

Framework

Customer Compensation

Current Effective Date: Feb 2025

TABLE OF CONTENTS

1. Summary or Rationale.....	2
2. Scope.....	2
3. Changes from Previous Version	2
4. Framework Statements	2
5. Unauthorized / Erroneous Debit	4
6. Direct debits / other debits to accounts.....	4
7. Foreign Exchange Services.....	5
8. Payment of Interest for delayed Collection of Outstation Cheques	5
9. Compensation for loss of instrument in Transit.....	6
9.1 Cheques / Instruments lost in transit / in clearing process or at paying bank's branch	6
10. Delays in credit or Return of NEFT transactions.....	6
11. Delays in credit or Return of RTGS transactions	7
12. Delay in credit or return of NACH transactions	8
13. Compensation for delayed credit for cross border inward remittances.....	8
14. Legal and Other References	9
15. Firm References.....	9

1. Summary or Rationale

This Compensation framework of the JPMorgan Chase Bank, N.A., a scheduled commercial bank under the Reserve Bank of India Act, 1934 acting through its branches in India (hereinafter referred to as “JPMCB India”) is designed to cover areas relating to unauthorized debiting of account, 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, lending, delays in credit or Return of RTGS / NEFT /NACH transactions etc. The framework is based on principles of transparency and fairness in the treatment of customers.

The objective of this framework is to establish a system whereby JPMCB India 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 JPMCB India. By ensuring that the customer is compensated without having to ask for it, the Bank expects instances when the customer has to approach Banking Ombudsman or any other Forum for redressal to come down significantly.

It is reiterated that the framework covers only compensation for financial losses which customers might incur due to deficiency in the services offered by JPMCB India which can be measured directly and as such the commitments under this framework are without prejudice to any right JPMCB India will have in defending its position before any forum duly constituted to adjudicate banker-customer disputes

2. Scope

Lines of Business	Subject To	Role To Play
	<ul style="list-style-type: none"> Commercial and Investment Banking 	<ul style="list-style-type: none"> Commercial and Investment Banking Relationship Managers, Treasury Services Sales
Function(s)	Subject To	Role To Play
	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> NA
Locations	<ul style="list-style-type: none"> APAC - India 	
Legal Entities	<ul style="list-style-type: none"> JPMorgan Chase Bank, N.A. 	

3. Changes from Previous Version

- Annual Review

4. Framework Statements

- [Unauthorized / Erroneous Debit](#) – This section includes details of Compensation to the client in the event of an Unauthorized / Erroneous debit

- [Direct debits / other debits to accounts](#) - In the event JPMCB India fails to carry out Direct debits, customer will be compensated. This section covers details on Customer compensation for Direct debits / other debits to accounts
- Payment of Cheques after Stop Payment Instructions - In case a cheque has been paid after stop payment instruction is acknowledged by the Bank, the Bank shall reverse the transaction and give value-dated credit to protect the interest of the customer provided instruction has been received within the necessary deadlines. Any consequential financial loss to the customer will be compensated as provided under para 1 above. Such debits will be reversed within 2 working days of the customer intimating the transaction to the JPMCB India.
- [Foreign Exchange Services](#) – This section outlines Client compensation details for all Foreign exchange services
- [Payment of Interest for delayed Collection of Outstation Cheques](#) – This section covers details on Payment of interest in case of delayed collection of Outstation cheques
- [Compensation for loss of instrument in Transit](#) – This section outlines information on Client compensation in case of loss of instrument in Transit.
- Issue of Duplicate Draft and Compensation for delays - Duplicate draft will be issued within a fortnight from the receipt of such request from the purchaser thereof. For delay beyond the above stipulated period, interest at the rate applicable for Fixed Deposit of Corresponding period will be paid as compensation to the customer for such delay. The term "customer" means the purchaser or the beneficiary who can give instructions for issuance of duplicate draft and would not be applicable in the case of draft endorsed to third parties.
- Violation of the Code by JPMCB India's agent - In the event of receipt of any complaint from the customer that the JPMCB India's representative / courier or DSA has engaged in any improper conduct or acted in violation of the Code of JPMCB India's Commitment to Customers which JPMCB India has adopted voluntarily, JPMCB India is committed to investigate the matter and endeavor 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, as contemplated under this framework
- Return of securities / documents / title deeds on repayment of all dues on the loan - In the event JPMCB India does not return to the borrowers all the securities / documents / title deeds to mortgaged property or inform the borrowers to collect the same, within 15 days of repayment of all dues agreed to or contracted with JPMCB India, the customer shall have the right to take appropriate steps as per the grievance redressal framework. The decision of the Bank shall be final and binding
- [Delays in credit or Return of NEFT transactions](#) – This section outlines details on the payment of penal interest for delayed NEFT transactions
- [Delays in credit or Return of RTGS transactions](#) – This section outlines details on the payment of penal interest for delayed RTGS transactions
- [Delay in credit or return of NACH transactions](#) – This section outlines details on the payment of penal interest for delayed NACH transactions

