

Compensation Policy

Introduction

The Hongkong and Shanghai Banking Corporation Limited, India (hereinafter referred as 'We', or 'Bank', or 'HSBC') offer high levels of service to our customers. In the event, for some reason beyond our control or inadvertently, we are unable to meet the service levels committed by us in our dealings with customers, compensation will be payable to customers in line with this policy. This policy would be applicable to all products and services offered by the Bank in India.

The policy is based on principles of transparency and fairness in the treatment of customers. The objective of this policy is to compensate the customer for direct financial loss, as detailed in this policy, which the customer may incur in cases where the Bank does not meet the service levels committed by it. The compensation amount, if paid, may be paid by crediting the customer's account with the Bank or in the form of credit of bonus points to the customer's credit card held with the Bank in case the customer is a credit Cardholder of the Bank.

Commitments under this policy are discretionary and would be decided by the Bank on a case to case basis depending on the facts and issues involved, unless expressly advised in the policy herein. This policy and compensation amount specified herein can be amended without any prior notification and would in no manner prejudice any rights of the Bank to defend its position or make claim before any court, forum or authority duly constituted to adjudicate customer/Bank disputes. The Bank's decision in computation of compensation amount would be final.

1. Erroneous debits arising on transactions specified herein below:

- a) In case of any irregularity/fraud, 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 an appropriate compensation.
- b) In cases where it is established through process of court or sufficient documentary records that the Bank is at fault, the Bank would compensate the customer appropriately.

In the above cases, the compensation will be paid to the customer for direct financial loss, arising, if any, along with 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 the minimum balance requirement or any charges levied for return of cheques due to shortfall in balance as may be applicable.

- c) In cases where neither the Bank nor the customer is at fault, depending on the facts of the case and on case to case basis the

Bank shall compensate up to 25% of the direct financial loss suffered by the customer subject to a maximum of ₹15,000 (Rupees fifteen thousand only). The Bank's decision in awarding compensation under this clause would be final.

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 the erroneous debit. In case the verification involves a third party, the Bank shall strive to complete the verification process within a maximum period of one month from the date of reporting of erroneous transaction by the customer.

2. Electroni Clearing System (ECS)/Automated Clearing House (ACH) direct debits/electronic payments/other debits to accounts

The Bank undertakes to carry out Direct debit/ECS/ACH/NACH/Bill Payments/Payment Gateway debit instructions of customers in time. In the event the Bank fails to meet such commitments, the customer will be compensated to the extent of direct financial loss, if any, incurred by way of 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 minimum balance requirement or any charges levied for return of cheques due to shortfall in balance.

Electronic payments such as RTGS/NEFT instructions will be governed by the applicable terms and conditions communicated to the customer by the Bank. The Bank would debit the customer's account with any applicable service charge as per the tariff schedule notified by the Bank or as agreed between the Bank and the customer. 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 such cases, the Bank shall compensate the customer for any direct financial loss by way of 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 minimum balance requirement or any charges levied for return of cheques due to shortfall in balance. The computation of the direct financial loss would be made by the Bank on case to case basis and the Bank's decision in this regard would be final.

3. Credit and Debit Cards

In case, an unsolicited card is issued/existing card upgraded and activated without the explicit consent of the recipient and the latter is billed for the same, the bank shall not only reverse the charges forthwith, but also pay a penalty without demur to the recipient amounting to twice the value of the charges reversed.

All fees and charges are levied as per clauses mentioned in terms and conditions. Operation of the credit/Debit card account shall be in accordance with the HSBC Credit Card/Debit Card 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 sixty calendar days.

Any request for closure of a credit card shall be honoured within seven working days, subject to payment of all dues by the cardholder. In cases where the bank fails to complete the process of closure within seven working days a penalty of ₹500 per day of delay will be payable to the customer, till the closure of the account provided there is no outstanding in the account.

The bank will reverse unsuccessful/failed transactions, on Credit Card within 5 calendar days. For failed ATM transactions bank will re-credit customer's account within a maximum period of 5 calendar days from the date of the transaction. For any failure to re-credit the customer's account within the defined period, the Bank shall pay compensation of ₹100 per day of delay, to the aggrieved customer.

