Customer Compensation Policy

First Abu Dhabi Bank (FAB)
India

Review and Update: *The Customer Compensation Policy will be reviewed at least annually and revised, if necessary.*

Last review- 10th June 2025

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1. Introduction

First Abu Dhabi Bank (Mumbai) India Branch (The Bank or FAB) endeavors to offer high level of services to its customers with best possible utilization of its technology infrastructure. Taking this objective in to consideration, FAB has designed this policy 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, delays in credit or Return of NEFT/ECS/NECS transactions 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 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 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 will have in defending its position before any forum duly constituted to adjudicate banker-customer disputes.

The Bank shall not be liable for any loss of profits or any indirect or consequential loss, damages or expenses. Acceptance of compensation under this policy shall be full and final settlement of all issues arising out of grievances for which compensation is claimed

2. Unauthorised / 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 to the extent of such financial losses.

In case verification of the entry reported to be erroneous by the customer does not involve a third party, FAB will endeavor to complete the process of verification within a maximum period of 14 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. However, if the erroneous debit was resulted due to bank processing a duplicate payment in error by operations, bank operation is require to recall the fund immediately. If the verification is to be done at overseas centers which may take up to one month period to resolve, the bank's operation is responsible to absorb the loss and reverse the entry to refund the client's account immediately. Upon receiving the return fund successfully, bank operations may then offset the P&L account.

3. ECS direct debits/other debits to accounts

FAB will undertake to carry out direct debit/ ECS debit instructions of customers in a timely manner. In the event the Bank fails to meet such commitments, the customer will be compensated to the extent of any financial loss arises from the late penalty fee or interest payment for late payment, 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 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.

4. Payment of cheques after acknowledgement of 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 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.

5. Foreign Exchange Services

FAB 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. 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.

6. Payment for interest for delayed collection of outstation cheques

As part of the compensation policy of the Bank, 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 banks cheque collection policy. 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:

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.

7. 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 accountholder so that the accountholder 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 accountholder in respect of instruments lost in transit in the following way:

a) In case notification regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection 14 days interest will be paid for the period exceeding the stipulated collection period at the rates specified above.

b) In addition, the 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.

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 who would charge a fee for issue of duplicate instrument.

8. 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. 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.

9. Violation of the Code by banks agent

In the event of receipt of any complaint from the customer that the Bank's representative / courier agent 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, the Bank is committed to investigate the matter and endeavor to communicate the findings to the customer as early as practicable from the date of receipt of complaint and wherever justified, compensate the customer for financial loss, if any, as contemplated under this policy.

10. 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 dishonour of such 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. The Issuing bank would be responsible to compensate the cheque holder for non-payment/delayed payment of cheques in the absence of adequate funding arrangement.

11. Lenders liability; Commitments to borrowers

FAB 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. In the event of loss of title deeds to mortgage property at the hands of the banks the compensation will cover out of pocket expenses for obtaining duplicate documents plus compensation of Rs. 100 per week to the customer starting from the date the delay starts and running until the date it is resolved.

12. 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.

13. Delays in credit or Return of NEFT/ECS/NECS transactions

FAB undertakes to process credit/ return of NEFT / NECS / ECS transactions received from RBI within the prescribed timeline. In the event of any delay or loss on account of error, negligence or fraud on the part of an employee of the Bank in the completion of funds transfer pursuant to receipt of payment instruction by the beneficiary bank leading to delayed payment

to the beneficiary, the Bank shall pay compensation (at current RBI LAF Repo Rate plus two percent) to the beneficiary for the period of delay.

In the event of delay in return of funds transfer instruction for any reason whatsoever, the Bank shall refund the amount together with interest (at current RBI LAF Repo Rate plus two percent) till the date of refund.

Payment of penal interest shall be made to customer even if no claim is lodged by the customer to that effect.

The payment of penal interest for ECS/NECS transactions shall be as under:

- Current RBI 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

- Payment of penal interest shall be made to customer even if no claim is lodged by the customer to that effect.

14. General

The Bank shall not be liable for any loss of profits or any indirect or consequential loss, damages or expenses. Acceptance of compensation under this policy shall be full and final settlement of all issues arising out of grievances for which compensation is claimed.

15. Regulations

- Model Compensation Policy – Indian Banks' Association

- RBI Master Circular on Customer Services – July 1, 2015

- RBI Circular on 'Uniformity in penal interest payable by banks for delays in credit / return of NEFT / NECS / ECS transactions', dated September 1, 2010

- RBI Circular on 'Payment of Penal Interest for delayed credit/refunds of NEFT transactions and efficient functioning of Customer Facilitation Centres', dated January 5, 2012