

Policy on Collection of Dues & Repossession of Security

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Introduction

The debt collection policy of the bank is built around dignity and respect to customers. 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. The bank would provide all the information regarding the dues and will endeavor to give the customers sufficient notice for repayment of dues.

The bank's policy for collection of dues is reviewed on a regular basis and is approved by the relevant internal stake holders.

Bank's Security Repossession Policy aims at recovery of dues in the event of default. 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.

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, the place of business/occupation.

2. Identity and authority to represent the bank would be made known to the customers.
3. The bank would respect privacy of its borrowers and would adopt civil manners while interaction with the borrowers.
4. 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.
5. Borrower's requests to avoid calls at a particular time or at a particular place would be honored as far as possible.
6. Bank will document the efforts made for the recovery of dues and the copies of communication sent to customer, if any, will be kept on record. Time and number of calls and contents of conversation will be documented.
7. Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.
8. The bank is committed to ensure all written and verbal communication with its borrowers will be in simple business language.
9. All assistance would be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.

Engagement with Recovery Agencies

The bank may utilize the services of recovery agencies for collection of dues and repossession of securities.

- 1) Recovery Agencies will be appointed taking into account the relevant laws and local regulatory guidelines issued.
- 2) Recovery Agencies are empaneled by the bank for collection of dues only post meeting the necessary internal policy requirements and approval from the appropriate authorities within the bank.

3) The name and address of all Recovery Agencies on the bank's approved panel of the bank will be placed on the bank's website for information and concerned.

4) We will write to you when we initiate recovery proceedings against you and will inform you of the name of the recovery agency/ agent, to whom your case has been assigned as also their address and telephone numbers.

5) We will provide details of the recovery agency firms / companies engaged by us on our website. Information pertaining to vendors is also available with the HSBC branches.

6) The recovery agents engaged by the bank will be required to follow a code of conduct which is built on fair practices while dealing with customers.

7) Our staff or any person authorized to represent us in collection of dues or/and security repossession will identify himself/herself and produce the authority letter issued by us and upon request show you his/ her identity card issued by the bank or under authority of the bank.

8) Our recovery agents are adequately trained to handle their responsibilities with care, sensitivity and in a civil manner.

9) During visits to your place for dues collection, decency and decorum would be maintained. Our officials / agents will not resort to intimidation or harassment of any kind, either verbal or physical against any person, including acts intended to humiliate publicly or intrude the privacy of your family members, referees and friends, making threatening and anonymous calls or making false and misleading representations.

However, it is your responsibility to keep updating your contact details. In case the bank is unable to contact you on the details provided, the bank will access information available from public sources and approach your friends / relatives to trace you.

10) We will investigate any complaint from you about unfair practices of our recovery

Giving Notice to borrowers

While written communications, telephonic reminders or visits by the bank's representatives to the borrower's 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. Any genuine difficulties expressed/disputes raised by the customer will be considered by the bank before initiating recovery measures. Bank will follow all such procedures as required under law for recovery/repossession of security.

Repossession & Sale of Property

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 property. All the practices adopted by the bank for the follow up and recovery of dues and repossession of security will be in consonance with the law. 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 and necessary cost will be charged to borrower.

In the event of default by the borrower/co-borrowers, notice would be issued for recovery of the outstanding dues on the loan account in accordance with the provisions of applicable laws for debt recovery in the country. The procedures laid down under the debt recovery & repossession laws would be followed and bank shall perform their part of obligation as required under the provisions of various laws such as SARFAESI, DRT Act, CPC etc.

The bank/appropriate authority shall issue a notice to the borrower as and if prescribed under the law thereby giving him an opportunity to the borrower to repay the loan amount before the sale/auction of the property. The bank will be willing to consider handing over possession of property to the borrower any time after repossession and before sale transaction of the property takes place, 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 arrangement made by the borrower to ensure timely repayment of remaining installments in future.

In respect of cases under SARFAESI Act as per the provisions of the Act, 30 day notice of sale will be sent. When public auction or by tender is envisaged, the same will be published in two leading news-papers out of which one is in local vernacular paper.

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 and provided the bank is not having any other claims against the customer.

The Authorized Officer of the Bank in the event the bank dues are paid in full shall hand over possession of the property back to the borrower/s taken under its recovery proceedings. The property documents will be released to the borrower/s within 30 days from the closure of the loan account.