

Policy on Classification Of Unclaimed Deposits / Inoperative Accounts, Grievance Redressal Mechanism for Quick Resolution of Complaints, Record Keeping and Periodic Review of Such Accounts:

In view of the increase in the amount of the unclaimed deposits with banks year after year, and the inherent risk associated with such deposits, Reserve Bank of India has advised banks to play more pro-active role in finding the whereabouts of the account holders whose accounts have remained inoperative.

To overcome the practical difficulties and to ensure functional convenience, banks are classifying the overdue term deposit accounts and non-operative CASA accounts as “inoperative accounts”. This causes some hardships to the customers and several complaints have been received in respect of difficulties faced by the customers on account of their accounts having been classified as inoperative. It is also felt by the customers that banks are undeservedly enjoying the unclaimed deposits, while paying no interest on it.

Further, pursuant to the amendment of the Banking Regulation Act, 1949, RBI has established The Depositor Education and Awareness Fund (the Fund) under which the amount to the credit of any account which has not been operated upon for a period of ten years or more, or any deposit or any amount remaining unclaimed for ten years or more shall be credited to the Fund, within a period of three months from the expiry of the said period of ten years. The depositor would, however, be entitled to claim from the bank his/her deposit or any other unclaimed amount or operate his/her account after the expiry of ten years, even after such amount has been transferred to the Fund. The Bank would be liable to pay the amount to the depositor/ claimant and claim refund of such amount from the Fund i.e. from RBI.

The accumulation of this inoperative / unclaimed deposit accounts also pose heavy risk to banks, as there are possibilities for perpetrating frauds in such accounts. Hence, a clearly drawn policy on ‘Unclaimed Deposits / Inoperative Accounts’ is entailed.

Keeping in view the extant RBI guidelines on the subject, we have drafted Policy on Unclaimed Deposits / Inoperative Accounts covering various aspects for smooth handling of such deposits / accounts and to strengthen the regulatory framework.

I. Classification of Unclaimed Deposits and Inoperative Accounts

A. Inoperative Accounts:

A savings as well as current account shall be treated as inoperative if there are no transactions (i.e. no credit or debit other than crediting of periodic interest or debiting of service charges) in the account for over a period of two years.

B. Procedure for Classification of CASA Accounts as Inoperative Accounts:

(i) An annual review of accounts in which there are no operations for more than one year shall be made by all the branches of the Bank. The branches shall approach such account holders and inform them in writing that there has been no operation in their accounts and ascertain the reasons for the same. For the purpose of classifying an account as ‘inoperative’ both the type of transactions i.e. debit as well as credit transactions induced at the instance of customers as well as third party shall be considered. However, the service charges levied by the branch or interest credited by the branch shall not be considered.

(ii) In case the non-operation in the account is due to shifting of the customers from the locality, they shall be asked to provide the details of the new bank accounts to which the balance in the existing account should be transferred

(iii) If the letters are returned undelivered, Bank shall immediately be put on enquiry to find out the whereabouts of customers or their legal heirs in case they are deceased. In case the whereabouts of the customers are not traceable, branches shall consider contacting the persons who had introduced the account holder.

(iv) Branch shall also consider contacting the employer/or any other person whose details are available with the branch. They could also consider contacting the account holder telephonically in case his telephone number/cell number has been given to the bank.

(v) In case of Non-resident accounts, branches may also contact the account holders through email and obtain their confirmation w.r.t. details of the account.

(vi) In case any reply is given by the account holder giving the reasons for not operating the account, branches shall continue classifying the same as an operative account for one more year within which period the account holder may be requested to operate the account. However, in case the account holder still does not operate the same during the extended period, the same will be classified as 'inoperative' account after the expiry of the extended period.

(vii) Before classifying these accounts as 'inoperative', the customer shall be advised in advance that he should commence operation if he wishes to continue the account or he may close his account by sending to the bank the pass book and unused cheque leaves, if any. If no reply is received within the date specified in the letter sent to him, the account shall be classified as 'Inoperative Account'.

