applicable for payment of

interest, or the payment of additional interest to the Bank, the Bank will compensate the customer for such loss with an amount calculated at the prevailing fixed deposit interest rate on the date of debit, for the period between such erroneous debit and its reversal.

Where verification for confirmation with regard to an entry reported to be erroneous, does not involve a third party, the Bank will endeavor to complete the process within 7 working days from the date it receives an erroneous debit complaint from the customer. Where a third party is involved (other than for transactions using other bank ATMs), the Bank shall on a best-effort basis endeavor to complete the process within 30 working days from the date it receives an erroneous debit complaint from the customer.

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 the card association.

2. 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 customer will be compensated to the extent of any incidental penal / late payment charges demonstrated as incurred by the customer.

Where a service charge is inadvertently erroneously levied, the Bank will reverse the erroneous entry within 7 days of the Bank receiving communication in this regard from the customer.

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.

3. Payment of Cheques after Stop Payment Instructions

In case a cheque has been paid after stop payment instruction is acknowledged by the Bank, and there have been no subsequent and contradictory instructions received by 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. Such debits will be reversed within 2 working days of the customer intimating the transaction to the bank.

4. Reversal of Erroneous Debits arising on Fraudulent or Other Transactions

In case of any fraud, if the Bank is convinced that an irregularity / fraud has been committed by its staff towards any constituent, the Bank will at once acknowledge its liability and pay the just claim.

In cases where the Bank is at fault, we will compensate the customer without demur.

5. Foreign Exchange Services

For collection of cheques designated in foreign currencies, the Bank will compensate the customer for any undue delay in affording credit after the cheque proceeds are credited to the Nostro Account of the Bank. The compensation amount in such an instance will be arrived at as detailed in the Bank's Cheque Collection Policy², for:

- 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.

6. Remittances in India

6.1 Compensation for delay in collection of instruments is as described in the Bank's Cheque Collection Policy², and provides for:

- a) Payment of interest for delayed collection of outstation cheques, and
- b) Cheques/instruments lost in transit / in clearing process or at paying bank's branch.

6.2 NECS / ECS / NEFT - For NECS / ECS / NEFT credits, the Bank will pay penal interest at the current RBI Liquidity Adjustment Facility (LAF) Repo Rate plus two per cent from the due date of credit till the date of actual credit for any delayed credit to the beneficiaries' account

on account of error, negligence or fraud on the part of any employee of the Bank. Penal interest shall be credited to the beneficiary's account even if no claim is lodged. In the event of delay in return of the funds transfer instruction for any reason whatsoever, the Bank shall refund the amount together with interest at the current RBI LAF Repo Rate plus two per cent till the date of refund.

7. Issue of Duplicate Demand Draft

The Bank will issue duplicate demand draft, in lieu of lost draft, up to and including Rs. 5,000/- to the purchaser on the basis of adequate indemnity and without insistence on seeking non-payment advice from the drawee office. The Bank will issue duplicate demand draft to the customer within a fortnight from the date of receipt of the request. In case of delay beyond this period, the Bank will pay interest at the rate applicable for fixed deposit of corresponding maturity in order to compensate the customer. The period of fortnight prescribed would be applicable only in cases where the request for duplicate demand draft is made by the purchaser or the beneficiary and will not be applicable in the case of drafts endorsed to third parties.

8. Cash Withdrawal through ATM

On receipt of a customer complaint for erroneous debit to his / her Bank Account / Credit Card due to failed cash withdrawal through ATM, the Bank will investigate the matter and endeavour to communicate the outcome to the customer within 7 working days from the date of receipt of complaint. Where it is established that the customer was erroneously debited, the Bank will reimburse the customer, the amount erroneously debited, within 7 working days from the date of receipt of the customer complaint. For delay beyond 7 working days in crediting back the customer's account, the Bank shall pay compensation of Rs.100/-, per day, to the customer. This compensation shall be credited to the customer's account without any claim from the customer, on the day the bank affords the credit for the failed ATM transaction.

9. Return of Documents on Repayment of Loan

For mortgage loan products, the Bank will return to the customer, all the securities / documents / title deeds to the mortgaged property within 15 days of the repayment of all dues agreed to or contracted. If any right to set off is to be exercised for any other claim, the Bank will give due

notice with full particulars about the other claims and retain the securities / documents / title to the mortgaged property till the relevant claim is settled / paid. For delay on the part of the Bank in return of securities / documents / title deeds to mortgaged property beyond 15 days of repayment of all dues contracted, the Bank will pay compensation of Rs.100/- per week subject to a maximum of Rs.5000.

10. 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, 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.

¹ The Code is available at www.citibank.co.in

² The Bank's Cheque Collection Policy is available at www.citibank.co.in