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Level 3

Compensation Policy



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1. Introduction

Deutsche Bank AG (“Bank”) offers financial services globally. The Bank competes to be the leading global provider of financial solutions for demanding customers.

This policy has been formulated on the basis of RBI Master Circular no. RBI/2015-16/59 DBR No.Leg.BC. 21/09.07.006/2015-16 and IBA Model Compensation Policy.

This policy covers:

- 2.1 Unauthorized / Erroneous debiting of account
- 2.2 Delay in providing credit to the account
- 2.3 Payment of Cheques after acknowledgement of stop payment instructions
- 2.4 Reversal of Erroneous Debits arising on fraudulent or other transactions
- 2.5 Delay in collection of instruments within India
- 2.6 Delay in Collection of Overseas Cheques
- 2.7 Handling of instruments lost in transit
- 2.8 Delay in issuance of Duplicate Draft
- 2.9 Delay in credit / return of NEFT / NECS / ECS / Remittances / Standing Instruction transactions
- 2.10 Violation of the Code by Bank’s agent
- 2.11 Delay in reimbursement of failed ATM transaction
- 2.12 Delay in credit of failed POS Transaction
- 2.13 Delay in credit of failed Direct Debit Transaction
- 2.14 Delay in Investment related Transaction
- 2.15 Delay in returning securities / documents / title deeds to mortgaged property beyond 15 days of the repayment of all dues agreed to or contracted



2. General Guidelines

2.1 Unauthorized / Erroneous debiting of account

- If the Bank has affected an unauthorized/erroneous debit to an account, the entry will be reversed with value date by the Bank immediately on being informed of the erroneous debit, after verifying the position. The Bank should inform the customer about this incident in writing to the Customer if the erroneous debit is identified by the Bank first.
- In the event the erroneous debit / charge has resulted loss of interest for the customer, the Bank will pay to the customer 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 average quarterly balance requirement or any charges levied for return of cheques or failure of direct debit instructions due to insufficiency of balance in the account.
- The Bank shall pay compensation at the existing savings bank interest rate from the date of actual transaction date till the date of refund to the affected customers.
- 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 endeavour, on a best efforts' basis, to complete the verification process within a maximum period of one month from the date of reporting of erroneous transaction by the customer.
- In case of any fraud, if the Bank is convinced that an irregularity / fraud has been committed by its staff towards any constituent or where the Bank is at fault, it shall compensate the customer without demur.
- The Bank reserves its right to debit the customer's account for reversing the amounts in case a wrong credit is posted to a customer's account without payment of any compensation. The Bank shall inform the customer about this incident in writing.
- Erroneous transaction reported by customers in respect of debit card operations which require reference to a merchant establishment will be handled as per rules laid down by card association.

2.2 Delay in providing credit in the account

- In case there is a delay by the Bank in crediting the customer's account (savings or current), then Bank shall pay compensation at the existing savings Bank interest rate from the date of actual transaction date till the date of refund.



- If a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

2.3 Payment of Cheques after acknowledgement of stop payment instructions

- In case a cheque has been paid after stop payment instruction is confirmed by the Bank, 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.
- The Bank will pay to the customer the loss of savings account interest on account of reduction in the average quarterly 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 reason of balance falling below the average quarterly balance requirement or any charges levied for return of cheques or failure of debit instructions due to shortfall in balance in customer's account.
- The Bank shall pay compensation at the existing savings Bank interest rate from the date of actual transaction date till the date of refund to the affected customers.

2.3 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 of its customer, the Bank will at once acknowledge its liability and pay the just claim.

In cases where Bank is at fault, the Bank will compensate the customer without demur. The Bank shall inform the customer about this incident in writing and action taken on the same.

2.4 Delay in collection of instruments within India

- Local and Outstation cheque collection timelines have been mentioned in Deutsche Bank's Cheque Collection Policy and the same need to be adhered to. For compensation payable for breach of complying with the Bank's Cheque Collection Policy, the said policy needs to be referred to.
- There will 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 except for reasons which are beyond the control of the Bank.
- Interest payments would be applicable only for instruments (drawn in INR) sent for collection within India.



