Customer Compensation Policy

Introduction:

HDFC Bank offers high levels of service to its customers. In the event, for some reasons beyond the control of the Bank or inadvertently, the Bank is unable to meet the service levels committed in the dealings with individual customer, this compensation policy will be applicable. The Compensation policy is therefore, 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, 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 loss of his/her time, expenses, financial loss as well as for the harassment and mental anguish suffered by him/her due to deficiency in service on the part of the bank or any act of omission or commission directly attributable to the bank or for delay in closing/ blocking/ hot listing of lost or stolen cards and for grievances related to cards not redressed within the defined TAT. 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 in real terms for specific value 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.

HDFC Bank is a registered with the IRDAI as Composite Corporate Agent vide license no CA0010 for distribution of Insurance products. Bank is also a distributor of Mutual Fund products. Accordingly, the Customer compensation policy of the Bank shall be available for resolving issues related to the Insurance and Mutual fund products distributed by Bank.

The policy does not cover and is not applicable in respect of claims made by customers on account of opportunity losses or damages or claims pertaining to reputation loss.

1. Un-authorized / Erroneous Debit:

If the Bank has raised an unauthorized/erroneous direct debit to an account and upon being informed of the erroneous debit, the entry will be reversed with proper value date, after due verification. In such cases, the Bank will compensate the customer, 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.

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 seven 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.

2. NACH direct debits/other debits to accounts:

The Bank undertakes to carry out direct debit/ NACH debit instructions of customers in time subject to (a) Customer having already provided valid and complete mandate to accept any debit received from NACH (b) Direct debit / NACH received is complete and correct. Failure to carry out the instruction subject to clause (a) and (b) as above and for reasons directly attributable to the Bank, the customer shall be compensated at the prevailing Savings interest rate for the period between the due date of direct / NACH debit and the date of actual debit carried out by the bank. Direct / NACH debits which are towards payments of an Equated Monthly Instalment (EMI), the Bank would reimburse the customer, penal interest, late payment charges, if any levied upon producing evidence of the same. 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 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 with value when pointed out by the customer subject to scrutiny of agreed terms and conditions and such other terms and conditions as may be communicated from time to time. The regulatory guidelines issued by the relevant authority from time to time would also be adhered to.

3. Credit Cards:

Where it is established that the Bank had issued a credit card without written/ digital consent of the customer and if the card is activated by the Bank without the cardholder's consent (intent for use by cardholder shall also be considered as cardholder's consent), the Bank would reverse the charges levied by the Bank for the card variant immediately and also pay a penalty without demur to the customer amounting to twice the value of charges reversed in this regard.

Closure of Credit Card request received from Customer: Failure on the part of the card-issuers to complete the process of closure within seven working days shall result in a penalty of ₹500 per calendar day of delay payable to the customer, till the closure of the credit card provided there is no outstanding in the Credit card account.

4. Payment of Cheques after Stop Payment Instructions:

In case a cheque has been paid after stop payment instruction is received and acknowledged by the Bank, and there have been no subsequent and contradictory instructions received by the Bank, 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 after ascertaining the facts within two working days of the customer intimating the transaction to the bank.

5. Foreign Exchange Services:

The Bank would compensate the customer for delays in collection of cheques designated in foreign currencies sent to foreign countries as indicated in the Cheque Collection Policy of the bank.

6. Remittances in India:

I) The compensation on account of delays in collection of instruments would be as indicated in the bank's cheque collection policy in the following instance

- Cheques / Instruments lost in transit / in clearing process or at paying bank's branch:

II) In terms of the RBI guidelines on payment of interest for instances of delay in affording credits/return of RTGS/NEFT/NECS/ECS transactions, HDFC bank undertakes to afford the credits to destination account holders or return the instruction to the remitting bank within the prescribed timeline. In cases where it is not possible to afford the credits to the beneficiary account within the prescribed timeline without any valid reasons, customer will be compensated for the delayed period of credit at the rate of RBI LAF repo rate + 2%.

7. Erroneous Debits Arising on account of Fraudulent or Operational lapse by bank staff / System Error at the bank level/Service deficiency:

Reference: RBI/DOR/2025-26/170 DOR.MCS.REC.No.89/01-01-032/2025-26. Reserve Bank of India (Commercial Banks - Responsible Business Conduct) Directions, 2025

a) In case of a claim raised by any of the customers, the Bank shall depute staff personnel to investigate the matter in its entirety and if the bank is convinced that an irregularity /fraud has been committed by its staff towards any constituent, the Bank will acknowledge its liability and pay the just claim.
b) In cases where the Bank is at fault, the Bank will compensate the customer without demur.
c) In cases where neither the Bank nor the customer is at fault, but the fault lies elsewhere in the system, the Regional Business Manager can take a decision to reimburse the customer up to an amount of Rs 1,000/-.
d) For any claim greater than Rs 1,000/- the matter would be required to be referred to the Grievance Redressal Cell. The Cell would then after updating the Top Management take a final decision in this regard

8. Unauthorized Electronic Transactions reported by Customers

This Policy is not applicable for unauthorized electronic Banking transactions reported by customers. For all such transactions, compensation will be as per Bank's Customer Protection Policy, which is available on the bank's website.