(viii) There may be instances where the customer has given a mandate for crediting the interest on Fixed Deposit account and/or crediting dividend on shares to the Savings Bank account and there are no other operations in the Savings Bank account. Since the interest on Fixed Deposit account and/or dividend on shares is credited to the Savings Bank accounts as per the mandate of the customer, the same should be treated as a customer induced transaction. As such, the account should be treated as operative account as long as the interest on Fixed Deposit account and/or dividend on shares is credited to the Savings Bank account. The Savings Bank account can be treated as inoperative account only after two years from the date of the last credit entry of the interest on Fixed Deposit account and/ or dividend on shares, whichever is later, provided there is no other customer induced transaction.

(ix) Treatment of certain savings bank accounts opened for credit of Scholarship amounts and credit of Direct Benefit Transfer under Government Schemes:

State and Central Governments have expressed difficulties in crediting cheques/ Direct Benefit Transfer/Electronic Benefit Transfer/Scholarships for students, etc. into accounts/Accounts with zero balance opened for the beneficiaries under various Central/State Government schemes but had been classified as dormant/inoperative due to non-operation of the account for over two years.

Keeping the above in view, RBI has advised that a different "product code" may be allotted in CBS to all such accounts opened so that the stipulation of inoperative/ dormant account due to non-operation does not apply while crediting proceeds as mentioned above.

In order to reduce the risk of fraud etc., in such accounts, while allowing operations in these accounts, due diligence should be exercised by ensuring the genuineness of transactions, verification of signature and identity, etc. However, it has to be ensured that the customer is not inconvenienced in any manner.

C. Due Diligence on 'Inoperative Accounts:

(i) The segregation of the inoperative accounts is done from the point of view of reducing risk of frauds etc. However, the customer should not be inconvenienced in anyway, just because his account has been rendered inoperative. The classification is there only to bring to the attention of dealing staff, the increased risk in the account.

If any transaction i.e. debit or credit, is made by the customer in inoperative account, the same shall be monitored by branch manager from the point of view preventing fraud and making a Suspicious Transaction Report. However, it has to ensure that the customer is not inconvenienced as a result of extra care taken by the branch.

(ii) No penal charges for non-maintenance of minimum balances in any inoperative account would be levied.

(iii) Interest on savings bank accounts shall be credited on regular basis whether the account is operative or not. If a fixed deposit matures and proceeds are unpaid, the amount left unclaimed with the branch will attract savings bank rate of interest.

D. Activation of Inoperative Accounts:

(i) Branches shall exercise abundant caution at the time of re-activating a inoperative account and allowing operations in such re-activated inoperative accounts. Operation in such accounts shall be allowed after due diligence as per risk category of the customer. Due diligence would mean ensuring genuineness of the transaction, verification of the signature and identity etc.

(ii) While activating, branches shall ensure that fresh KYC documents are obtained, verified and all current information with regard to the customer like, address, Mobile number etc., are updated in the CBS. Adequate operational safeguards are to be exercised to ascertain that the claimants are genuine.

(iii) Balance in inoperative accounts held at the branch may be paid to account holders /nominee / legal heirs on their request for payment as per Bank norms. In such cases the identity of the customer shall be established beyond doubt before making payment, because of the time lag between the last transactions in the account and the date on which payment is claimed.

(iv) There would not be any charge for activation of inoperative account.

(v) If any remittances/credits are received in the inoperative account, first the account shall be re-activated after adhering to the guidelines as given above.

(vi) For effecting the credit/debit in such reactivated account, the system would require second authorization.

(vii) It is to be ensured that the amounts lying in inoperative accounts are properly audited by the Inspector of Branches/Statutory auditor of the bank.

E. Unclaimed CASA / Term Deposits

(i) The saving & current accounts which remain in inoperative status for 8 years (i.e., 10 years from the date of last operation) and in Term deposits in ODFD accounts for 10 years period, will be marked as “Unclaimed Deposit”. Such accounts will be transferred & maintained under a separate head i.e. “Unclaimed Deposit”.

