

1. What is the timeline for realisation of local and outstation cheques and compensation payable if there are delays in affording credit?

Local Cheques

Local cheques are payable within the jurisdiction of the clearing house and will be presented through the clearing system prevailing at the centre. Credit arising out of local cheques shall be given to the customer's account as indicated in the Cheque Collection Policy (CCP) of the concerned collecting bank.

Notwithstanding to the CCP of concerned collecting bank, ideally, in respect of local clearing, banks shall permit usage of the shadow credit afforded to the customers' accounts immediately after closure of the relative return clearing on the next working day or maximum within an hour of commencement of business on the third working day from the day of presentation in clearing, subject to usual safeguards.

Under grid-based Cheque Truncation System (CTS) clearing, all cheques drawn on bank branches falling within in the grid jurisdiction are treated and cleared as local cheques. The grid clearing allows banks to present / receive cheques to/ from multiple cities to a single clearing house through their service branches in the grid location.

If there is any delay in credit, beyond the period specified above, customer is entitled to receive compensation at the rate specified in the CCP of the concerned collecting bank. In case, no rate is specified in the CCP for delay in realisation of local cheques, compensation at savings bank interest rate has to be paid for the corresponding period of delay.

Outstation Cheques

Maximum timeframe for collection of cheques drawn on state capitals / major cities / other locations are 7/10/14 days respectively.

If there is any delay in collection beyond this period, customer is entitled to receive compensation at the rate specified in the CCP of the concerned bank. In case the rate is not specified in the CCP, interest rate on Fixed Deposits for the corresponding maturity to be paid. Banks' cheque collection policy also indicates the limit up to which outstation cheques are given immediate / instant credit.

2. What happens if cheques / instruments are lost in transit / in clearing process?

If cheques are lost in transit or in the clearing process or at the paying bank's branch under physical instrument delivery clearing, the bank should immediately bring the same to the notice of the presenting customer (beneficiary)'s notice so that the customer can inform the drawer to record stop payment and can also take care that other cheques issued anticipating the credit arising out of the lost cheque are not dishonoured due to non-credit of the amount of the lost cheques / instruments.

It may however be noted that the probability of losing the physical instrument in the hands of paying bank is remote in the locations covered by CTS as clearing is undertaken on the basis of images. If the instrument is lost after lodging with the collecting bank but before truncating the same for sending through image-based clearing, the presenting bank should follow the procedure indicated above.

The customer is entitled to be reimbursed by banks for related expenses for obtaining duplicate instruments and interest for reasonable delays in obtaining the same.

3. My bank charges me a large sum of money for cheque collection. Is there any remedy?

Local cheque collection charges are decided by the concerned bank from time to time and communicated to customer through their CCP as part of the Code of Bank's Commitment to Customers.

Banks cannot charge more than the following for outstation cheques:

Up to and including Rs.5,000 – Rs.25 per instrument + service tax; Above Rs.5,000 and up to and including Rs.10,000 – not exceeding Rs.50 per instrument + service tax; Above Rs.10,000 and up to and including Rs.1,00,000 – not exceeding Rs.100 per instrument + service tax; Above Rs.1,00,000 – left to the banks to decide. No additional charges such as courier charges, out of pocket expenses, etc., should be levied.

It may be noted, no outstation cheque collection charges to be levied if the collecting bank and the paying bank are located within the jurisdiction of the same CTS grid even though they are located in different cities.

4. My bank refuses to accept outstation cheques for collection. Is there any remedy?

No bank can refuse to accept outstation cheques deposited for collection or refuse to offer its products to customers.

5. Can I know a bank's Cheque Collection Policy (CCP)?

Like in most countries, banks in India also are required to develop their own individual policy / procedures relating to collection of cheques. The customer is entitled to receive due disclosures from the bank on the bank's obligations and the customers' rights.

Broadly, the policies formulated by banks should cover the following areas:

Immediate credit for local / outstation cheques, Time frame for collection of local / outstation instruments and compensation payable for delayed collection.

The CCPs of various banks are made available on the website of respective bank.

Banks are obliged to disclose their liability to customers by way of compensation / interest payments due to delays for non-compliance with the standards set by the banks themselves. The customer has to be compensated by way of compensation/interest payment even if no formal claim is lodged to the effect.

6. How is bank supposed to disclose their policies?

Customer has the right to know the CCP of the bank before entering into any transaction.

The bank is obliged to disclose the amount up to which immediate credit of outstation cheque is offered in its Comprehensive Notice Board, which is to be displayed at each and every branch of the bank. The bank is also required to disclose time frame for collection of local / outstation instruments and policy for compensation payable for delayed collection. The same will be available in the Information Booklets which should be available at all the bank branches. The customer is also entitled to receive a copy of the bank's CCP, if (s)he so desires. Banks are also required to put up their CCP on their websites.

7. Apart from cheques what are the other means of transfer of funds?

Reserve Bank of India (RBI) has authorised various types of payment systems to enable transfer of funds. You may refer to the following link on RBI website to get overview of various payment systems available in India:

https://rbi.org.in/scripts/FS_Overview.aspx?fn=9

8. Am I entitled to receive an acknowledgement for cheque deposited in a bank for collection?

Banks are required to provide both the cheque drop box facility and the acknowledgement facility at their collection counters. No bank branch can refuse to give an acknowledgement to the customer if the latter asks for the same while tendering cheque for collection at the bank branch's counter.

9. What do I do if I still have a grievance?

If any customer has a complaint against a bank due to non-payment or inordinate delay in the payment or collection of cheques, complaint can be lodged with the bank concerned. If the bank fails to respond within 30 days, you may make a complaint under "The Reserve Bank-Integrated Ombudsman Scheme (RB-IOS 2021)". Complaints can be filed online on <https://cms.rbi.org.in>, or through the dedicated e-mail or sent in physical mode to the 'Centralised Receipt and Processing Centre' set up at RBI, 4th Floor, Sector 17, Chandigarh – 160 017 in the format given at the following path - https://rbidocs.rbi.org.in/rdocs/content/pdfs/RBIOS2021_121121_A.pdf. A toll-free number – 14448 (9:30 am to 5:15 pm) – is also available for customers to seek assistance in filing complaints and information on grievance redressal, with multi-lingual support.

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