



# FAIR PRACTICE CODE & OMBUDSMAN SCHEME

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## 1. INTRODUCTION

### 1.1 BACKGROUND

ECL Finance Limited (the Company/ ECLF), in pursuance of the Master Direction No RBI/DNBR/201617/45 DNBR (PD). 008/03.10.119/2016- 17 dated September 01, 2016, issued by Reserve Bank of India for Systemically Important Non-Deposit taking Company and Deposit taking Non-Banking Financial Companies and subsequently RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 dated October 19, 2023 as amended from time to time, for Middle Layer Non-Banking Financial Companies lays down the Fair Practice Code policy for fulfilling the requirements pertaining to fair relationship and transparent practices in dealing with the customers.

### 1.2 PURPOSE

The code has been developed with an objective of:

- Ensuring fair practices while dealing with all its customers.
- Greater transparency enabling customers in having a better understanding of the product and taking informed decisions.
- Building customer confidence

### 1.3 SCOPE

The Fair Practice Code (FPC) will be applicable to all the categories of products and services offered by the Company. It has been formulated to cover but not limited to the following areas:

- Applications for loans and their processing
- Loan appraisal and terms/conditions
- Disbursement of loans, including changes in terms and conditions
- Regulation of excessive interest charged by NBFC
- Complaint about excessive interest charged by the company
- General provisions
- Grievance redressal mechanism

## 2. APPLICATIONS FOR LOANS AND THEIR PROCESSING

- (a) All relevant information pertaining to the loan/loan facility will be made available in the relevant loan application form(s) or through other modes (term sheet, teasers, etc.). The loan application form will also indicate the documents required to be submitted together with the duly completed application form.



- (b) The client will have the option to receive all the correspondences, loan documents, recall notices etc relating to loan in vernacular language or a language understood by the Client. For this purpose, the Client need to indicate his/her/its preference in the loan application form by selecting the appropriate option.
- (c) Loan application form will include the rate of interest charged and rationale for charging different rate of interest to different categories of borrowers. The rates of interest and the approach for gradation of risks shall also be made available on the company's website
- (d) Receipt of completed applications forms should be duly acknowledged. Applicants are required to insist for an acknowledgement in this regard.
- (e) The acknowledgement should also indicate the approximate timeframe within which the applicant should contact the Company at its registered office to ascertain the status of the loan application.

### 3. LOAN APPRAISAL AND TERMS/CONDITIONS

- a) Loan applications shall be assessed in accordance with the Company's credit appraisal process and policies. The client shall be advised in the language selected by him/her/it in the loan application of the outcome of the credit appraisal (approval/rejection) within the period for appraising the loan application indicated in the acknowledgment to loan application.
- b) Upon approval of the loan, the Company shall convey the amount of loan sanctioned, annualized interest rate, default interest rate and other important terms and conditions to the Client by way of sanction letter or otherwise in the language selected by the Client in the application form for correspondence, etc. The penal charges, if any, to be charged by the Company for late repayment, etc shall be mentioned in bold in the loan agreement, sanction letter, etc. An acceptance of such terms and conditions shall be retained by the Company.
- c) The Company shall enter into an agreement indicating the amount of loan sanctioned, annualized rate of interest applicable, including method of application thereof, along with the terms and conditions with the client. A copy of the said agreement along with schedule(s) and annexure(s) to the agreement will be provided to the client in the language opted by the client.

### 4. DISBURSEMENT OF LOANS, INCLUDING CHANGES IN TERMS AND CONDITIONS

- a) Any changes to the terms and conditions, including disbursement schedule, interest rates, service charges, prepayment charges, etc, shall be informed individually to the borrowers in case of account specific changes, and in case of others, the same shall be available at the registered office / corporate office of the Company or on website or be disseminated through print media if the Company so decide.