2.5 Delay in Collection of Overseas Cheques

- The Bank 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.
- Bank would consider at its sole discretion, extending upfront credit against such instrument by purchasing the cheque / instrument, provided the conduct of the account by the customer has been satisfactory in the past.
- If there are undue delays in affording credit once proceeds are credited to the Nostro Account of the Bank with its correspondent with full particulars after the cooling period or TAT as mentioned in the Bank's Cheque Collection Policy, Bank will compensate the customer.
- The compensation in such cases will be restricted to the extent of eligible Savings Bank Interest Rate which shall be calculated for the period after taking into account the normal cooling period stipulated * (*Cooling period is the actual time of waiting by the collecting bank for confirming the definite clearance of cheque presented to drawee bank. The collecting bank releases the amount lying in its Nostro Account to its customer's account only after completion of Cooling Period). For more information, please refer to Bank's Cheque Collection Policy.
- The date on which our Nostro Account was credited, the bank's foreign exchange rate on that day will be considered for calculation of interest irrespective of the rate prevailing on the date of claim / calculation / settlement.
- Compensation will be given for delays beyond 7 working days from the date of credit to Nostro Account after taking into account the normal cooling period stipulated. (Cooling period is international working days from the value date of credit in our Nostro Account with the Correspondent Bank). The compensation in such cases will be worked out as follows:
 - (a) Interest for the delay in crediting proceeds as indicated in the Deutsche Bank Cheque Collection policy.
 - (b) Compensation for any possible loss on account of adverse movement in foreign exchange rate.

2.6 Handling of instruments lost in transit

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 dishonored due to non-credit



of the amount of the lost cheques / instruments. The onus of such loss lies with the collecting banker and not with the account holder. The Bank would provide all reasonable assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

In line with the compensation policy of the Bank, it will pay to the account holder in respect of instruments lost in transit in the following way:

- In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (as mentioned in the db Cheque Collection Policy) interest will be paid for the period exceeding the stipulated collection period at the rates specified in the above stated policy.
- The Bank would compensate the account holder for any direct and reasonable charges the customer incurs in getting duplicate cheques / instruments, upon production of relevant documentary proof, in the event the instrument is to be obtained from a bank / institution who would charge a fee for issue of duplicate instrument.
- In addition, Bank would pay interest at the Saving Account rate to provide for the delay in obtaining duplicate cheque and collection thereof, upto a maximum of 15 days.
- If the cheque / instrument has been lost at the paying bank's branch, the collecting banker should have a right to recover the amount reimbursed to the customer for the loss of the cheque / instrument from the paying banker.

2.7 Delay in issuance of Duplicate Draft

- Bank will ensure issuance of duplicate draft within 15 (working days) from the receipt of such request from the purchaser or the beneficiary and would not be applicable in the case of draft endorsed to third parties.
- In the event of delay from bank's side, beyond the above- mentioned stipulated period, the Bank will compensate the customer interest at the rate applicable for fixed deposit of corresponding period.

2.8 Delay in credit / return of NEFT / NECS / ECS / Remittances / Standing Instruction transactions

Role of NEFT (Manual / through Online Banking) - Destination Bank

- In the event of any delay or loss on account of error, negligence, or fraud on the part of an employee of the destination bank (Deutsche Bank) in the completion of funds transfer pursuant to receipt of credit instructions to the beneficiary's account or in returning the uncredited amount to the remitter in case of NEFT, the Bank shall pay compensation at the current RBI LAF Repo Rate* plus two per cent for the period of delay till the date of refund as the case may be to the affected customers.



NECS / ECS - Credit

- The Bank will pay penal interest at the 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.
- Penal interest shall be credited to the Beneficiary's Account even if no claim is lodged by the customer.

ECS-Debit / Direct Debits / Remittance / Standing Instructions / National Automated Clearing House (NACH)

The Bank undertakes to carry out ECS Debit / Direct Debits / Standing Instructions / National Automated Clearing House (NACH) of customers in a timely manner subject to the following:

- Customer having already provided valid and complete mandate to accept any debit received through ECS
- Customer having already submitted a mandate for standing instructions
- Direct Debit / ECS received is complete and correct
- Customer has sufficient balance in the account at the time of executing Direct Debits / Standing Instructions / ECS Debit

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.

In the event the Bank fails to meet such commitment as a result of negligence on the part of its staff, customer will be paid the 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 to the Bank in a loan account or any charges levied for reason of balance falling below the average quarterly balance requirement or any charges levied for return of cheques or failure of debit instructions due to shortfall in balance in customer's account.

The Bank shall pay compensation at the existing savings bank interest rate from the date of actual transaction date till the date of refund to the affected customers.

Electronic payments such as RTGS / NEFT instructions will be governed by the applicable terms and conditions communicated to the customer.

Funds transfer using NEFT/RTGS

In case of delay by the Bank due to its own fault in crediting the beneficiary customer's account or in returning the uncredited amount to the remitter in case of NEFT/RTGS, the Bank would compensate the customer. Under the extant



guidelines, the Bank would pay penal interest at the current RBI LAF Repo Rate plus two percent for the period of delay / till the date of refund as the case may be to the affected customers' suo moto, without waiting for claim from customers.

