

E-banking fraud: What's your liability?

By Riju Dave, ET Bureau | Oct 31, 2016, 06.30 AM IST



According to the Reserve Bank of India (RBI) draft guidelines issued on August 11, 2016, the burden of proving customer liability in an unauthorised e-banking transaction lies with the bank. Find out when you incur nil or limited liability.

The bank will reimburse the customer if there is a fraud/negligence on the part of the bank, whether or not you report the fraud/loss.

When is it zero liability?

The bank will reimburse the customer if there is:
a Fraud/negligence on the part of the bank, whether or not you report the fraud/loss.

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b Third party breach, where the fault lies neither with the bank nor with the customer, but elsewhere in the system, and the customer notifies the bank within three working days of receiving the communication from the bank regarding an unauthorised transaction.

When is it limited liability?

The customer is partially liable if:

a It involves negligence on his part, like sharing payment credentials. In such a case, he will bear the entire loss until he reports the unauthorised transaction to the bank. Any loss after reporting will be borne by the bank.

b The fault lies neither with the bank nor with the customer but in the system and there is a delay of four to seven working days by the customer in notifying the bank. The customer liability shall be limited to the transaction value or Rs 5,000, whichever is lower.

CUSTOMER LIABILITY	TIME TAKEN TO REPORT FRAUD
Nil	Within 3 working days
Lower of transaction value or ₹5,000	Within 4-7 working days
As per bank's policy	Beyond 7 working days

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