(ii) Branches will submit a return on unclaimed deposit accounts, which have not been operated for 10 years or more, under Section 26 of Banking Regulation Act, 1949 within 30 days after the close of each calendar year to their respective Zonal Office for onward submission to HO Accounts & Audit Department.

F. Process Note for Claim of Unclaimed Deposits / Inoperative Accounts

(i) As per RBI guidelines, the list of unclaimed deposits / inoperative accounts which are inactive / inoperative for ten years or more has been displayed on Bank's website. The list so displayed contains only names of account holders(s) and his/her address in respect of unclaimed deposits / inoperative accounts which are inactive / inoperative for ten years or more. The information on the process of claiming the unclaimed deposit / activating the inoperative account and the necessary documents for claiming the same is also furnished in the website.

(ii) In case the account details provided by the customer match in the list available then they will contact their branch and submit the claim form (as per Annexure I below) along with the following documents for the activation / closure of the account.

(iii) The depositor whose unclaimed amount has been transferred to RBI under DEAF Scheme is entitled to claim from the bank his/her deposit or any other unclaimed amount or operate his/her account after the expiry of ten years, even after such amount has been transferred to the DEAF Fund. The procedure to be followed for claiming such amount is mentioned in H.O. P&D Circular No. 3044 dated 14.08.2014 & Circular No.3429 dated 14.12.2017.

G. Documents Required to be Submitted:

(i) For individual Account Holders-

Two Passport Size Coloured Photograph

Proof of Identity and Address – Certified copy of any one of the following officially valid document:

(i) Passport (ii) PAN Card (iii) Voter's Identity Card (iv) Driving License (v) Job card issued by NREGA duly signed by an officer of the State Government (vi) The letter issued by the Unique Identification Authority of India (UIDAI) containing details of name, address and Aadhaar number (vii) Aadhaar numbers and PANs or Form 60 as defined in the Income-Tax rules 1962 and where an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar.

(i) Where 'simplified measures' are applied for verifying the identity of the clients the following documents shall be deemed to be OVD:

(a) Identity card with applicant's Photograph issued by Central/ State Government Departments, Statutory/ Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, and Public Financial Institutions;

(b) Letter issued by a gazetted officer, with a duly attested photograph of the person.

(ii) Where 'simplified measures' are applied for verifying for the limited purpose of proof of address the following additional documents are deemed to be OVDs :

(a) Utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);

(b) Property or Municipal Tax receipt;

(c) Bank account or Post Office savings bank account statement;

(d) Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;

(e) Letter of allotment of accommodation from employer issued by State or Central Government departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies Similarly, leave and license agreements with such employers allotting official accommodation; and

(f) Documents issued by Government departments of foreign jurisdictions and letter issued by Foreign Embassy or Mission in India.

(ii) For Entities (Companies, Partnership Firms etc.)

In addition to the documents for individuals related to such entities, as explained above, following documents to be obtained:

Company: One certified copy each of the following documents :

(i) Certificate of incorporation;

(ii) Memorandum and Articles of Association;

(iii) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf ; and

(iv) An officially valid document in respect of managers, officers or employees holding an attorney to transact on its behalf.

(v) Aadhaar numbers and PANs or Form 60 as defined in the Income-Tax rules 1962 and where an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar.

Partnership firm: One certified copy each of the following:

(i) Registration certificate;

(ii) Partnership deed; and

(iii) An officially valid document in respect of the person holding an attorney to transact on its behalf.

(iv) Aadhaar number and PAN or Form 60 as defined in the Income-tax rules, 1962, issued to the person holding an attorney to transact on its behalf or where an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar.

Proprietary Concerns: Apart from Customer Identification Procedure as applicable to proprietary, any two of the following documents in the name of the proprietary concern would be suffice:

(i) Registration certificate

(ii) Certificate/licence issued by the municipal authorities under Shop and Establishment Act.

(iii) Sales and income tax returns.

(iv) CST/VAT certificate.

