



## **SyndicateBank**

**Corporate Office: Bangalore NPA Management & Legal Department**

### **Code for collection of dues & repossession of Securities**

The debt collection policy of the Bank 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.

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 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. In the case of hypotheca after exhausting all possible modes like personal contacts, reminder over phone etc a notice of minimum 24 hours duration will be sent about repossession. In respect of cases under SARFAESI Act notice will be issued as prescribed in the Act.

Before empanelling Recovery Agents it shall be ensured that due diligence report of the recovery agency is kept on record indicating back ground, past experience, organizational set up etc. While forwarding the default cases to the Recovery Agents, the borrowers shall be kept informed about the recovery proceedings initiated and details of the recovery agency including the telephone number. If the recovery agency is changed during the recovery process the same shall be brought to the notice of the defaulting borrower. The customer may be informed if the conversation is being recorded in the process of recovery and a tape recording of the content/ text of the calls made by the Recovery Agents to the borrowers and vice-versa shall be made. The borrower shall be informed about the grievance redressal system put in place by the Bank. The borrower shall be provided with a code of Bank's commitment to customers. The Recovery Agents shall undergo training at IIBF and obtain certificates. It shall also be ensured that the persons employed by the recovery agency are also properly trained at IIBF and have obtained certificates and the recovery agency has carried out verification of the antecedents of the persons engaged by them.

#### **2. General Guidelines:** **COLLECTION OF DUES**

- a) Whenever the Bank gives loans, the Bank shall explain to the customer the repayment schedule, viz. amount, tenure and periodicity of repayment. However, if the customer do not adhere to repayment schedule, a defined process in accordance with the laws of the land will be followed for recovery of dues.
- b) The Bank shall have a Board approved policy for Collection of Dues and Security

Repossession as also appointment of Recovery Agents.

c) All relevant laws, regulations, guidelines and conditions of approval, licensing or registration shall be taken into account when appointing Recovery Agents.

d) The Bank shall ensure that the Recovery Agents are properly trained to handle their responsibilities with care and sensitivity. The Bank shall also ensure that they do not exceed their brief.

e) The Banks collection policy should be built on courtesy, fair treatment and persuasion. The Bank believes in fostering customer confidence and long term relationship.

f) The Bank shall provide the customer with all the information regarding their dues and shall endeavour to give sufficient notice for payment of dues.

g) The Bank shall have a system of checks before passing on a default case to recovery agencies so that the customer are not harassed on account of lapses on Bank's part.

h) The Bank shall write to the customer whenever recovery proceedings are initiated against the customer and shall inform them, of the name of the recovery agency/agent, to whom their case has been assigned as also the address and telephone numbers of the Recovery Agency/Agent.

i) The Bank shall provide details of the recovery agency firms/companies engaged by it on its website.

j) The Bank shall also make available, on request, details of the recovery agency firms/companies relevant to the customer at branches.

k) The Bank's staff or any person authorized to represent it in collection of dues or/ and security repossession shall identify himself/herself and produce the authority letter issued by the Bank and upon request show to the customer his /her identity card issued by the bank or under authority of the bank.

l) All the members of the staff or any person authorized to represent the bank in collection or /and security repossession would follow the guidelines set out below.

i. The customer shall be contacted ordinarily at the place of his choice and in the absence of any specified place at the place of his residence and if unavailable at his residence , at the place of business/occupation.

ii. Identity and authority to represent Shall be made known to the customer.

iii. Customer's privacy should be respected.

iv. Interaction with the customer shall be in a civil manner.

v. Normally The Bank's representatives shall contact the customer between 0700 hrs and 1900 hrs, unless the special circumstances of his business or occupation require otherwise.

vi. The customer's request to avoid calls at a particular time or at a particular place shall be honoured as far as possible.

vii. Time and number of calls and contents of conversation shall be documented.

viii. All assistance shall be given to the customer to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.

ix) During visits to customer's place for dues collection, decency and decorum shall be maintained. The Bank's officials/agents shall 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 customer's family members, referees and friends, making threatening and anonymous calls or making false and misleading representations.

However, it is the customer's responsibility to keep updating his contact details. In case the bank is unable to contact the customer on the details provided, the bank may access information available from public sources and approach customer's friends/relatives to trace him.

x) Inappropriate occasions such as bereavement in the family or other important family functions like marriages shall be avoided for making calls/visits to collect dues.

xi) The Bank shall investigate any complaint from the customer about unfair practices of

its recovery agents.

