Customer Compensation Policy

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BANK OF CHINA LIMITED INDIA BRANCH

CORPORATE AND INSTITUTIONAL BANKING DEPARTMENT

Approval Note

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Customer Compensation Policy

1. Introduction

Bank of China ('Bank of China' or 'the bank') will be operating as a foreign bank for extending corporate banking facilities to its customer base in India.

The policy at the holistic level is an embodiment of the Bank's approach to meet the service levels committed in its dealings with individual customer through appropriate level of transparency and fairness.

As on date, the following regulations are applicable to the policy:

Sr. No	Regulator	Date	Reference	Subject
1.	RBI	01 July, 2015	RBI/2015-16/59 DBR No.Leg.BC.21/09.07.006/2015-16	Master Circular on Custome Service in Banks
2.	RBI	01 July, 2013	RBI/2013-14/69 DBOD No.Leg.BC. 22 /09.07.006/2013-14	Master Circular on Custome Service in Banks
3	RBI	01 July, 2013	RBI/2013-14/60 DBOD.No.FSD.BC. 4/24.01.011/2013-14	Master Circular on Credit Card, Debit Card and Rupee Denominated Cobranded Prepaid Card operations of banks
4.	Indian Banking Association	-	Model Policy on Collection of Cheques/ Instruments	Model Compensation Policy
5.	RBI	13 August, 2025	RBI/2025-26/73 CO.DPSS.RLPD.No.S536/04-07-001/2025-2026	Introduction of Continuous Clearing and Settlement on Realisation in Cheque Truncation System

2. Objective

The basic objectives of the customer compensation 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.

The Compensation policy is therefore, designed to cover areas relating to unauthorized/ erroneous debiting of account with BOC, 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.

3. Unauthorized / Erroneous debit

- 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 expeditious verification/ confirmation of the error.

- In the event the unauthorized/erroneous debit has resulted in a financial loss to the customer by way of reduction in the minimum balance applicable for payment of interest on respective deposit account or payment of additional interest to the bank in a loan account, the bank will compensate the customer for any actual interest loss incurred by the customer.

- 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 30 days from the date of reporting of erroneous transaction by the customer.

- In the event the third party does not for any reason reciprocate or delays are caused beyond all efforts put in by the bank, then such delay shall be excluded from the period of 30 days stated above and the bank may approach the customer for any assistance that is required to resolve the same.

4. Electronic Transactions (RTGS/ NEFT/ IMPS/ Direct Debits)/other debits to accounts

- The bank undertakes to carry out direct debit instructions of customers in time subject to:

    a. Customer having already provided valid and complete mandate to accept any debit received
    b. Direct debit 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 interest rates as communicated and agreed with the customer on a case to case basis as applicable for the period between the due date of direct and the date of actual debit carried out by the bank
- In the event the Bank levies any charge that is not as per such tariff or agreement, upon being informed of the erroneous charge by the customer, the Bank will reverse the charges after verification

- In case where a service charge is inadvertently or erroneously levied, the Bank will reverse the erroneous entry within 7 days of the Bank receiving communication in this regard from the customer

5. Delay in credit/return of NEFT/ RTGS/ NECS/ ACH transactions

In the event of any delayed credit to beneficiaries' account, the destination bank would be held liable to pay penal interest.

- 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.

6. 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.
- Such debits will be reversed within 7 working days of the customer intimating the transaction to the Bank. In such cases, the Bank shall compensate the customer to the extent of direct financial loss, if any

7. Reversal of Erroneous Debits arising on Fraudulent or Other Transactions

- In case of a claim raised by any of the customers, the bank shall depute its 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.

- In cases where the bank is at fault, the bank will compensate the customer without demur.

  In case where neither the Bank nor the customer is at fault, but the fault lies elsewhere in the system, the matter would be required to be referred / escalated to the appropriate grievance redressal mechanism /authority for resolution. The appropriate authority can take a decision to reimburse the customer up to an amount of Rs. 1000-5000/.

- For any claim greater than Rs 1000-5000/- 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. Credit Cards / Debit Cards

- Where it is established that the Bank had issued and activated a card without consent of the recipient and fees/charges have subsequently been levied on the card, the Bank would not only reverse such fees/charges immediately but also pay to the recipient of the card, a penalty being twice the value of charges reversed as per regulatory guidelines.

- Charges will include only those charges that are levied to customer even when no transactions have been done on the card and such charges have been actually recovered from the customer.

- Operation of the card account shall be in accordance with the Bank's terms and conditions.

- Transactions reported as erroneous by customers in respect of credit card operations, which require specific reference to a merchant establishment will be handled as per Chargeback rules laid down by Visa/MasterCard® International. The Bank will provide explanation and, if necessary, documentary evidence to the customer within a maximum period of 60 days.

9. Foreign Exchange Services (Foreign Currency Cheque Collections)

- 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. However, the bank will compensate the customer for undue delays in affording credit once proceeds are credited to the Nostro Account of the bank with its correspondent banks.

- The Bank will receive FCY cheques from customers at its Mumbai branch. FCY cheques would be sent to respective Correspondent banks Mumbai office for collection under Cash

Letter arrangement. Upon citing credit in Nostro, credit would be passed on to customers account.

- If derived Calendar day is a holiday in India then next working day (except Saturday) would be taken as final credit day.