- b) Changes in the interest rates and charges shall be effected prospectively. A suitable condition to this effect will be inserted in the loan agreement.
- c) Decision to recall / accelerate payment or performance under the agreement shall be in accordance with the terms and conditions of the loan documents executed by the borrower with the Company.
- d) All securities pertaining to the loan would be released on receipt of full and final payment of the loans, subject to any legitimate or contractual right or lien or right to set-off which the Company or any other person may have under the loan documents against the borrowers. If such right of set-off is to be exercised, the borrower shall be given notice about the same, with full particulars about the remaining claims and the conditions under which the right to retain or setoff the securities/sale proceeds from the securities or right to transfer the securities or sale proceeds is exercised by the Company. In the event of full and final payment of the loans along with other dues, if any, "No outstanding dues" certificate shall be issued by the Company within 1 month from the date of receipt of request from the borrower / customer.
- e) All notices, correspondence in respect of the loan will be made in the language opted by the Client in the loan application form.

#### 5. APPLICANT WITH DISABILITY (IES)

The Company shall not discriminate in extending products and facilities including loan facilities to the physically / visually challenged applicants on the grounds of disability. They shall be treated at par with the other applicants and their application shall be dealt on merit as per the credit process and policy of the Company. All possible assistance will be provided to the applicants with the disability (ies) to enable them to understand, select and avail appropriate product or loan facility.

#### 6. GENERAL PROVISIONS

- a) The Company shall refrain from interference in the affairs of the borrower, except for the purposes and as provided in the terms and conditions of the loan documents or unless new information, not earlier disclosed by the borrower, has come to the notice of the Company.
- b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise, i.e. objection of the Company, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law. In the matter of recovery of loans, the Company shall not resort to undue harassment viz persistently bothering the borrower at odd hours, use of muscle power for recovery of loans and would operate within the legal framework. The Company will ensure that all its employees are adequately trained to deal with the borrowers in an appropriate manner.



## 7. REGULATION OF EXCESSIVE INTEREST CHARGED BY THE COMPANY

- a) The Board of Directors has adopted an interest rate model for determining the rate of interest to be charged on loans and advances, processing and other charges taking into account relevant factors such as, cost of funds, margin and risk premium, etc. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and agreed interest shall be communicated explicitly in the sanction letter. In this regard the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.
- b) The rates of interest and the approach for gradation of risks shall also be made available on the website of the company. The information published in the website or otherwise published will be updated, whenever there is a change in the rates of interest.
- c) The rate of interest would be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.
- d) For retail financing products, the Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

## 8. RESPONSIBLE LENDING CONDUCT-RELEASE OF MOVABLE/IMMOVABLE PROPERTY DOCUMENTS ON REPAYMENT/SETTLEMENT OF PERSONAL LOANS

- To address the issues faced by the borrowers and towards promoting responsible lending conduct in release of movable / immovable property documents the following Directions are being issued:
  - REs shall release all the original movable / immovable property documents
  - REs shall remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account.
  - Borrower shall be given the option of collecting the original movable / immovable property documents either from the banking outlet / branch where the loan account was serviced or any other office of the RE where the documents are available.
- Compensation for delay in release of Movable / Immovable Property Documents:
  - In case of delay in releasing of original movable / immovable property documents beyond 30 days after full repayment/ settlement of loan, RE shall communicate to the borrower reasons for such delay.
  - RE shall compensate the borrower at the rate of ₹5,000/- for each day of delay.
  - In case of loss/damage to original movable / immovable property documents REs shall assist the borrower in obtaining duplicate/certified copies and shall bear the associated costs.

## 9. GRIEVANCE REDRESSAL MECHANISM

The implementation of the Fair Practice Code shall be the responsibility of the Company. The Company shall make every effort to ensure that its dealing with borrowers / customers is smooth and hassle free. Any complaint brought to the notice of the Company by a borrower / customer will be handled expeditiously.

All disputes / complaints arising out of the decisions of the Company's functionaries including issues relating to services provided by an outsourced agency would be heard and disposed of after it is brought to their notice.

A consolidated report of periodical review with compliance with the Fair Practices Code and functioning of the grievances redressal mechanism at various levels of management would be submitted to the Board of Directors (or a committee thereof) at regular intervals.