- [Compensation for delayed credit for cross border inward remittances](#) – This section outlines details on compensation for delayed credit for Cross border remittances
- Force Majeure - JPMCB India 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 JPMCB India'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 JPMCB India prevents it from performing its obligations within the specified service delivery parameters.
- General - JPMCB India shall not be liable for any loss of profits or any indirect or consequential loss, damages or expenses. Acceptance of compensation under this framework shall be full and final settlement of all issues arising out of grievances for which compensation is claimed

5. Unauthorized / Erroneous Debit

If JPMCB India has raised an unauthorized / erroneous direct debit to an account, the entry will be reversed immediately on being informed of the erroneous debit, after verifying the position. In the event the unauthorized / erroneous debit has resulted in a financial loss for the customer by way of payment of additional interest to JPMCB India in a loan account, JPMCB India will compensate the customer for such loss. Further, if the customer has suffered any financial loss incidental to return of a cheque or failure of direct debit instructions due to insufficiency of balance on account of the unauthorized / erroneous debit, JPMCB India will compensate the customer to the extent of such financial losses.

In case verification of the entry reported to be erroneous by the customer does not involve a third party, JPMCB India will endeavor 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 or where verifications are to be done at overseas centers, JPMCB India shall complete the verification process within a maximum period of one month from the date of reporting of erroneous transaction by the customer.

JPMCB India has process to create customer awareness on the risks and responsibilities involved in electronic banking transactions and the customer liability in cases of unauthorized electronic banking transactions.

Customer liability in case of Unauthorized Internet Banking transactions shall be governed by the RBI Circular reference: DBR.No.Leg.BC.78/09.07.005/2017-18 dated July 6, 2017. For more details please refer our Internet Banking Framework Para 12.

6. Direct debits / other debits to accounts

JPMCB India will undertake to carry out direct debit instructions of customers in time. In the event JPMCB India fails to meet such commitments customer will be compensated to the extent of any financial loss the customer would incur on account of delay in carrying out the instruction / failure to carry out the instructions.

JPMCB India would debit the customer's account with any applicable service charge as per the schedule of charges notified by the JPMCB India. In the event JPMCB India levies any

charge in violation of the arrangement, it will reverse the charges when pointed out by the customer subject to scrutiny of agreed terms and conditions. Any consequential financial loss to the customer will also be compensated.

7. Foreign Exchange Services

JPMCB India would not compensate the customer for delays in collection of cheques designated in foreign currencies sent to foreign countries as it would not be able to ensure timely credit from overseas banks.

It is the JPMCB India'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, JPMCB India will compensate the customer for undue delays in affording credit once proceeds are credited to the Nostro Account of JPMCB India with its correspondent.

*Such compensation will be given for delays beyond two working days from the date of credit to Nostro Account plus the stipulated cooling period. The compensation in such cases will be worked out as follows:

- Interest for the delay in crediting proceeds as indicated in the collection framework.
- Compensation for any possible loss on account of adverse movement in foreign exchange rate

8. Payment of Interest for delayed Collection of Outstation Cheques

As part of the compensation framework of the bank, JPMCB India will pay interest to its customer on the amount of collection instruments in case there is delay in giving credit beyond the time period specified in banks cheque collection framework. 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 branches or on other banks for the purpose of payment of interest on delayed collection.