Inward Remittance

In case where Bank is at fault or is found to be responsible for the delay in credit of Remittance beyond the time period mentioned in the Bank's Cheque Collection Policy, the Bank will at once acknowledge its liability and will pay the compensation at the current RBI LAF Repo Rate* plus two per cent for the period of delay till the date of refund as the case may be to the affected customers.

- * *Current RBI LAF Repo Rate is the rate applicable on the date on which the transaction has been done by the customer*

2.9 Violation of the Code by bank's 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 endeavour 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. After investigation of the complaint in case there is any violation of code by bank's agent, the Bank will compensate only the direct financial loss incurred by the customer.

2.10 Delay in reimbursement of failed ATM transaction

- The time limit for resolution of customer complaints by the issuing bank is T+ 5 calendar days from the date of receipt of customer complaint. In case of failure to credit the customer's account within T+ 5 calendar days of receipt of the complaint, the Bank shall compensate the customer @ Rs. 100/- per day. This will also be applicable for cases of delay in redressal of grievance, delay in closing or blocking of lost or stolen cards, etc.
- All disputes regarding ATM failed transactions shall be settled by the issuing bank and the acquiring bank through the ATM system provider **only**. No bilateral settlement arrangement outside the dispute resolution mechanism available with the system provider is permissible.
- Saturdays/Sundays and public holidays declared under Negotiable Instruments Act will be excluded in arriving at T+ 5 calendar days.
- This will exclude any Fraud related disputes for which insurance has been claimed.



2.11 Delay in credit of failed POS Transaction

- POS Transactions are guided by VISA for the Bank. The time limit for resolution of complaints will be as per VISA guidelines.
- In case of failure to credit the customer's account within the stated resolution TAT as given by VISA, the Bank shall pay compensation at the Rs. 100 per day for the period of delay (over and above the resolution TAT) till the date of refund as the case may be to the affected customers.
- This will exclude delays by Merchant Acquiring Bank in terms of incorrect document presentment or delay in remitting funds to us on account of disputed transactions.
- This will exclude any Fraud related disputes for which insurance has been claimed.

This is reference to RBI circular : RBI/2019-20/67, DPSS.CO.PD No.629/02.01.014/2019-20 dated September 20, 2019 with subject: Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorised Payment Systems.

This document also covers the framework on Turn around Time (TAT) for resolution of customer complaints and compensation framework across all authorized payment systems.

- There are two type of Domestic transactions i.e. failed and successful. For failed transaction we process credit to the customer as mentioned:
 - a) ATM : Transaction date + 5 Calendar days
 - b) POS : Transaction date + 5 Calendar days
 - c) Clarification from Visa for POS transaction
 - d) As per Visa for the successful POS transaction the merchant gets confirmation in real time & all such transactions are treated as successful transactions & not a failed transactions
 - e) Therefore if merchant is not getting paid by acquiring bank is not an Issuer bank issue/problem. In case of this situation arises, this will fall under "Chargeback" TAT.
 - f) Chargeback cases are not part of this Harmonisation circular. This circular is only applicable for "Failed" transactions
 - g) Below process is for cases which are having status as successful in our system and later on customer is disputing the same. In such cases chargeback process will be followed.
 - h) As a part of the chargeback process, bank will receive funds once chargeback is raised. Bank will process credit to the customer account in case representment not received or once (chargeback / pre-arbitration) TAT gets over.

2.12 Delay in credit of failed Direct Debit Transaction

- Direct Debit Transactions take place through payment gateway.
- In case of failure to credit the customer's account after receiving funds from the merchant, the Bank shall pay compensation at the existing savings bank interest rate for the period of delay (from the date funds have been received



from the merchant till the date of refund) as the case may be to the affected customers.

- This will exclude any Fraud related disputes for which insurance has been claimed.

2.13 Delay in Investment related Transaction

- The Bank acts as a distributor for mutual fund products and as a referrer for non mutual fund products such as bond, stocks, PMS, Private Equity, Real estate funds etc.
- In case of delay or failure of processing any mutual fund transaction, wherein the Bank is at fault and if the customer complains, the Bank shall compensate the customer for the actual loss to the customer due to the market movement. The Bank shall pay compensation on the difference in NAV value lost by the customer and for the number of days for which the transaction was delayed.
- In case of non mutual fund products, the Bank is not liable to pay any compensation, as these products are executed, managed, and serviced entirely and only by the third party service providers (brokerage or Asset Management Company). The Bank acts merely as a referrer for non mutual fund products and its role is limited to introducing the customer and the service provider to each other, if the customer is interested in the same. It may, however, provide administrative support in documentation or some information dissemination on best effort basis to help the customer or the service provider, without any commitment or liability of doing so to either parties.