4. Payment of cheques/Payment instructions after Stop Payment Instructions

In case the Bank receives a stop payment instruction from the customer for a cheque/payment instrument payable at HSBC well in time for the Bank to give effect to such instruction and the Bank erroneously pays out the amount on a stopped cheque/payment instruction, 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.

In such cases, the Bank shall compensate the customer to the extent of direct financial loss, if any, by way of 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 in a loan account or any charges levied for reason of balance falling below minimum balance requirement or any charges levied for return of cheques due to shortfall in balance.

5. Collection of cheques in foreign currency

The Bank will 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.

The compensation in such cases will be worked out as follows:

- a) Interest for the delay in crediting proceeds as indicated in the Cheque Collection Policy of the Bank.
- b) Compensation for any loss on account of adverse movement in foreign exchange buying rate of the Bank as applicable to the transaction.

6. Collection of domestic cheques

The compensation on account of delays in collection of instruments as well as loss of domestic instruments after the same have been handed over to the Bank for collection by the customer, would be as per the Cheque Collection Policy of the Bank.

7. Violation of the Code by bank's agent

In the event of receipt of any complaint from the customer that the Bank's authorised representatives such as Direct Sales Associates (DSAs), Debt Collection Agencies (DCAs) etc. have engaged in any improper conduct or acted in violation of any Code of Banks commitment adopted by the Bank, the Bank shall take appropriate steps to investigate the complaint, communicate the findings to the customer within appropriate timelines as per the Grievance policy and compensate the customer for direct financial loss, if any. The computation of the direct financial loss would be made by the Bank on case to case basis and the Bank's decision in this regard would be final.

8. Transaction of 'at par instruments' of Co-operative Banks by Commercial Banks

RBI has expressed concern over the lack of transparency in the arrangement for payment of 'at par' instruments of co-operative banks by commercial banks resulting in dishonour of such instruments when the remitter has already paid for the instruments. In this connection, it is clarified that the Bank will not honour cheques drawn on current accounts maintained by other banks with it unless arrangements are made for funding cheques issued. Issuing bank should be responsible to compensate the cheque holder for non-payment/delayed payment of cheques in the absence of adequate funding arrangement.

9. Payment of interest for delay in issue of duplicate draft

Duplicate draft, in lieu of lost draft drawn on the Bank, not exceeding an amount of ₹5,000 will be issued to the purchaser on the basis of adequate indemnity and without insistence on seeking non-payment advice from drawee office irrespective of the legal position obtained in this regard. For the said limit the Bank will issue duplicate draft (drawn on the Bank) to the customer within a fortnight from the receipt of such request. For the delay beyond this 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 delay. The period of fortnight prescribed would be applicable only in cases where the request for duplicate draft drawn on the Bank is made by the purchaser or the beneficiary and would not be applicable in the case of third party endorsements.

10. Cheques lost in transit

In the event a cheque or an instrument accepted for collection is lost in transit or in clearing process or at the paying Bank's Branch, the Bank would immediately on coming to know of the loss send a letter to the accountholder so that the accountholder can inform the drawer to record stop payment and also take care that other cheques issued by him/ her are not dishonoured due to non-credit of the amount of the lost cheques/instrument. In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (as defined in category A, B, C and D of the Cheque Collection Policy) interest will be paid for the period exceeding the stipulated collection period at the rates specified in the cheque collection policy. In addition, bank will pay interest on the amount of the cheque for a further period of 15 days at the savings bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof. The Bank would compensate the accountholder for any direct charges the customer incurs in getting duplicate cheques/instruments, upon production of relevant documentary proof. The computation of the direct financial loss would be made by the Bank on case to case basis and the Bank's decision in this regard would be final.

11. Dispute resolution: Cash not dispensed at ATM/unsuccessful/failed transactions on Debit Card

It is mandatory for the Banks to reimburse the customers; the amount wrongfully debited on account of failed ATM transactions or unsuccessful/failed transactions on Debit Card, within a maximum period of 5 calendar days from the date of the transaction. For any failure to re-credit the customer's account within 5 days from the transaction date, the Bank shall pay compensation of INR 100, per day of delay, to the aggrieved customer. This compensation shall be credited to the customer's account automatically without any claim from the customer, on the same day when the Bank accords the credit for the failed ATM transaction. Providing credit within 5 days would be applicable for domestic card transactions and not applicable for international card transactions.

