

Model policy on collection of dues & repossession of security

1. Introduction:

The debt collection policy of the bank is built around dignity and respect to customers. Bank will not follow policies that are unduly coercive in collection of dues. The policy is built on courtesy, fair treatment and persuasion. The bank believes in following fair practices with regard to collection of dues and repossession of security and thereby fostering customer confidence and long-term relationship.

The repayment schedule for any loan sanctioned by the bank will be fixed taking into account paying capacity and cash flow pattern of the borrower. The bank will explain to the customer upfront the method of calculation of interest and how the Equated Monthly Installments (EMI) or payments through any other mode of repayment will be appropriated against interest and principal due from the customers. The bank would expect the customers to adhere to the repayment schedule agreed to and approach the bank for assistance and guidance in case of genuine difficulty in meeting repayment obligations.

Bank's Security Repossession Policy aims at recovery of dues in the event of default and is not aimed at whimsical deprivation of the property. The policy recognizes fairness and transparency in repossession, valuation and realization of security. All the practices adopted by the bank for follow up and recovery of dues and repossession of security will be in consonance with the law.

2. General Guidelines:

All the members of the staff or any person authorized to represent our bank in collection or/and security repossession would follow the guidelines set out below:

1. The customer would be contacted ordinarily at the place of his/her choice and in the absence of any specified place, at the place of his/her residence and if unavailable at his/her residence, at the place of business/occupation.

2. Identity and authority of persons authorized to represent bank for follow up and recovery of dues would be made known to the borrowers at the first instance. The bank staff or any person authorized to represent the bank in collection of dues or/and security repossession will identify himself / herself and display the authority letter issued by the bank upon request.
3. The bank would respect privacy of its borrowers.
4. The bank is committed to ensure that all written and verbal communication with its borrowers will be in simple business language and bank will adopt civil manners for interaction with borrowers.
5. Normally the bank's representatives will contact the borrower between 0800 hrs and 1900 hrs, unless the special circumstance of his/her business or occupation requires the bank to contact at a different time.
6. Borrower's requests to avoid calls at a particular time or at a particular place would be honored as far as possible.
7. The bank will document the efforts made for the recovery of dues and the copies of communication set to customers, if any, will be kept on record.
8. Time and number of calls and contents of conversation would be documented wherever applicable.
9. All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
10. Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.
11. The Bank shall strictly ensure that they or their agents do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower.
12. We will investigate any complaint from you about unfair practices of our recovery agents.

3. Giving notice to borrowers

While written communications, telephonic reminders (as applicable) or visits by the bank's representatives to the borrowers place or residence will be used as loan follow up measures, the bank will not initiate any legal or other recovery measures including repossession of the security without giving due notice in writing. Bank will follow all such procedures as required under law for recovery/repossession of security.

4. Repossession of Security

Repossession of security is aimed at recovery of dues and not to deprive the borrower of the property. The recovery process through repossession of security will involve repossession, valuation of security and realization of security through appropriate means. All these would be carried out in a fair and transparent manner. Repossession will be done only after issuing the notice as detailed above. Due process of law will be followed while taking repossession of the property. The bank will take all reasonable care for ensuring the safety and security of the property after taking custody, in the ordinary course of the business.

5. Valuation and Sale of Property

Valuation and sale of property repossessed by the bank will be carried out as per law and in a fair and transparent manner. The bank will have right to recover from the borrower the balance due if any, after sale of property. Excess amount if any, obtained on sale of property will be returned to the borrower after meeting all the related expenses provided the bank is not having any other claims against the customer.

6. Opportunity for the borrower to take back the security

As indicated earlier in the policy document, the bank will resort to repossession of security only for the purpose of realization of its dues as the last resort and not with intention of depriving the borrower of the property. Accordingly the bank will be willing to consider handing over possession of property to the borrower any time after repossession and before concluding sale transaction of the property, provided the bank dues are cleared in full. If satisfied with the genuineness of borrower's inability to pay the loan installments as per the schedule which resulted in the repossession of security, the bank may consider handing over the property after receiving the installments in arrears. However, this would be subject to the bank being convinced of the arrangements made by the borrower to ensure timely repayment of remaining installments in future.

7. Engagement of recovery agency

The Bank may use the services of recovery agencies for collection of dues and repossession of securities. Recovery agencies will be appointed as per regulatory guidelines issued in this regard.

1. The details of Recovery Agencies engaged by bank will be placed on the Bank's website for information.
2. The Recovery Agents appointed by the Bank would be trained in accordance with Indian Institute of Banking and Finance (IIBF) certification course.
3. Employees of the recovery agencies will be issued ID cards authorizing them to collect dues from the Bank's customers.
4. In case the Bank engages service of such collection agencies for any recovery case, the intimation of the same will be done to the borrower.

5. The recovery agents engaged by the Bank will be required to follow a code of conduct governing their dealings with customers.