The contact details of the Grievance Redressal Officer ("GRO") and RBI (which can be approached, if the complaint / dispute is not resolved within a period of one month) will be displayed at all the branches / places where the Company conducts its business.

The Company has provided the following Grievance Redressal Escalation Mechanism to resolve any of its Customers Query / Grievances / Complaints:

<p><b>LEVEL - 1</b></p>	<p>a) The borrowers can directly approach the Branch Manager and enter his/her complaint/grievance in the compliant register maintained at the branch</p> <p>b) The concerned Employee / Relationship Manager shall guide the borrowers who wish to lodge a complaint.</p> <p>c) The borrower may also lodge complaints / grievances through any of the following channels –          Email to: <a href="mailto:assistance@eclf.com">assistance@eclf.com</a>          Toll free: 1-800-1026372-Monday – Friday (10 a.m. to 5 p.m.)</p>
<p><b>LEVEL-2</b> GRIEVANCE REDRESSAL OFFICER</p>	<p>In case the customer is dissatisfied with the response received, they can also approach Grievance Redressal Officer at the following address :-</p> <p><b>Ms. Sangeeta Mukherjee , Grievance Redressal Officer</b>          Ground Floor, Tower 3, Wing 'B', Kohinoor City Mall, Kohinoor City, Kirof Road, Kurla (west), Mumbai – 400070 Monday to Friday (10 am – 5 pm)</p> <p>Tel No. +91 22 43428056          Email Id: <a href="mailto:grievances@eclf.com">grievances@eclf.com</a></p> <p>The Grievance Redressal Officer shall endeavour to provide the borrower / applicant with the resolution / response to the queries / complaints / grievances received as earliest as possible.</p>
<p><b>LEVEL – 3</b></p>	<p>If the customer is not satisfied with the resolution received or if the customer does not hear from us in 30 days, then he/she may lodge their complaint on RBI CMS portal - <a href="https://cms.rbi.org.in">https://cms.rbi.org.in</a></p> <p>Or send your complaint form to the below mentioned address:</p> <p><b>Centralised Receipt and Processing Centre,</b>          Reserve Bank of India, 3th Floor, Near Maratha Mandir, Byculla, Mumbai Central, Mumbai -400008</p> <p>Tel: +91 22-23084121/ 23028436          Fax: +91 22-23022011          Email id – <a href="mailto:dnbsmro@rbi.org.in">dnbsmro@rbi.org.in</a></p>



**POINTS TO COMPLY ALONGWITH REDRESSAL PROCEDURE THEREOF:**

- a) The above information shall also be displayed outside the branches / places where the business of the Company is transacted for the benefit of the Customers and shall also be made available with such designated officers for reference purpose.
- b) In case any complaint / grievance is received by the Concerned Employee / Relationship Manager, the same shall be reported by him / her within 2 days from the receipt of the Complaint to the Customer service Team & Grievance Redressal Officer to ensure speedy resolution of the grievances / complaints.
- c) It shall be the responsibility of the concerned employee / relationship manager to provide the necessary details pertaining to the complaint / grievance to the Customer service Team & Grievance Redressal Officer to redress and resolve the complaint / grievances.

**10.REVIEW OF POLICY**

The FPC shall be subject to periodical review in accordance with any regulatory or statutory requirement and shall be approved by the Board of the Company.

**ANNEXURE – INTEGRATED OMBUDSMAN SCHEME 2021**

**SALIENT FEATURES**

The Integrated Ombudsman Scheme, 2021 is effective from November 12, 2021. The Scheme adopts ‘One Nation One Ombudsman’ approach by making the RBI Ombudsman mechanism jurisdiction neutral.

It integrates the existing three Ombudsman schemes of RBI namely, (i) the Banking Ombudsman Scheme, 2006;

(ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and (iii) the Ombudsman Scheme for Digital Transactions, 2019.