12. Delay in return of original security documents and title deeds on repayment of the mortgages

Compensation for delay in release of Movable/Immovable Property Documents

1. The Bank shall release all the original movable/immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account. The borrower would need to visit the Bank branch for collecting the original title documents. 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 mortgaged property till the relevant claim is settled/paid.
2. In case of delay in releasing of original movable / immovable property documents beyond 30 days after full repayment/ settlement of loan, the Bank shall communicate to the borrower reasons for such delay. In case the delay is attributable to the Bank, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay. Similarly, in case of delay in removal of charge from relevant registry beyond 30 days after full repayment / settlement of loan, the Bank shall communicate to the borrower reasons for such delay. In case the delay is attributable to the Bank, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay.
3. 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 in paragraph 2 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 compensation will be calculated thereafter (i.e., after a total period of 60 days).

13. Delay in credit/return of NEFT/RTGS/NECS/ECS/ACH/NACH/transactions

The Bank undertakes to process credit/return of NEFT/RTGS/NECS/ECS/ACH/NACH transactions received from RBI within the prescribed timeline. In the event the Bank fails to meet the RBI/ACH prescribed timelines, the customer will be compensated to the extent of penal interest at the 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 customer's account. Penal interest shall be credited to the beneficiary's account even if no claim is lodged. In case of delay in credit on the same day for RTGS transactions, compensation shall be paid to the customer for one day.

In the event of any delay or loss on account of error, negligence or fraud on the part of an employee of the Bank in the completion of funds transfer pursuant to receipt of payment instruction by the Bank leading to delayed payment to the customer, the Bank will pay compensation at current RBI LAF Repo Rate plus two per cent for the period of delay. In the event of delay in return of the funds transfer instruction for any reason whatsoever, the Bank will refund the amount together with interest at the current RBI LAF Repo Rate plus two per cent till the date of refund. In case of delay in return of funds on the same day for RTGS transactions, compensation shall be paid to the customer for one day.

14. Delay in credit of cross border remittance

The Bank in capacity of an Authorised Dealer (AD) undertakes to process cross border remittance, per FEDAI circular SPL-05.BC/FEDAI Rules/2019, the AD is required to 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. In the event the Bank fails to meet this prescribed timeline, the Bank will pay the beneficiary interest at the rate of 2% over its savings bank interest rate [for No. of days the credit was delayed]. 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.

15. Compensation Mechanism for Investor Grievances for ASBA Initial Public Offering (IPO) Via UPI

*SCSBs: Self Certified Syndicate Bank

**T: Issue closing date

***BOA: Basis of Allotment

SEBI vide their circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated 16 March 2021 has put in place measures to have a uniform policy and to further streamline the reconciliation process among intermediaries/SCSBs.

This circular also provides a mechanism of compensation to investors. 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 has been prescribed and SCSBs are required compensate the investor, immediately on the date of receipt of complaint from the investor as per the below mechanism.

Scenario	Compensation Amount	Compensation Period	Who should compensate the investor?
Delayed unblock for cancelled/withdrawn/ deleted applications.	₹100 per day or 15% per annum of the application amount, 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.	SCSB
Blocking of multiple amounts for the same UPI Application.	1. Instantly revoke the blocked funds other than the original application amount and 2. ₹100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher.	Date on which multiple amounts were blocked – Till the date of actual unblock.	SCSB
Blocking more amount than the application amount.	1. Instantly revoke the difference amount (Blocked Amount – Application Amount) and 2. ₹100 per day or 15% per annum of the difference amount, whichever is higher.	Date on which the funds to the excess of application amount were blocked – Till the date of actual unblock.	SCSB
Delayed unblock for nonallotted/partially-allotted applications.	₹100/- per day or 15% per annum of the application amount, whichever is higher.	BOA +1 – Till the date of actual unblock.	SCSB

16. Turn Around Time (TAT) and customer compensation for failed transactions using authorised Payment Systems – Card transactions.

Both Debit and Credit cards will follow the below mentioned grid for failed transactions using authorised payments systems e.g. Card to Card Transfer, Point of Sale (PoS) (Card Present) including and Card Not Present (CNP) (e-commerce).

