

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
STARRED QUESTION NO. *152

ANSWERED ON TUESDAY, AUGUST 6, 2024/ SRAVANA 15, 1946 (SAKA)

COMPENSATION TO CUSTOMERS IN CASE OF FRAUD/ E-FRAUD

***152. SHRI A. D. SINGH:**

Will the Minister of FINANCE be pleased to state:

- (a) the bank-wise rules regarding payment of compensation to customers in case of fraud/e-fraud reported by the customer within the prescribed time;
- (b) the RBI guidelines in this regard;
- (c) the number of cases in which the Banks have given compensations in the last two years, the details thereof, bank-wise; and
- (d) the details of amount lost by the customers and the compensation paid by the banks in the last two years, bank-wise?

ANSWER

FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

(a) to (d): A statement is laid on the Table of the House.

Statement referred to in reply to Rajya Sabha Starred Question No. *152 for reply on 6.8.2024 regarding Compensation to customers in case of fraud/e-fraud.

(a) to (d): In terms of the Master Circular on Customer Service in Banks, issued by the Reserve Bank of India (RBI) in July, 2015, banks have Board-approved Customer Compensation Policy in place covering compensation to be paid to the customers in case of erroneous debits arising on fraudulent or other transactions and unauthorised actions of the bank leading to a financial loss to customer, *etc.* These board-approved policies contain provisions regarding, *inter alia*, compensation payable, timelines for payment of compensation, unsuccessful/failed transactions, liability of customers in different scenario, burden of proof.

Further, RBI, in July 2017 has issued instructions on limiting the liability of customers in cases of unauthorised electronic banking transactions. As per these instructions, a customer has zero liability if the unauthorised transaction occurs on account of contributory fraud or negligence/deficiency on part of the bank. In cases where the deficiency lies neither with the bank nor with the customer but elsewhere in the system, the liability of a customer is zero, if she or he informs the bank regarding an unauthorised electronic transaction within three working days of receiving information in respect of the transaction from the bank. Liability of the customer ranges from Rs. 5,000 to Rs. 25,000, if reported within 4-7 working days, and if reported beyond 7 working days, it shall be determined as per the bank's Board approved policy. In cases where the loss is due to negligence by a customer, the customer bears the entire loss until he reports the unauthorised transaction to the bank. Any loss occurring after the reporting of the unauthorised transaction is borne by the bank.

RBI has apprised that information in respect of compensation paid to customers in case of fraud/e-fraud is not maintained by it. However, as per inputs received from public sector banks, bank-wise details of number of incidents in which compensations were paid to customers, amount involved in these incidents and compensations paid to customers during the last two financial year are at Annex.

Rajya Sabha starred question no. *152, regarding Compensation to costumers in fraud

**Compensations paid to customers by Public Sector Banks
in case of fraud/e-Fraud reported by the customer**

(Amounts in lakh Rs.)

Bank	FY 2022-23			FY 2023-24		
	Number	Amount involved	Compensation paid	Number	Amount involved	Compensation paid
Bank of Baroda	88	138.00	138.00	377	370.00	370.00
Bank of India	755	976.00	782.00	999	2,116.00	2,038.00
Bank of Maharashtra	14	9.60	9.60	134	162.00	162.00
Canara Bank	601	597.00	181.00	196	157.00	84.00
Central Bank of India	43	1,168.00	1,168.00	51	1,377.00	1,377.00
Indian Bank	354	312.00	253.00	268	1,838.00	1,616.00
Indian Overseas Bank	60	10.00	10.00	4	4.00	4.00
Punjab and Sind Bank	2	0.19	0.19	-	-	-
Punjab National Bank	79	4.00	4.00	49	4.00	4.00
State Bank of India	517	408.00	408.00	1,287	414.00	414.00
UCO Bank	17	99.00	99.00	18	438.00	438.00
Union Bank of India	415	1,218.00	1,218.00	236	7,496.00	7,496.00

Source: PSBs