2.14 Delay in returning securities / documents / title deeds to mortgaged property beyond 15 days of the repayment of all dues agreed to or contracted

- In the event, where the Bank is not in a position to return to the customer (borrower), all the securities / documents / title deeds to mortgaged property within a period of 15 working days of repayment of all dues agreed to or contracted, the Bank shall compensate the customer Rs.100 per instance for delays up to 30 working days and Rs.250 per instance for delays beyond 30 working days.
- In case the title deeds of the property (mortgaged as collateral security with the Bank) are not traceable or misplaced by the Bank, the Bank shall make all efforts to procure duplicate documents or certified copies (from sub-registrar) of such documents. The cost incurred for procuring such documents will be borne by the Bank.

2.15 Mis-selling of third party products

In the event of Bank receiving any complaint from the customer regarding mis-selling of the third-party products by the Bank, or about having engaged in any improper conduct or about having acted in violation of any Code adopted by the



Bank, the Bank shall take appropriate steps to investigate and to handle the complaint. In case lapses by the Bank employees are established beyond doubt, the Bank will compensate the customer suitably, based on the facts and circumstances of each case.

2.16 Customer Protection - Limiting Liability of Customers in Unauthorised Electronic Banking Transactions

Please refer to the policy note on "Customer Protection - Limiting Liability of Customers in Unauthorised Electronic Banking Transactions". In case of Prepaid Instruments, the same will be referred to the issuing Bank for appropriate action.

2.17 Harmonisation of Turnaround Time (TAT) and customer compensation for failed transactions using authorised Payment Systems.

In line with the RBI circular on Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorized Payment Systems (RBI/2019- 20/67) and keeping in mind the large number of customer complaints emanating on account of unsuccessful or 'failed' transactions, the Policy takes note of the following compensation framework that will be affected 'Suo moto' for the following authorised Payment Systems:

| Sl. no. | Description of the incident | Framework for auto-reversal and compensation | |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| | | Timeline for auto-reversal | Compensation payable |
| I | II | III | IV |
| 1 | Automated Teller Machines (ATMs) including Micro-ATMs | | |
| 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. |
| 2 | Card Transaction | | |
| a | <u>Point of Sale (PoS) (Card Present) including Cash at PoS</u> Account debited but confirmation not received at merchant location i.e., charge-slip not generated. | Auto-reversal within T + 5 days. | ₹ 100/- per day of delay beyond T + 5 days. |
| b | <u>Card Not Present (CNP) (e-commerce)</u> Account debited but confirmation not received at merchant's system. | | |
| 3 | Unified Payments Interface (UPI) | | |



| | | | |
|----------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| 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. |
| 4 | National Automated Clearing House (NACH) | | |
| 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. | |
| 5 | Aadhaar Payment Bridge System (APBS) | | |
| 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. |

2.18. Safe Deposit Locker / Safe Custody Article-

The Bank shall exercise all such normal precautions for safety and security of the premises in which the locker(s) are placed. The Bank shall ensure that due to the Bank's negligence incidents like fire, theft/ burglary/ robbery, dacoity, building collapse do not occur in the premises. In case, it is found and proved that due to Bank's negligence, the Customer/s has incurred loss of contents of the locker due to incidents mentioned above or attributable to fraud committed by Bank's employee(s), the Bank in its capacity as the provider of the locker shall be liable to pay to the Customer/s an amount equivalent to one hundred times the prevailing annual hire charges of the safe deposit locker.

3. Force Majeure

The Bank shall not be liable to compensate customers for delayed credit or any other grievances, complaints or claims, pertaining to delay in its services to the customer, due to circumstances beyond its reasonable control, i.e. if some unforeseen event (including but not limited to civil commotions, sabotages, lockouts, strikes or other labour disturbances, accidents, floods, riots, earthquakes,



explosions, 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.) or any reasons beyond the control of the Bank prevents it from performing its obligations within the specified service delivery parameters.

4. Acceptance

Acceptance of the compensation under this policy shall be deemed to be full and final settlement of all claims or issues arising out of grievances for which compensation is claimed.

Circular Reference

| Sr. No. | Circular Date | Circular No. | Subject |
|---------|---------------|----------------------------------------------------------|----------------------------------------|
| 1. | - | IBA | Model Compensation Policy |
| 2. | July 1, 2015 | RBI/2015-16/59 DBR No.Leg.BC. 21/09.07.006/2015-16 | Master Circular on Customer Service |