**3. General Guidelines in respect of MSE entrepreneurs:**

In addition to the above Codes, branches/Regions while engaging the Recovery Agents for recovery of dues of MSE entrepreneurs, following directions/guidelines should be scrupulously followed.

- If the dues are settled under OTS, Bank shall explain the MSE entrepreneur the implications of such settlement in their credit history maintained by the Credit Information Companies.
- Bank shall investigate the complaints raised by the MSEs about unfair practices made by the Recovery Agents of the Bank. In the event of receipt of any complaint from the MSE entrepreneur that the Bank's representative /Recovery Agent has engaged in any improper conduct or acted in violation of the Code, RO/CO shall investigate the matter and communicate the findings to the party within 30 working days from the date of receipt of complaint and wherever justified, compensate the party losses if any.
- Bank shall provide the MSE entrepreneur with all the information regarding dues and will endeavour to give sufficient notice for payment of dues.
- Bank will write to the MSE entrepreneur as and when recovery proceedings are initiated
- Bank will also make available, on request the names & details of Recovery Agency firms/companies at their branches.
- Bank staff or any person authorized to represent it in collection of dues or /and security repossession will identify himself /herself and display the authority letter issued by the Bank and upon request display(information) to the MSE entrepreneur borrower, his/her identification card issued by the Bank/or under the authority of the Bank
- Bank will have a system of checks before passing on a default case to collection agencies so that the MSE entrepreneur is not harassed on account of lapses on the part of the Bank.

**4. Giving notice to borrowers**

While written communications, telephonic reminders or visits by the bank's representatives to the borrowers 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. Bank will follow all such procedures as required under law for recovery/repossession of security. In the case of Hypotheca a written notice will be sent by Registered Post: AD or Courier Post or Certificate of Posting giving a minimum of 24 hours notice. In respect of cases under SARFAESI Act as per the provisions, 60 days notice will be sent by Registered Post AD, or Speed Post or Courier Post or Fax or E Mail etc.

**5. Repossession of Security**

Repossession of security is aimed at recovery of dues and not to deprive the borrower of the property. The recovery process through repossession of security will involve repossession, valuation of security and realization of security through appropriate means. All these would be carried out in a fair and transparent manner. Repossession will be done only after issuing the notice as detailed above. Due process of law will be followed while taking repossession of the property. 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.

**6. Valuation and sale of Property**

Valuation and sale of property repossessed by the bank will be carried out as per law and in a fair and transparent manner. In the case of hypotheca after taking possession if no payment is forthcoming a sale notice of 7 days duration will be sent with date, venue and time of sale. In respect of cases under SARFAESI Act as per the provisions of the Act, 30 days notice of sale will be sent wherever needed. When public auction or by tender is arranged, the same will be published in two leading news papers out of which one is in local vernacular.

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

**7. Opportunity for the borrower to take back the security**

As indicated earlier in the policy document the bank will resort to repossession of security only for the purpose of realization of its dues as the last resort and not with intention of depriving the borrower of the property. Accordingly the bank will be willing to consider handing over possession of property to the borrower any time after repossession and before concluding sale transaction of the property, 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 the 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 arrangements made by the borrower to ensure timely repayment of remaining installments in future.

If the amount/dues are repaid either as stipulated by the Bank or to the satisfaction of the Bank the possession will be returned to the borrower within seven days after getting permission from the competent/Sanctioning Authority or the Court /DRT concerned in respect of accounts where recovery proceedings are filed and pending.

**8. Grievance Redressal**

In the process of recovery of dues, it shall be ensured that the Recovery Agents engaged for

recovery of dues strictly adhere to the above guidelines and instructions including the BCSBI code. Adoption of abusive practices and violation of the guidelines shall be viewed seriously.

**(i) At Regional Office level:**

A complaint can be made to the Regional Head (The Code Compliance Officer). The Regional Office shall make effort for redressal of grievance within two weeks of receipt of the complaint.

**(ii) At Corporate Office level:**

In the event of not being satisfied with the reply given by the Regional Head, an appeal can be filed before the General Manager: Planning & Development Department at Corporate Office: Bangalore (The Principal Code Compliance Officer) in which case effort would be made for redressal of the grievance within four weeks of receipt of appeal.

Ordinarily the response to the complaint whether positive or negative or requiring more time for redressal shall be given within a maximum period of two weeks at Regional level and four weeks at Corporate Office level from the date of receipt of complaint / appeal unless the nature of complaint calls for verification of voluminous facts and figures.

The borrower shall also be advised that if he does not get satisfactory response from the Bank he may approach either the Chief General Manager, Customer Service Department of the Reserve Bank of India, Mumbai or the Banking Ombudsman.