- As collections will be handled only for corporate customers, interest will be paid at the Term Deposit rate applicable for the corresponding period for the delayed period for the number of days indicated for realization for each category of cheques as on the date the cheque would have normally realized.
- Interest will be rounded off to the nearest rupee and will be paid only when the amount of interest is more than Rs.10/-
- Interest will be calculated on the value of the instrument sent for collection.
- Interest shall be calculated only for the period of delay above the days mentioned above.
- In case of extraordinary delay, i.e. delays exceeding 90 days interest will be paid at the rate of 2% above the corresponding Term Deposit rate.
- In the event the proceeds of cheque under collection was to be credited to an overdraft / loan account of the customer, interest will be paid at the rate applicable to the loan

account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account.

- Force Majeure: JPMCB India 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 labor disturbances, accident, fire, 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 or its correspondent bank(s) prevents it from performing its obligations within the specified service delivery parameters.

Note: Instruments received from customers under specialized Cash Management Services of the JPMCB India will be subject terms and conditions that are mutually agreed between the Bank and its customers.

9. Compensation for loss of instrument in Transit

JPMCB India’s compensation framework for financial loss suffered by the customers due to loss of instrument after it has been handed over to the bank for collection by the customer would also be as indicated in our collection framework. The same is extracted below for information:

9.1 Cheques / Instruments lost in transit / in clearing process or at paying bank’s branch

In case if JPMCB India is intimated, or identifies, by way of MIS received from the correspondent bank(s), that the instrument sent on collection has been lost in transit, the customer will be intimated in writing on the loss of cheques sent on collection. The copy of the communication received from the drawee bank/collecting bank / courier / correspondent bank will be provided to the client. The customer will be provided a “Non-Payment certificate”, on request, from the drawee bank, within a reasonable time. Additionally, JPMCB India will provide all assistance to the customer to obtain duplicate instrument from the drawer of the cheque. The compensation for instances of instruments lost / collection proceeds delayed in transit, will be dealt with on a case by case basis

10. Delays in credit or Return of NEFT transactions

This framework refers to RBI Circular DPSS (CO) EPPD No. 1204/04.03.01/2011-12 dated January 5, 2012 and RBI Circular DPSS (CO) EPPD No. 477/04.03.01/2010-11 dated September 01 2010 and RBI’s NEFT procedural guidelines.

NEFT presently functions with a Batch+2 (B+2) return cycle. The B+2 return discipline would require banks to afford credit to the beneficiaries’ account immediately upon completion of a batch else return the transactions within two hours after batch settlement, if it is not possible to afford credits to the beneficiaries, for any reason.

The payment of penal interest for NEFT transactions shall be as under:

- The Bank would make payment to the beneficiaries within two hours after batch settlement time by crediting the specified account of the beneficiary or otherwise placing funds at the disposal of the beneficiary. For delayed transactions, penal interest is to be paid
- In the event of delay in return of funds transfer instruction for any reason whatsoever, JPMCB India shall refund the amount together with interest (at current RBI LAF Repo Rate plus two percent) till the date of refund.

Note: -

- *Payment of penal interest shall be made to customer even if no claim is lodged by the customer to that effect*
- *This framework is applicable to those instances wherein JPMCB India is unable to credit the beneficiary accounts and/or return NEFT payment to remitting team within 2 hours after batch settlement. For delayed transactions, penal interest is to be paid*
- *Payment of penal interest is not applicable in scenarios where JPMCB India needs to perform additional due diligence prior to the credit of funds to the beneficiary account or Return of funds to the originating Bank or await information from remitting bank/intermediaries. Such additional due diligence would have to be performed in case of hits encountered in Sanctions screening (covering applicable local and international lists), processing of transactions for dormant accounts, and documentation &/ checks for credit to Vostro accounts (including Return of transactions processed from a Vostro account) / SNRR accounts /PA-CB/Collection agent flows as per RBI guidelines.*

11. Delays in credit or Return of RTGS transactions

This framework refers to RBI RTGS Business Operating Guidelines of October 2013.

The beneficiary / receiving bank have to credit the account of beneficiary customer account within 30 minutes of the receipt of the payment message at their Member Interface.