**APPLICABILITY:**

The Scheme covers the following regulated entities (RE):

- i. all Commercial Banks, Regional Rural Banks, Scheduled Primary (Urban) Cooperative Banks and Non- Scheduled Primary (Urban) Co-operative Banks with deposits size of Rupees 50 crore and above as on the date of the audited balance sheet of the previous financial year;

- ii. all Non-Banking Financial Companies(NBFC) (excluding Housing Finance Companies) which (a) are authorized to accept deposits; or (b) have customer interface, with an assets size of Rupees 100 crore and above as on the date of the audited balance sheet of the previous financial year; and
- iii. all System Participants as defined under the Scheme.

#### **PROCEDURE FOR GRIEVANCE REDRESSAL UNDER THE SCHEME:**

- I. **Grounds of complaint:** Any act/omission of Regulated Entity resulting in deficiency in service may file complaint personally or through an authorized representative.

“Authorized Representative” means a person, other than an advocate (unless the advocate is the aggrieved person) duly appointed and authorized in writing to represent the complainant in the proceedings before the Ombudsman.

II. **Complaint shall not lie under the Scheme, unless:**

- a) The complainant had, before making a complaint under the Scheme, made a written complaint to the

Regulated Entity concerned and

- i. The complaint was rejected wholly or partly by the Regulated Entity, and the complainant is not satisfied with the reply; or the complainant had not received any reply within 30 days after the Regulated Entity received the complaint; and
- ii. the complaint is made to the Ombudsman within one year after the complainant has received the reply from the Regulated Entity to the complaint or, where no reply is received, within one year and 30 days from the date of the complaint.

- b) The complaint is not in respect of the same cause of action which is already:

- i. pending before an Ombudsman or settled or dealt with on merits, by an Ombudsman, whether or not received from the same complainant or along with one or more complainants, or one or more of the parties concerned;
- ii. pending before any Court, Tribunal or Arbitrator or any other Forum or Authority; or, settled or dealt with on, merits, by any Court, Tribunal or Arbitrator or any other Forum or Authority, whether or not received from the same complainant or along with one or more of the complainants/parties concerned.

- c) The complaint is not abusive or frivolous or vexatious in nature;