- (v) Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities.
- (vi) Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.
- (vii) Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities.
- (viii) Utility bills such as electricity, water, and landline telephone bills.
- (ix) Aadhaar numbers and PANs or Form 60 as defined in the Income-Tax rules, 1962 and where an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar.

In cases where the Bank is satisfied that it is not possible to furnish two such documents, it would have the discretion to accept only one of those documents as activity proof. In such cases, the bank/ branch, however, will undertake contact point verification, collect such information as would be required to establish the existence of such firm, confirm, clarify and satisfy themselves that the business activity has been verified from the address of the proprietary concern.

Trust: One certified copy of each of the following documents:

- (i) Registration certificate ;
- (ii) Trust deed
- (iii) An officially valid document in respect of the person holding an attorney to transact on its behalf.
- (iv) Aadhaar numbers and PANs or Form 60 as defined in the Income-Tax rules, 1962 and where an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar.

Unincorporated Association or Body of Individuals

One certified copy of each of the following documents:

- (i) Resolution of the managing body of such association or body of individuals;
- (ii) Power of attorney granted to him to transact on its behalf;
- (iii) An officially valid document in respect of the person holding an attorney to transact on its behalf.
- (iv) Such information as may be required by the bank to collectively establish the legal existence of such an association or body of individuals.
- (v) Aadhaar number and PAN or Form 60 as defined in the Income-Tax rules, 1962 and where an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar.

The account holders are required to furnish original documents for verification.

II. Redressal of Complaints and Grievances:

- (i) In case of any complaint, the matter may first be brought to the notice of concerned Branch Manager for immediate redressal. If the complaint is not redressed to the satisfaction of the customer, the matter may be taken up with the Zonal Manager concerned under whose jurisdiction the branch falls.

(ii) If the complainant still feels unsatisfied with the response received, he can escalate his complaint to bank's Nodal Officer i.e. General Manager (Inspection) designated to deal with Customers' Complaints/ Grievances giving full details of the case.

(iii) After exhausting all the above machinery/channels, if the customer is still not satisfied, he may write to Chairman & Managing Director of the Bank.

(iv) If still not satisfied, he / she is free to take recourse to the followings:

- Office of the Banking Ombudsman located in State Capitals under RBI Ombudsman Scheme, 2006.
- Directorate of Public Grievances, Govt. of India, Cabinet Secretariat, Sansad Marg, New Delhi.
- Distt. Consumer Forum, under Consumer Protection Act, 1985,

III. Record Keeping:

Branches shall continue to preserve all signature cards and ledger records (if any) and other documents relating to such accounts as per “Document Handling & Retention Policy” of the Bank.

IV. Periodic Review of Such Accounts:

The position of Unclaimed Deposits/ Inoperative Accounts shall be reviewed by Board on half yearly basis i.e. half year ending March / half year ending September.

V. Amendment/ Modification of the Policy

The Bank reserves the right to amend/modify this Policy, as and when deemed fit and proper, at its sole discretion. This policy shall be valid till the time of its next review.

Unclaimed Deposits / Inoperative Accounts – Claim Form

(Annexure – I)

Date:

The Branch Manager
Punjab & Sind Bank
_____ Branch

Dear Sir/Madam

I/We, Mr. / Mrs. / Ms. _____ (undersigned)
_____ in the capacity of

- () Self () Nominee
() Legal Heir () Others (please specify)

request for settlement of claim, for deposit account(s) held with your Bank in the names(s) of Mr./ Mrs. / Ms. _____

Claim details

Name of the Deposit Holder: _____

Account Details: _____

Communication Address _____

I understand that the claim will be settled post due diligence and authentication of documents as per the Bank's policy and guidelines.

Yours faithfully,

Name:

Address :

Contact No.:

Customer Acknowledgment slip (to be filled in by Bank official) Date:

Received a request from Mr. / Mrs. / Ms. _____

for claiming Unclaimed Deposits / Inoperative Accounts

Signature of Bank Official with Bank Seal