Sl. No.	Description	Framework for auto-reversal and compensation	
		Timeline for auto - reversal	Compensation payable
i)	Card to card transfer. Card account debited but the beneficiary card account not credited.	Transaction to be reversed (R) latest within T + 1 day, if credit is not effected to the beneficiary account.	₹100/- per day of delay beyond T + 1 day.
ii)	Point of Sale (PoS) (Card Present) including Cash at PoS.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.
iii)	Card Not Present (CNP) (e-commerce) Account debited but confirmation not received at merchant's system.		

17. Insurance/Investment distribution related customer grievance:

- The Bank shall acknowledge and take appropriate steps to investigate any disputes related to insurance/ investment distribution.
- The customer grievances would be redressed post ascertaining all the facts and documents available to provide a fair and transparent resolution on the complaint.
- In the event of any error, negligence, fraud or improper conduct is established on part of the employee of the Bank in relation to insurance/investment distribution, the Bank would compensate the customer.

In the above cases, the Bank will compensate the customer depending on the facts of the case and circumstantial evidence held on record. The Bank shall not be liable for any loss of or any indirect or consequential loss, damages or expenses. Acceptance of the compensation by the customer shall be construed as full and settlement of all the issues arising out of grievances for which compensation is claimed.

The computation of loss would be made by the Bank and Bank's decision in this regard would be final.

18. Delay in credit/return of Unified Payment Interface (UPI)/immediate Payment Services (IMPS)/National Automated Clearing House (NACH) transactions.

The Bank shall reimburse the customers on account of failed/unsuccessful transactions using authorised payments systems without waiting for customer's complaint/claim along with compensation for ₹100 per day as mentioned below:

IMPS and UPI – Where customers account is debited but the beneficiary bank is unable to credit to beneficiary account, the funds should be auto reversed by the beneficiary bank latest on T+1 day. Compensation of ₹100 per day will be paid to customer if delay is beyond T*+1 day.

UPI – Where customers account is debited but transaction confirmation is not received at merchant location (unsuccessful payment to merchant), the funds should be reversed within T+5 days. Compensation of ₹100 per day is applicable if delay is beyond T+5 days.

NACH – Where there is any delay in crediting beneficiary's account or for reversal of amount, beneficiary bank should reverse the uncredited transaction within T+1 day, otherwise compensation of ₹100 per day is applicable if delay is beyond T+1 day.

In cases where the account is debited despite revocation of debit mandate with the Bank by the customer, customer's bank will be responsible for such debit, and would require to resolve within T+1 day, otherwise compensation of ₹100 per day is applicable if delay is beyond T+1 day.

* 'T' stands for date of transaction.

19. Compensation to Customers for Delayed Updation / Rectification of Credit Information

As per RBI Circular ref : DoR.FIN.REC.48/20.16.003/2023-24 dated 26 Oct 2023 on subject "Framework for Compensation to Customers for Delayed Updation / Rectification of Credit Information" & Ref : DoR.FIN.REC.49/20.16.003/2023-24 dated 26 Oct 2023 with subject "Strengthening of Customer Service Rendered by Credit Information Companies and Credit Institutions, the bank is required to have a compensation mechanism for delayed updation/rectification of credit information by the bank and credit information companies (CICs). The following policy is being adopted :

- a. In case of delay in resolution of a complaint pertaining to updation/rectification of credit information, the complainant shall be entitled to a compensation of ₹100/- per calendar day in case their complaint is not resolved within a period of thirty (30) calendar days from the date of the initial filing of the complaint by the complainant with the bank.
- b. The bank shall pay compensation to the complainant if the bank has failed to send updated credit information to the CICs by making an appropriate correction or addition or otherwise within twenty-one (21) calendar days of being informed by the complainant or a CIC.
- c. Where the complaint has been received and registered by the bank and there has been a delay in the resolution of the complaint, the bank shall inform the concerned CIC(s) and the complainant after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by the bank and/or CIC(s).
- d. The compensation amount shall be credited to the nominated bank account of the complainant within five (5) working days of the resolution of the complaint.

Note:

The onus of providing accurate details will lie with the complainant and the bank will not be held responsible for any incorrect information provided by the complainant.

The date of the resolution of the grievance shall be the date when the rectified Credit Information Report (CIR) has been sent by the CIC or bank to the postal address or email ID provided by the complainant.