The payment of penal interest for RTGS transactions shall be as under:

- In case of any delay in providing credit to the JPMCB beneficiaries' account beyond 30 minutes of the receipt of the payment message, JPMCB India shall pay compensation (at current Repo rate plus two percent) to the beneficiary customer for each day of delay. For delay in credit on the same day, JPMCB India shall pay compensation (at current Repo rate plus two percent) for one day.
- In the event of delay in return of RTGS funds transfer instruction beyond 1 hour of receipt for any reason whatsoever, JPMCB India shall refund the amount together with interest (at current Repo Rate plus two percent) till the date of refund.

Note: -

- Payment of penal interest shall be made to customer even if no claim is lodged by the customer to that effect
- *Payment of penal interest is not applicable in scenarios where JPMCB India needs to perform additional due diligence prior to the credit of funds to the beneficiary account or Return of funds to the originating Bank or await information from remitting bank/intermediaries. Such additional due diligence would have to be performed in case of hits encountered in Sanctions screening (covering applicable local and international lists), processing of transactions for dormant accounts, and documentation &/ checks for credit to Vostro accounts (including Return of transactions processed from a Vostro account) / SNRR accounts /PA-CB /Collection agent flows as per RBI guidelines. To clarify, this exception is applicable only if the respective teams are available to perform the additional due diligence*

12. Delay in credit or return of NACH transactions

The reference is to the RBI guidelines issued vide RBI/2019-20/67- DPSS.CO.PD No.629/02.01.014/2019-20 dated September 20, 2019.

- JPMCB has to credit the account of beneficiary customer or reverse/return the uncredited transaction within T+1 day. In case of any delay in providing credit to the JPMCB beneficiary account or reversal of amount beyond T+1 days, JPMCB India shall pay compensation of INR 100/- per day.
- In case of JPMCB Customer Account is debited despite revocation of debit mandate by the customer, JPMCB India shall be responsible for such debit and shall resolve the issue within T+1 days. In case of any delay in providing a resolution beyond T+1 days, JPMCB India shall pay compensation of INR 100/- per day to the customer till the date customers gets reversal amount in their account

13. Compensation for delayed credit for cross border inward remittances

- JPMCB India shall 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. On receipt of, disposal instruction complying with guidelines, required documents from the beneficiary, JPMCB India shall transfer funds for the credit of beneficiary's account immediately but not exceeding two business days from date of such receipt
- In case of delay, the bank shall pay the beneficiary interest @ 2 % over its time deposit interest rate. The bank shall also pay compensation for adverse movement of exchange rate, if any.
- In case, the beneficiary does not respond within five working days from receipt of credit intimation as above and the bank does not return the remittance to the remitting bank, the bank shall initiate action to crystallize the remittance
 - Bank shall notify due action to the remitting bank and the beneficiary

- Bank shall crystallize the remittance within 30 calendar days from receipt of the remittance.

14. Legal and Other References

Statutes, Laws, Rules, Regulations or External Guidance	<ul style="list-style-type: none"> • DBR.No.Leg.BC.78/09.07.005/2017-18 dated July 6, 2017 • RBI Circular DPSS (CO) EPPD No. 1204/04.03.01/2011-12 dated January 5, 2012 • RBI Circular DPSS (CO) EPPD No. 477/04.03.01/2010-11 dated September 01 2010 • RBI's NEFT procedural guidelines • RBI RTGS Business Operating Guidelines • RBI/2019-20/67- DPSS.CO.PD No.629/02.01.014/2019-20 dated September 20, 2019. • FEDAI Circular Letter AR Circular No. 04/2020 dated 02 nd November 2020 • Regulation of Payment Aggregator – Cross Border (PA - Cross Border dated October 31 2023)
Enterprise Library Application (ELA) Link	<ul style="list-style-type: none"> • ELA home page



Circular Letter No.
03_2024 - Clarificatic

FEDAI Circular Letter No. 03/2024

15. Firm References

Other Firm Policies or Standards	<ul style="list-style-type: none"> • This framework will have to be read together with all applicable policies of the Firm
Framework Supplements, Procedures, and Other Documents	<ul style="list-style-type: none"> • N/A
Forms/Systems	<ul style="list-style-type: none"> • N/A