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## FAIR PRACTICES CODE (2020)

PNB Housing Finance Limited has adopted the Fair Practice Code (FPC) pursuant to the Guidelines issued by the National Housing Bank on Fair Practices Code for Housing Finance Companies vide its various circulars issued from time to time.

The Code has come into force from 17<sup>th</sup> October 2020.

### 1. OBJECTIVES & APPLICATION

#### 1.1 Objectives of the FPC

- a. To promote good & fair practices by setting reasonable Standards in dealing with Customers;
- b. To increase transparency so that the Customers can have better understanding of what they can reasonably expect of the Services ;
- c. To encourage market forces, to achieve higher Operating standards ;
- d. To promote a fair & cordial relationship between Customer & the Company ;
- &
- e. To foster confidence in Housing Finance System.

#### 1.2 APPLICATION OF THE FPC

The Code applies to all the Products & Services offered by PNB Housing or subsidiaries and all the offices and all employees of PNB Housing or subsidiaries or its associates.

### 2. TO ACT FAIRLY AND IN A TRANSPARENT MANNER

The Company shall act fairly and reasonably in all dealings with Customers by ensuring that;

- a. The commitments and standards prescribed in this Code are met for all Products, Services, Procedures, & Practices.
- b. Company's Products & Services meet relevant Laws & Regulations in letter & spirit.
- c. Company's dealings with Customers rest on the Ethical Principles of Integrity & Transparency.

*Company will transparently disclose to the borrower all information about fees / charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned / disbursed, pre-payment options and charges, if any, penalty for delayed repayment if any, conversion charges for switching loan from fixed to floating rates or vice-versa, existence of any interest reset clause and any other matter which affects the interest of the borrower. Company will disclose 'all in cost' inclusive of all charges involved in processing / sanction of loan application in a transparent manner.*

*Company will ensure that such changes / fees are non-discriminatory.*

### **3. ADVERTISING, MARKETING AND SALES**

- a. Company will ensure that all the advertising and promotional material is clear, and not misleading.
- b. Company will ensure that in any advertisements in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate, it shall indicate other fees and charges with full details of the relevant terms and conditions which will be available on request.
- c. Company will provide information on interest rates, common fees and charges through putting up notices in its branches, through e-mails, through telephone or help-lines on the company's website and through designated staff / help desk.
- d. Company's subsidiary, the third parties engaged by the Company for providing support services, shall ensure that they handle Customer's personal information with the same degree of confidentiality & security as the Company would.
- e. Company, its subsidiaries and associates will communicate to customers various features of its products or promotional offers in respect of products / services through mails or by registering for the same on the website, after their consent to receive such information / service.
- f. The subsidiary, the third parties whose services are availed to market products / services which amongst other matters will follow company's code of conduct when they approach the customer for selling products personally or through phone or through web portal.
- g. In the event of receipt of any complaint from the customer about company's representative / courier or any associate that has engaged in any improper conduct or acted in violation of Company's Code, the Company will initiate investigation under the charge of a senior officer.

### **4. LOANS**

- (i) Applications for loans and their processing
  - a. Company shall provide customers all the necessary information through website/ application forms / brochures or during the course of meeting with the customers etc. The Company shall provide the indicative list of documents required to be submitted along with the loan application form.
  - b. Company's loan application forms and the enclosed literature will include all the necessary information which affects the interest of the customer, so that a customer can take an informed decision.
  - c. Company will issue acknowledgement of the loan application receipt. As far as possible, the customer shall be informed the time frame within which loan applications will be disposed of with the acknowledgement.

(ii) Loan appraisal and terms/conditions

- a. Company will duly inform a customer about any additional information promptly in order to avoid any processing delay.
- b. A customer will be issued a sanction letter containing, the loan amount sanctioned along with all the terms and conditions including annualized rate of interest, method of application, EMI structure, prepayment charges. The Company will keep a written acceptance of the terms and conditions by the customer on record.
- c. Company shall furnish loan documents (copy of the MITC and General Terms and Conditions (GTC) etc.) to a customer at the time of sanction/ disbursement of a loan.

(iii) Communication of rejection of Loan Application

Company will send a communication of rejection of Loan Application to the customer along with the reason(s) for rejection.

(iv) Disbursement of loans including changes in terms and conditions

- a. Loan disbursement will be made in accordance with the disbursement schedule as per sanction terms. Customers would be informed regarding changes to Terms & Conditions including disbursement schedule, interest rates, service charges, prepayment charges, other applicable charges etc.
- b. Normally, changes shall be made with prospective effect giving due Notice. If such change is to the disadvantage of the Customer, he / she may within 60 days & without Notice close his / her Account or switch it without having to pay any extra charges or interest.
- c. The loan can be recalled or customer can be asked for accelerated payment only as per the loan agreement. The Company may ask for additional securities, in consonance with the loan agreement.
- d. Company will release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim against the borrower. Any right of set off will be exercised after the borrower has been given notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled /paid.

