



Jio Payments Bank

Customer Compensation Policy

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1. Objective

Jio Payments Bank (herein after referred as the “Bank”) has formulated the captioned Policy with the objective to establish a system to compensate the customer for any financial loss due to deficiency in service on the part of the Bank or any act of omission or commission directly attributable to the Bank. Further, the policy covers only Customer compensation for financial losses 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 Policy is designed to ensure adherence to the basic principles of transparency and integrity.

2. Scope

The scope of the Policy would be:

1. Limited Liability of a Customer
2. Erroneous debiting of account
3. Failure to execute Direct Debits / ECS debits / Standing Instructions / Service charge
4. Payment of interest to customers for delayed collection of instruments
5. Instruments lost in transit
6. Delay in affording credits and/or return of transactions
7. Violation of the Code of Conduct by the Bank’s agent
8. Force Majeure

Timelines for payment of compensation amount shall be mentioned in the Policy. Customer compensation amount shall be disbursed based on Board approved Delegation of Authority.

3. Policy

3.1 Limited Liability of a Customer

a) *Zero liability of a customer*

A customer’s entitlement to zero liability shall arise where the unauthorised transaction occurs in the following events:

- (i) Contributory fraud/ negligence/ deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer).
- (ii) Third party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, and the customer notifies the bank within **three working days** of receiving the communication from the bank regarding the unauthorised transaction.

b) *Limited Liability of a Customer*

A customer shall be liable for the loss occurring due to unauthorised transactions in the following cases:

- (i) In cases where the loss is due to negligence by a customer, such as where he has shared the payment credentials, the customer will bear the entire loss until he reports the unauthorised transaction to the bank. Any loss occurring after the reporting of the unauthorised transaction shall be borne by the bank. The bank shall however help the customer in preventing any further misuse of the account by assisting in temporarily blocking the account and changing the login credentials.
- (ii) In cases where the responsibility for the unauthorised electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and when there is a delay (of **four to seven working days** after receiving the communication from the bank) on the part of the customer in notifying the bank of such a transaction, the per transaction liability of the customer shall be limited to the transaction value or the amount mentioned in Table below, whichever is lower

Table 1: Maximum Liability of a Customer as defined under *b (ii)*

Type of Account	Maximum liability (₹)
<ul style="list-style-type: none">• Savings Account• Pre-paid Payment Instruments (PPIs)• Current Accounts of MSMEs• Current Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud) / limit up to Rs.25 lakh	10,000
<ul style="list-style-type: none">• All other Current Accounts	25,000

Further, if the delay in reporting is beyond **seven working days**, the customer shall bear the entire loss and the bank may assist the customer on a “best effort basis” to recover the loss and assist the customer in any further misuse of the account.

Overall liability of the customer in third party breaches, as detailed in paragraph a (ii) and paragraph b (ii) above, where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, is summarised in the Table below:

Table 2: Summary of Customer's Liability

Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's liability (₹)
Within 3 working days	Zero liability
Within 4 to 7 working days	The transaction value or the amount mentioned in Table 1, whichever is lower
Beyond 7 working days	Complete liability of the customer

The number of working days mentioned in Table 2 shall be counted as per the bank's set-up excluding the date of receiving the communication.

Reversal Timeline for Zero Liability/ Limited Liability of customer

- a) On being notified by the customer, the bank shall credit (shadow reversal) the amount involved in the unauthorised electronic transaction to the customer's account within 10 working days from the date of such notification by the customer (without waiting for settlement of insurance claim, if any) subject to the overall deposit limit guidelines of Payments Bank . The credit shall be value dated to be as of the date of the unauthorised transaction.
- b) Further, bank to ensure that:
 - i. the bank strives to resolve customer complaints within 30 days, however, wherever the complaint involves compensation payable to the customer, it shall be concluded within 90 days;
 - ii. where it is unable to resolve the complaint or determine the customer liability, if any, within 90 days, the compensation as prescribed in paragraphs above is paid to the customer post 90 days; and
 - iii. in case of debit card/ bank account, the customer does not suffer loss of interest.

3.2 Erroneous debiting of account

In case there's an erroneous debit posted to an account informed by the Customer, the entry shall be verified and reversed. In the event the 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, the bank shall 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 erroneous debit, the bank shall compensate the customer to the extent of such financial losses but not exceeding ₹ 5,000 (Rupees Five Thousand).

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 15 days from the date of reporting of erroneous transaction by the customer.

3.3 Failure to execute Direct Debits / ECS debits / Standing Instructions / Service charge

The bank shall undertake to carry out standing instructions / direct debit / ECS debit instructions of customers in timely manner. In the event the bank fails to meet such commitments, customers shall 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, but not exceeding ₹ 5,000 (Rupees Five Thousand).

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 shall reverse the charges when pointed out by the customer subject to scrutiny of agreed terms and conditions. Any consequential financial loss to the customer shall also be compensated up to a maximum of ₹ 5,000 (Rupees Five Thousand).

3.4 Delay in affording credits and/or return of transactions

In case of delay in crediting the beneficiary account or in returning the uncredited amount to the remitter in case of NEFT, the Bank shall compensate the customer. Under the extant guidelines, the Bank shall pay penal interest at the current RBI LAF Repo Rate plus 2% for the period of delay / till the date of refund as the case may be to the affected customers.

3.5 Violation of the Code of Conduct by the Bank's 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, the Bank will take appropriate steps to investigate and to handle the complaint and to compensate the customer for direct financial loss (if any), subject to the customer providing proper supporting document for having incurred the loss.

3.6 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.

4. Customer Responsibilities

The Bank shall not be responsible for the loss to the customers in following scenarios:

- Negligence in maintaining the Cheque book, PIN or other security information and not reporting to the bank in time and not following "Do's and Don'ts" issued by the Bank
- Customer acts fraudulently and/or acts without reasonable care which has resulted in loss to him/her
- Misuse of lost PIN, compromise of passwords or confidential information until such loss/compromise is reported to the Bank.
- Where the issues are sub-judice and pending before Courts, Ombudsman, arbitrator, Government and matter put on hold due to stay

5. Customer Compensation

The Bank shall be guided by following aspects for compensating the affected Customer:

- No claim would be considered, under any circumstance, based on qualitative aspects like reputation damages, loss of image in the society, loss of business, loss of income, etc.
- The amount of compensation is restricted to the actual financial loss of the customer arising out of the amount in the books of the Bank only and in any case, to the maximum limits prescribed for the various services given above.
- In case the Bank is liable to pay any compensation in accordance with the Policy, the same would be paid to the complainant within 7 working days from the completion of the investigation, if not stated otherwise in any of the earlier sections of the Policy.

6. Policy Review

The policy shall be reviewed annually for necessary amendments and updates, or earlier to incorporate the change in business strategy or amendments in applicable regulations impacting the policy. Any revisions in the policy shall be approved by the Board.

7. Exception Handling Process

Procedural exceptions to this Policy within regulatory framework shall be approved by the Product Head, Head of Customer Service or otherwise specifically delegated. All exceptions must be documented, with the reason for the exception, expiration or review date for the exception and, where necessary, an action plan and timetable for compliance with the Policy. Notice of exceptions granted along with documentation of approval must be circulated by the Policy owner, or a designee, who will maintain a record of all exceptions and submit to the Board of Director on a quarterly basis.

8. References

8.1 Regulatory References:

- RBI Circular “**Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions**”, published on July 6, 2017
- RBI Master Circular “**Master Circular on Customer Service in Banks**”, published by RBI every year in July.
- IBA - Model Compensation Policy
- Banking Codes and Standards Board of India

8.2 Policy Reference:

- Policy on Customer Service