9. Issuance of Duplicate Demand Draft

a) The Bank will issue duplicate demand draft up to and including Rs 5000/- in lieu of lost demand draft, on basis of adequate indemnity on stamp paper and request from the purchaser or beneficiary.
b) The issuance of such duplicate draft will be within a fortnight of the receipt of the necessary documents at the branch.
c) For any delay caused by the Bank in issuing duplicate draft beyond the above stipulated period, the Bank will pay interest at the rate applicable for fixed deposit of corresponding maturity in order to compensate the customer for such a delay.

10. Violation of the Code by banks agent:

In the event of receipt of any complaint from the customer that the bank's representative / courier/ DSA / Collections / 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 shall take appropriate steps to investigate and to handle the complaint and to revert to the customer within seven days from the date of receipt of complaint and wherever justified, shall compensate the customer for financial losses, if any.

11. 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 Bank's by Commercial Bank's resulting in dishonour of such instruments when the remitter has already paid for the instruments. In this connection it is clarified that since the "at par" instruments are only cheques drawn on accounts maintained with the Bank and are not prepaid instruments, the drawee Bank will not honour cheques drawn on the current accounts maintained by the concerned Bank's with it unless arrangements are made for funding the cheques issued. This has been communicated very clearly in the agreements entered with the Co-operative Bank's concerned. Thus, the issuing bank i.e., Cooperative Banks /Drawer of the cheque would be responsible to compensate the cheque holder for non-payment /delayed payment of cheques in the absence of adequate funding arrangement.

12. Delay in Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans*

Reference: Circular on RBI/2023-24/60 DoR.MCS.REC.38/01.01.001/2023-24 Responsible Lending Conduct – Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans

*Personal loans refer to loans given to individuals and consist of (a) consumer credit**, (b) education loan, (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and (d) loans given for investment in financial assets (shares, debentures, etc.).

**Consumer credit refers to the loans given to individuals, which consists of (a) loans for consumer durables, (b) credit card receivables, (c) auto loans (other than loans for commercial use), (d) personal loans secured by gold, gold jewellery, immovable property, fixed deposits (including FCNR(B)), shares and bonds, etc., (other than for business / commercial purposes), (e) personal loans to professionals (excluding loans for business purposes), and (f) loans given for other consumptions purposes (e.g., social ceremonies, etc.).

However, it excludes (a) education loans, (b) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), (c) loans given for investment in financial assets (shares, debentures, etc.), and (d) consumption loans given to farmers under KCC.

Timelines for release of movable/immovable property documents:
The original title documents should be returned to the Borrower / Co Borrower(s) within 30 working days of repayment of all dues by the customer. The dues include principal amount, interest, service charges and all other amounts due under any other financial facility availed by the Borrower / Co Borrower(s) from the Bank in capacity as individual, partner, director, or guarantor.

Due intimation for collection of property documents will be sent to the customer/property owner (Intimation by way of phone, letter, SMS, or email to any one of the Borrower(s)/ Co Borrower(s) / Property Owner(s)/Guarantor(s)) will be deemed intimation to all Borrower(s)/ Co Borrower(s) / Property Owner(s)/Guarantor(s).)

Borrower / Co Borrower(s) must visit the Bank branch / Service Branch for collecting the original title documents. In case of delay in returning the original documents on part of the Bank beyond 30 days of closure of the loan, the Bank will compensate the customer at the rate of Rs. 5000/- per day for personal loans as per RBI circular RBI/2023-24/60 DoR.MCS.REC.38/01.01.001/2023-24 issued on 13th September 2023.

In case of loss/damage to original movable/immovable property documents, either in part or in full, the Bank shall assist the borrower in obtaining duplicate/certified copies of the movable / immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated above. However, in such cases, an additional time of 30 days will be available to the Bank to complete this procedure, and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

There will be no compensation payable to the Borrower(s) / Guarantor(s)/Property owners (s) in following circumstances:

Force Majeure events

I. 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.

II. If there is delay on part of the Borrower(s) / Guarantor(s). For e.g., if any of the Borrower(s) / Guarantor(s) is not available or does not visit the branch at the committed date or time or does not have required Identity Proof to prove that he is the same person.

III. If the Borrower(s) / Guarantor(s)have changed their residential / mailing address / phone numbers and have not intimated the bank and bank is not able to contact them for collection of original title documents. (Intimation by way of phone, letter, or email to any one of the Borrower(s) / Guarantor(s) will be deemed intimation to all Borrower(s) / Guarantor(s).