- In case of cheque is returned later due to any reason, customers account would be debited for the equivalent FCY amount.

- Bank shall pay interest in case (s) where the final status of the instrument is not known within 7 working days from the date of processing. However, in case (s) where the delay is beyond 90 days, bank shall pay interest at 2% higher than the applicable rate for account during the respective period.

10. Mis-selling of third party products

In the event of Bank receiving of 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, the Bank will compensate the customer suitably, based on the facts and circumstances of the case.

11. Delay in Domestic / Outstation Cheque Collection and Clearance

As per latest RBI circular RBI/2025-26/73 CO.DPSS.RLPD.No.S536/04-07-001/2025-2026 dated August 13, 2025

A. Local Cheques

- Cheques received by the branches shall be scanned and sent to the clearing house by the banks immediately and continuously during the presentation session.

- The clearing house will in turn release the cheque images to drawee banks on a continuous basis

- Processing of cheques is to be done continuously throughout the day and on a real time basis as soon as cheque images are received.

- On completion of settlement, clearing house shall release the information of positive and negative confirmations to the presenting bank.

- The bank shall process the same and release the payment to the customers immediately, but not later than 1 hour from successful settlement, subject to usual safeguards

B. Outstation Cheques

- The bank shall pay interest to its customer on the amount of collection instruments, in case there is delay in giving credit. 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 branch 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 as the case may be in collection of outstation cheques.

  b. Where the delay is beyond 14 days interest will be paid at the rate applicable to for term deposit for the respective period.

  c. In case of extraordinary delay, i.e. delays exceeding 90 days, interest shall be paid at the rate of 2% above the corresponding Term Deposit rate.

  d. In the event the proceeds of cheque under collection were to be credited to an overdraft/loan account of the customer, interest shall be paid at the rate applicable to the loan account. For extraordinary delays, interest shall be paid at the rate of 2% above the rate applicable to the loan account.

12. Issue of Duplicate Demand Draft

- The Bank will issue duplicate demand draft, in lieu of lost draft, up to and including Rs. 5000.00 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 14 working days 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 respective account of corresponding maturity in order to compensate the customer. The period of 14 working days 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.

13. Cheques / Instruments lost in transit / in clearing process or at paying bank's branch

- 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 dishonoured due to non-credit of the amount of the lost cheques / instruments. The bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the Cheque.

- In line with the compensation policy of the bank, the bank will compensate the accountholder in respect of instruments lost in transit in the following way:

  a. In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (7/10/14 days as the case may be) interest will be paid for the period exceeding the stipulated collection period at the rates specified above.

  b. In addition, bank will pay interest on the amount of the Cheque for a further period of 15 days at savings account rate to provide for likely further delay in obtaining duplicate Cheque / instrument and collection thereof.

- The bank shall also compensate the customer for any reasonable charges he / she incurs in getting duplicate Cheque / instrument upon production of receipt, in the event the instrument is to be obtained for a bank / institution who would charge a fee for issue of duplicate instrument.

14. 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.

- 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. 500.

15. Other Guidelines

- **Timelines for Payment of Compensation amount:** In case the Bank is liable to pay any compensation in accordance with the Policy, the same would be paid to the complainant within 15 working days from the completion of the investigation.

- **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.

- **Full and Final Settlement:** Once the Bank has paid compensation as said above, the same shall be construed as a "full and final settlement" and no further claim shall be entertained by the bank from the customer or anyone else.

- The policy covers only compensation for actual financial loss, if any, which can be measured directly. For the sake of clarity, in no event Bank is liable for any indirect/ consequential loss arising in respect of claims made by customers on account of opportunity losses or damages or claims pertaining to reputation loss.

- Commitments under this policy are discretionary and would be decided by the Bank on a case-to-case basis depending on close examining and evaluation of the facts and issues involved, unless expressly advised in the policy herein.

16. Disclaimer Clause

- Notwithstanding anything contained here above, the Bank shall not pay any compensation to a customer in the following cases:-

  a. Delays on account of non-functioning of business due to factors beyond the control of the Bank; the period covered by such events shall be omitted for calculation of delay etc.

  b. Where the issues are sub-judice and pending before Courts, Ombudsman, arbitrator, Government and matter put on hold due to stay.

17. Abbreviations

Abbreviations	Full Form
ACH	Automated Clearing House
ECS	Electronic Clearing Service
FCY	Foreign Currency
NEFT	National Electronic Funds Transfer
NECS	National Electronic Clearing Service
RTGS	Real Time Gross Settlement
TAT	Turn Around Time

18. Policy Review

The Corporate and Institutional Banking Department- Branch Banking shall be responsible to own, maintain and update this policy. This policy shall undergo an annual review and approval process by Executive Committee.

If any change in this policy is subsequently approved, consequent upon any change in regulatory guidelines, market conditions, etc., such changes and approvals shall be deemed to be part of the policy until the policy and framework are comprehensively reviewed.

All such interim changes approved by the Head of Corporate and Institutional Banking Department/Chief Compliance Officer shall conduct an independent assessment on overall compliance of this policy and effectiveness of its implementation, at least on an annual basis.

Note:

In case of overlapping guidelines i.e. specified as per Local Regulatory Authorities in India and guidelines specified as per Host Country Regulatory Authorities / Group Operations / Head Office, the stringent of the two shall prevail.

Document Information

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