

# 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 actual financial loss, if any, which customer 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 the lawful rights available to the Bank. For the sake of clarity, in no event Bank is liable for any indirect/ consequential loss.

In the event of non-receipt of compensation amount as enumerated under the Bank's compensation policy and a complaint is received from the customer in this regard, and it is proved to the satisfaction of the Bank about incurring actual/direct loss due to such delay, the Bank shall pay penalty at prorated prevailing savings rate of interest, where applicable, for the period of such delay. Such penalty will be paid in addition to the applicable compensation amount as enumerated under the compensation policy.

On receipt of a complaint from a customer alleging improper conduct or breach of the Code of Bank's Commitment to Customers<sup>1</sup> (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

**a. 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 after taking into consideration all relevant factors.**

**b. In case verification of the entry reported to be erroneous by the customer does not involve a third party, the bank will endeavor 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 or where verifications are to be done at overseas centers, the bank shall strive to complete the verification process within a maximum period of 30 working days from the date of reporting of unauthorized/erroneous transaction by the customer.**

**c. Unauthorized Erroneous transaction reported by customers in respect of debit card / credit card operations, which require reference to a merchant establishment will be handled as per rules laid down by card association**

## **2. Lenders liability; Commitments to borrowers**

The bank has adopted the principles of lenders of liability. In terms of the guidelines for lenders liability, and the Code of Bank's Commitment to customers adopted by the bank, the bank 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 and closure of the loan facility. 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 a lumpsum amount as decided by the bank.

### **3. 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 as per regulatory guidelines in this regard.

- a. 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 financial loss the customer would incur on account of delay in carrying out the instruction/failure to carry out the instructions.
- b. 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 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, 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.

### **5. 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.

## **6. 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 Policy, 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.

### **7.1 Remittances in India**

7.1.1 Compensation for delay in collection of instruments is as described in the Bank's Cheque Collection Policy, and provides for: a) Payment of interest for delayed collection of local and outstation cheques, 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.

7.1.2 For a delay in crediting RTGS/NEFT to the beneficiary beyond the timeline as per the procedural/ regulatory guidelines, the bank shall pay the customer penal interest at the current repo rate plus two percent per day. In case of a delay in the credit with the credit passed on the same day, compensation shall be paid for one day. The penal interest shall be paid to the customer even if no claim is lodged by the customer to that effect.

### **7.2 As per Citi's Cheque Collection Policy note:**

Clearing of outstation (inter-city) cheques/instruments and payment of interest for delayed collections  
The timeframe for collection of cheques/instruments drawn on outstation locations once the cheque is sent for collection is as given below (except when it is ascertained that the delay is due to force majeure scenarios like COVID delays etc)

S. No.	Drawee Location details	Timeframe for clearing
(i)	Citibank branch locations (where drawee location is a METRO location)	5 business days
(ii)	Citibank branch locations (where drawee location is a STATE CAPITAL location)	6 business days
(iii)	(iii) Citibank branch locations (where drawee location is NEITHER OF THE ABOVE TWO – “OTHERS”)	8 business days
(iv)	Locations where Citibank does not have a branch	14 business days

For the last point (iv) mentioned above, if funds, and/or the related information, have not been received by Citibank from the drawee bank so as to enable Citibank to credit the customer account with the funds within 14 business days, Citibank will inform such customers, so that they may take action against and receive due compensation from the parties other than Citibank, who are responsible for the delay. For any delay in realization of cheque beyond the applicable period of 5/6/8/14 business days, the bank will compensate the customer with interest for the delayed period on the basis of the then prevailing savings account interest rate or Rs. 10/- whichever is higher.

The bank will monthly, undertake the exercise of computing compensation and crediting the customer's bank account with the compensation amount for instances where there has been a delay as explained above.

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 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 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 was 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.

## **8. 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.

### **9. 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 endeavor to communicate the outcome to the customer within T+ 5 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 T + 5 working days from the date of receipt of the customer complaint. For delay beyond T + 5 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.

### **10. 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 and closure of the loan facility. 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.

### **11. 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 , exigencies due to COVID restrictions etc) beyond the control of the Bank prevents it from performing its obligations within the specified service delivery parameters.

## **12. Violation of the Code by banks agent**

In the event of receipt of any complaint from the customer that the bank's representative / courier or DSA 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 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.

## **13. Wealth Management Products**

Bank is a corporate Agent and distributor of Insurance and Mutual Fund products respectively. For any deficiencies in services bank will assist customers to raise their grievances with the tie-up partners.

For any deficiencies in services at bank level raised by customer, the issue will be examined by the bank and if the lapse on the part of the bank is confirmed (mis-selling) customer will be compensated as per the provisions of this policy.

#### **14. Compensation for delayed payment delayed credit of foreign inward remittance**

Authorized Dealers shall pay or send intimation, as the case may be, to the beneficiary in two working days from the date of receipt of credit advice / Nostro statement. On receipt of disposal instruction complying with guidelines, required documents from the beneficiary the Bank shall transfer funds for the credit of beneficiary's account immediately but not exceeding two business days from date of such receipt.