IV. In case the Bank receives any complaint/claim/demand from the Borrowers/Guarantors, legal heirs, executors, successors, joint owners/holders, etc. intimating the Bank about inter se disputes and/or not to hand over the title documents or hand over the same to particular person/s, etc., Bank shall direct the parties to resolve their disputes and thereafter approach the Bank with a joint application signed by all concerned for release of such title documents or obtain necessary direction from competent authority/court. Till such time, the Bank shall not be liable to release the title documents to the Borrowers/Guarantors (as the case may be) and shall not be liable to pay any compensation to any party.

V. Documents lost/misplaced and delay beyond 60 days in recreation of documents, is on account of external factors.

VI. In case where the property is mortgaged by way of Registered Mortgage, and/or physical presence of Borrower(s)/ Co Borrower(s) / Property Owner(s)/Guarantor(s) is mandatory at SRO/ Government specified Offices for removal of charge, and the delay in removal of

charge is on account of reasons attributable to Borrower(s)/ Co Borrower(s) / Property Owner(s)/Guarantor(s)

For any claims /grievance related to compensation for delay in release of documents in Loans not covered under the RBI circular RBI/2023-24/60 DoR.MCS.REC.38/01.01.001/2023-24 issued on 13th September 2023., kindly contact your HDFC Bank branch.

13. Unsuccessful/Failed transactions:

As per RBI circular **DPSS.CO.PD.No 629/02.01.014/2019-20 on Harmonization of TAT and Customer compensation of failed transactions dated 20th September 2019 (with effect from 15th Oct 2019)**, Any failed/unsuccessful Card transaction (Credit, Debit, Pre-paid Cards) will be auto reversed within T+5 days. Further, any failed UPI/IMPS P2P transaction will be auto reversed within T+1 day and P2M transaction will be auto reversed in T+5 days. Compensation of ₹100/- per day would be paid to the customer in case of any delay beyond the mentioned reversal TAT.

For NACH Credit and APBS, the uncredited funds would be reversed by T+1 day. In case of any delay, the customer will be compensated Rs.100 per day if the delay is beyond T+1 day. For NACH Debit, where the Account is debited despite revocation of debit mandate with the bank by the customer, the resolution will be completed within T + 1 day. In case of any delay, the beneficiary would be compensated with Rs.100 per day if the delay is beyond T+1 day.

Note – T is the day of transaction and refers to the calendar day

14. ATM Failure:

As per RBI circular **on Harmonization of TAT and Customer compensation of failed transactions** mentioned in the point above, for any customer's account debited but cash not dispensed, Banks to give a pro-active reversal of failed transaction within a maximum of T + 5 calendar days. The Bank shall pay compensation of Rs.100/- per day of delay beyond T + 5 calendar days Suo moto, without waiting for a complaint or claim from the customer

15. Delay in resolution of disputes related to CIR (Credit Information Report)

As per regulatory direction, complainants will be compensated if their disputes related to CIRs (Credit Information Reports) are not addressed within 30 days by the bank and CICs (Credit Information Companies) jointly.

30 days TAT is shared between bank and CICs as 21 days and 9 days respectively. In the event where overall dispute resolution process takes more than 30 days and if the bank has consumed more than 21 days then bank will compensate Rs 100 per day of delay to the complainant. The compensation amount shall be credited to the bank account of the complainant within five working days of the resolution of the complaint.

16. Instances where loss of contents of safe deposit locker are due to bank's shortcoming

Banks shall take all steps for the safety and security of the premises in which the safe deposit vaults are housed. It has the responsibility to ensure that incidents like fire, theft/ burglary/ robbery, dacoity, building collapse do not occur in the bank's premises due to its own shortcomings, negligence and by any act of omission/commission, in instances where loss of contents of locker are due to incidents mentioned above or attributable to fraud committed by its employee(s), the banks' liability shall be for an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker.

17. Compensation for delay in settlement of claims

The Bank shall settle a claim in respect of deposit accounts of a deceased customer within a period not exceeding 15 calendar days from the date of receipt of all the required documents associated with the claim.

In case of safe deposit locker / articles in safe custody, the bank shall, within 15 calendar days of receipt of all the required documents, process the claim and communicate with the claimant(s) for fixing the date for making inventory of the locker / articles in safe custody.

If any deposit related claim is not settled within the timeframe as stipulated above, then the bank shall communicate the reasons for such delay to the claimant(s). Further, in cases of delay attributable to the bank, compensation shall be paid by the bank in the form of interest, at a rate not less than the prevailing Bank Rate + 4 percent per annum, on the settlement amount due for the period of delay. The reference date for reckoning the amount due and the prevailing Bank Rate shall be the date of receipt of all required documents from the claimant.

For claims related to safe deposit locker / articles in safe custody, the bank shall be required to pay compensation to the claimant(s) at the rate of ₹5,000 for each day of delay, in cases where it doesn't adhere to the timeline prescribed above.