Non-Maintainability: The compensation framework shall not be applicable in the following cases:

- i. disputes for which remedy has been provided under Section 18 of CICRA, 2005. The Section 18 of CICRA, 2005 provides that for disputes arising amongst, CICs, the bank, borrowers, and clients on matters relating to the business of credit information and for which no remedy has been provided under CICRA, 2005, such disputes shall be settled by conciliation or arbitration as provided in the Arbitration and Conciliation Act, 1996.
- ii. complaints/references relating to (a) internal administration, (b) human resources, (c) pay and emoluments of staff, and (d) references in the nature of suggestions and commercial decisions of the CIC/the bank.
- iii. complaints pertaining to disputes/grievances regarding the computation of the credit score/credit score model.
- iv. complaints that have been decided by or are already pending in other fora such as Consumer Disputes Redressal Commission, Courts, Tribunals, etc.

20. Trade

In any of the below scenario, if the Bank is convinced that an error/delay has been committed by its staff, the Bank will acknowledge its liability and pay an appropriate compensation in line with the FEDAI guidelines.

- Delayed Exports/Import payments
- Any erroneous processing which resulted in additional charges levied to the customer account

- Documents lost during handling at the Bank/Delay in release of documents under Import DC/Export DC which resulted in customer getting demurrage

In cases where it is established through process of court or sufficient documentary records that the Bank is at fault, the Bank would compensate the customer appropriately. In all the scenarios, the compensation will be paid to the customer up to the direct financial loss, arising due to bank's fault.

21. Maintenance and operation of safe deposit lockers or safe deposit systems.

In line with the regulatory instructions (RBI/2021-2022/86 dated 18 August 2021) with regards to Safe Deposit Lockers/Safe Custody Article facility provided, it is the responsibility of the Bank to ensure proper functioning of locker system and guarding of any unauthorized access to the lockers or provide safety against theft and robbery. The banks will be responsible for any loss or damage to the contents of the lockers due to any negligence at Bank's end and will compensate the customers as per the approved Safe Deposit Policy.

22. Force Majeure

The Bank shall not be liable to compensate customers for any grievance covered under this policy, arising out of an 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), any unforeseen systemic breakdowns, system grid-lock or any settlement activity beyond the control of the Bank (including but not limited to inordinate backlogs/cut-offs), 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.

23. General

The Bank shall not be liable for any loss of or any indirect or consequential loss, damages or expenses. The Bank shall not be liable for any opportunity loss or damages/claims pertaining to reputation loss. In the event the Bank fails to discharge expressly what has been stated in the compensation policy of the Bank within a month from the date of resolution of the complaint/agreement with the customer on the resolution whichever is later, the Bank will pay twice the amount of compensation so agreed. Acceptance of the compensation under this policy shall be full and settlement of all issues arising out of grievances for which compensation is granted and the customer agrees that he/she would not raise any fresh claim or dispute on the same issue before any court or forum. The bank will communicate the bank's final stance to the customer by email, letter or call on recorded phone line.

24. Grievance Redressal

The Bank adheres to a defined Turn-Around-Time (TAT) of up to 30 days with respect to resolution and closure of grievances raised on Credit and Debit card. The Bank takes all effort to resolve grievances within the defined TAT as per the Grievance redressal mechanism provided on HSBC's website. In the event that customer does not receive any response within one month from the date the Bank first received representation, or if the customer is dissatisfied with the response given by the Bank, he/she may write to the Ombudsman appointed by the Reserve Bank of India under The RBI – Integrated Ombudsman Scheme 2021, to look into the provision of satisfactory service by banks. Any compensation arising shall be guided by the RBI Integrated Ombudsman Scheme 2021.

Grievance redressal mechanism -

www.hsbc.co.in/help/feedback-and-complaints/grievance-redressal-mechanism/non-demat-accounts/

The Reserve Bank - Integrated Ombudsman Scheme, 2021 -

www.hsbc.co.in/content/dam/hsbc/in/documents/help/ombudsman-2021-en.pdf

25. Loss and Theft of Cards

The bank shall immediately block the card upon receiving request from the customer in case of Loss/Theft/Misuse of the card. The Cardholder will not be held liable for any transaction made on the credit/debit card after reporting the loss/theft/misuse to HSBC. In case of delay in blocking the card within 24 hours, bank shall compensate to the cardholder by paying ₹100 per day delay.