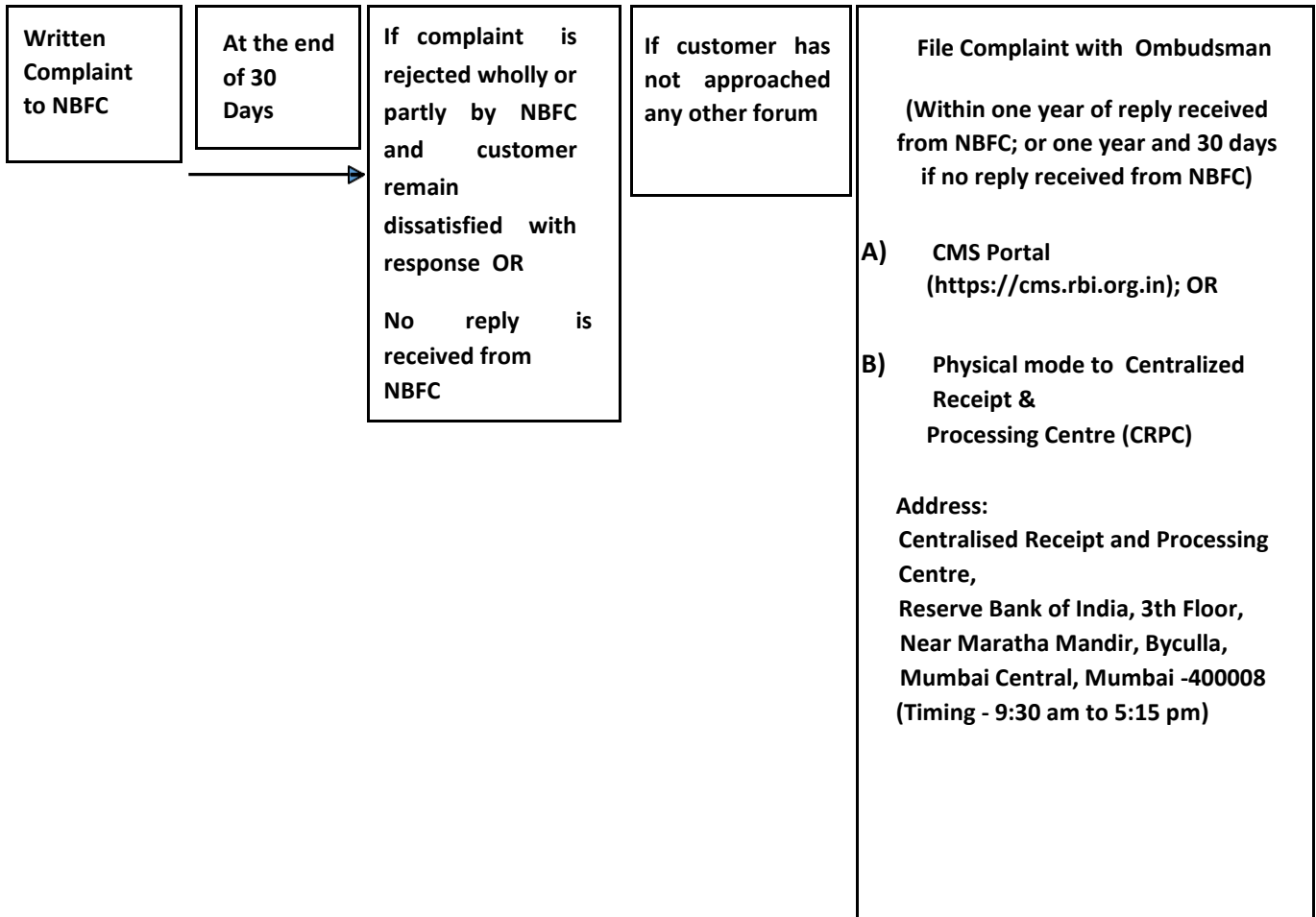
- d) The complaint to the Regulated Entity was made before the expiry of the period of limitation prescribed under the Limitation Act, 1963, for such claims;
- e) The complainant provides complete information as specified in clause 11 of the Scheme;
- f) The complaint is lodged by the complainant personally or through an authorized representative other than an advocate unless the advocate is the aggrieved person.

**III. Grounds for non-maintainability of a Complaint under the scheme are those involving matters such as-**

- a) Commercial judgment/commercial decision of a RE;
- b) Dispute between a vendor and a RE relating to an outsourcing contract;
- c) Grievance not addressed to the Ombudsman directly;
- d) General grievances against Management or Executives of a RE;
- e) Dispute in which action is initiated in compliance with the orders of a statutory or law enforcing authority; f) Service not within the regulatory purview of RBI;
- g) Dispute between RE's; and
- h) Dispute involving the employee-employer relationship of a RE.



**PROCESS FOR FILING COMPLAINT:**



**APPEAL BEFORE APPELLATE AUTHORITY:**

- The complainant aggrieved by an Award or rejection of a complaint by Ombudsman Office, may, within 30 days of date of receipt of award or rejection of complaint, prefer an appeal to Executive Director, Consumer Education & Protection Department (CEPD), RBI.
- The Appellate Authority may, if it is satisfied that the complainant had sufficient cause for not making the appeal within the time, may allow a further period not exceeding 30 days.

**RESOLUTION OF COMPLAINTS:**

- Proceedings before Ombudsman are summary in nature.
- Promotes settlement through facilitation, conciliation or mediation. If not reached, can issue Award/Order

**NOTE:**

- This is an Alternate Dispute Resolution mechanism.
- Complainant is at liberty to approach Court, Tribunal or Arbitrator or any other forum or authority. Please refer [https://rbidocs.rbi.org.in/rdocs/content/pdfs/RBIOS2021\\_121121.pdf](https://rbidocs.rbi.org.in/rdocs/content/pdfs/RBIOS2021_121121.pdf) for detailed copy of scheme



## **DETAILS OF THE PRINCIPAL NODAL OFFICER**

**Ms. Sangeeta Mukherjee**

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