In case of delay, the bank shall pay the beneficiary interest @ 2 % over its savings bank interest rate. The bank shall also pay compensation for adverse movement of exchange rate, if any, as per its compensation policy specifying the reference rate and date applicable for calculating such exchange loss.

In case, the beneficiary does not respond within five working days from receipt of credit intimation as above, the bank shall initiate action to crystallize the remittance

- a. Bank notify due action to the remitting bank and the beneficiary
- b. Bank shall crystallize the remittance within certain period as per their policy, not exceeding the time allow not exceeding the time allowed for surrendering of foreign currency under any Stature or Regulation or RBI Directions.

#### **15. Harmonization of TAT**

RBI Circular on Harmonization of Turn Around Time(TAT) and Customer compensation for failed transactions using authorized Payment Systems provides the timelines for resolution of failed transactions where the Account or Credit Card has been debited/charged along with the penalty to be paid in case of delays. This covers transactions on ATMs, Card to Card transfers, Point of sale and Payment Gateway transactions, IMPS, UPI and NACH related transactions. The bank is in adherence to the circular and the compensation policy is being appended to be in line with the timelines and penalties as mentioned in the table below

**Harmonization of Turn Around Time (TAT) and customer compensation for failed transactions using authorized Payment Systems**

Sl. no.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
I	II	III	IV
<b>1</b>	<b>Automated Teller Machines (ATMs) including Micro-ATMs</b>		
A	Customer's account debited but cash not dispensed.	Pro-active reversal (R) of failed transaction within a maximum of T + 5 days.	₹ 100/- per day of delay beyond T + 5 days, to the credit of the account holder.
<b>2</b>	<b>Immediate Payment System (IMPS)</b>		
A	Account debited but the beneficiary account is not credited.	If unable to credit to beneficiary account, auto reversal (R) by the Beneficiary bank latest on T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
<b>3</b>	<b>Unified Payments Interface (UPI)</b>		
A	Account debited but the beneficiary account is not credited (transfer of funds).	If unable to credit the beneficiary account, auto reversal (R) by the Beneficiary bank latest on T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
B	Account debited but transaction confirmation not received at merchant location (payment to merchant).	Auto-reversal within T + 5 days.	₹100/- per day if delay is beyond T + 5 days.
B	Account debited but beneficiary account not credited.		
<b>4</b>	<b>Aadhaar Payment Bridge System (APBS)</b>		
A	Delay in crediting beneficiary's account.	Beneficiary bank to reverse the transaction within T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
<b>5</b>	<b>National Automated Clearing House (NACH)</b>		
A	Delay in crediting beneficiary's account or reversal of amount.	Beneficiary bank to reverse the uncredited transaction within T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
B	Account debited despite revocation of debit mandate with the bank by the customer.	Customer's bank will be responsible for such debit. Resolution to be completed within T + 1 day.	

## 16. Removal of earmarking for ASBA transactions

Bank is guided by SEBI Circular dated March 16, 2021 on “Streamlining the Process of IPOs with UPI in ASBA and Redressal of investor grievances”.

In order to provide an efficient redressal mechanism for complaints from investors pertaining to Block/Unblock of funds, to protect the interests of investors and to avoid any opportunity loss, the compensation structure as prescribed in the above circular shall be applicable. Bank in its capacity as SCSB shall compensate the investor, immediately on the date of receipt of complaint from the investor.

Scenario	Compensation Amount	Compensation Period
Delayed unblock for cancelled/withdrawn/deleted applications	Rs.100/- per day or 15% per annum of the <b>application amount</b> , whichever is higher.	Date on which the request for cancellation/withdrawal/deletion is placed in Stock Exchanges Bidding Platform – Till the date of actual unblock
Blocking of multiple amounts for the same UPI Application	1. Instantly revoke the blocked funds other than the original application amount and 2. Rs.100/- per day or 15% per annum of the <b>total cumulative blocked amount except the original application amount</b> , whichever is higher.	Date on which multiple amounts were blocked – Till the date of actual unblock.
Blocking more amount than the application amount	1. Instantly revoke the <b>difference amount (Blocked Amount – Application Amount)</b> and 2. Rs.100/- per day or 15% per annum of the <b>difference amount</b> , whichever is higher	Date on which the funds to the excess of application amount were blocked – Till the date of actual unblock
Delayed unblock for non-allotted/partially-allotted applications.	Rs.100/- per day or 15% per annum of the <b>application amount</b> , whichever is higher.	Since BOA+1 – Till the date of actual unblock.

## **17. Limiting Liability of Customers in Unauthorized Electronic Banking Transactions**

Customers' are encouraged to promptly report any fraudulent usage of their cards, such that the card is blocked for further usage. This can be done using Bank's service channels like Bank's website, CitiPhones or by notifying any of the bank branches. Customers should actively update their mobile numbers at all times with the bank. Customer's liability for fraudulent transactions which have not been authorized using secured credentials like PIN or OTP; or where the Bank is unable to evidence usage of customer's secured credentials, the customer's liability would be limited as detailed in our "Policy on Customers' Liability for Unauthorised Card Transactions" updated on our website.