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Customer not liable if fraud due to bank's negligence or third breach: RBI draft

By PTI | Updated: Aug 11, 2016, 09.09 PM IST

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MUMBAI: Amid rise in cases of unauthorised electronic banking transactions, RBI today proposed that customer will have no or zero liability in case of fraud being committed because of bank's negligence or third breach.

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However, "where customer's own involvement is established, customer will be liable," said the draft circular on 'Customer Protection - Limiting Liability of Customers in Unauthorised Electronic Banking Transactions'.

In cases where customer's own involvement is not clearly established, customer liability will be limited to a maximum of Rs 5,000 if he reports within 4 to 7 working days.

"If customer reports beyond 7 working days, customer liability will be determined based on bank's Board approved policy," said the draft, on which RBI has sought feedback till August 31.

On being notified by the customer, the draft said the "bank should credit (shadow reversal)" the amount involved in the unauthorised electronic transaction to the customer's account within 10 working days.

"The burden of proving customer liability in case of unauthorised electronic banking transactions shall lie on the bank," RBI proposed.

It is also proposed that banks should ensure that a complaint is resolved within 90 days and in case of debit card/bank account the customer does not lose out on interest. Banks should also ensure that in case of credit card the customer does not bear any additional burden of interest.

RBI said the recent surge in customer grievances relating to unauthorised electronic banking transactions resulting in debits to their accounts/cards, has necessitated a review of the criteria for determining the customer liability in these circumstances.

"Banks must ask their customers to mandatorily register for alerts for electronic banking transactions. The alerts shall be sent to the customers through different channels (email or SMS) offered by the banks," it proposed.

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