(v) Guarantors

A guarantor to a loan will be informed about;

- a. His/her liability as guarantor;
- b. The amount of liability he/she will be committing him/herself to the Company;
- c. Circumstances in which the Company will call on him/her to pay up his/her liability;
- d. When the Company has recourse to his/her other monies in the Company if he/she fail to pay up as a guarantor;

- e. Whether his/her liabilities as a guarantor are limited to a specific quantum or are they unlimited;  
and
- f. Time and circumstances in which his/her liabilities as a guarantor will be discharged as also the manner in which the Company will notify him/her about this.

The Guarantor will be informed about any material adverse change/s in the financial position of the borrower to whom he/she stands as a guarantor.

In case the guarantor refuses to comply with the demand made by the creditor /lender, despite having sufficient means to make payment of the dues, such guarantor would also be treated as a willful defaulter.

All personal information of present and past customers shall be treated as private and confidential. The Company shall not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, other than in the following exceptional cases:

- a. If the information is to be given by law.
- b. If there is a duty towards the public to reveal the information.
- c. If Company's interests require them to give the information to prevent fraud etc. Customer's information shall not be given to anyone for marketing purposes except with his/her permission.
- d. If the Customer asks Company to reveal the information, or with the Customer's permission.
- e. If Company is asked to give a reference about a Customer, the Company will obtain his / her written permission before giving it.

## **5. CREDIT REFERENCE AGENCY**

- a. Before opening of a loan account, the Company shall inform the customers when it shall pass his / her Account details to Credit Reference Agencies & the checks it shall make with them.
- b. Such information will be given if:
  - 1. The customer has fallen behind with his / her payments;
  - 2. The amount owed is not in dispute; and
  - 3. The customer has not made any satisfactory proposals for repaying his / her debt, following Company's formal demand.
- c. In these cases, the Company shall intimate the customer in writing that it plans to give information about the debts the customer owes to credit reference agencies. The customer shall be explained the role of Credit Reference Agencies and the effect the information the Company will provide can have on customer's ability to get credit.
- d. Any other information about a customer will be given to credit reference agencies after seeking customer's permission to do so.
- e. A copy of the information given to the credit reference agencies shall be provided by the Company to a customer, if so demanded.

## 6. COLLECTION OF DUES

- a. Whenever loans are given, the Company will explain to the customer the repayment process by way of amount, tenure and periodicity of repayment.
- b. The Company will also explain to the customer that on non-adherence to repayment schedule, all the actions in accordance with the laws of the land for recovery of dues such as reminding the customer by sending him / her notice or by making personal visits and / or repossession of security if any.
- c. Company's Collection Policy is built on courtesy, fair treatment & persuasion. Company believes in fostering customer confidence & long-term relationship. Company's Staff or any person authorized to represent in collection of dues or / & security repossession shall identify himself / herself & display the Authority Letter issued by Office & upon request, display his / her Identity Card issued by the Company or under authority of the Company. Company shall provide Customers with all the information regarding dues & shall endeavor to give sufficient Notice for payment of dues.
- d. The Company shall provide customers with all the information regarding dues and on case to case basis give sufficient notice for payment of dues.

All the members of the staff or any person authorized to represent the Company in collection or / and security repossession should follow the guidelines set out below:

- a. Customer would be contacted ordinarily at the place of his / her choice and in the absence of any specified place at the place of his / her residence and if unavailable at his / her residence, at the place of business / occupation.
- b. Identity and authority to represent the Company would be made known to the customer at the first instance.
- c. Customer's privacy would be respected.
- d. Interaction with the customer shall be made in a civil manner.
- e. Company's representatives shall contact the customers between 0700 hrs and 1900 hrs, unless the special circumstances of the customer's business or occupation require otherwise.
- f. Customer's request to avoid calls at a particular time or at a particular place shall be honored as far as possible.
- g. Time and number of calls and contents of conversation would be documented.
- h. All assistance should be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- i. During visits to customer's place for dues collection, decency and decorum would be maintained.
- j. Inappropriate occasions such as bereavement in the family or such other calamitous occasions would be avoided for making calls/visits to collect dues.

## 7. COMPLAINTS AND GRIEVANCES

- a. The Company shall make available facilities at each of its offices for the customers to lodge and/or submit their complaints or grievances, if any.
- b. The Company shall endeavor to address/respond to all complaints and grievances within a reasonable time and keep the customers informed about the status of their complaints. A Board designated Committee will be provided with periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.
- c. Customer will be told where to find details of our Procedure for handling complaints fairly & quickly.
- d. If the customer wants to make a complaint, he / she will be told :
  - i. How to do this?
  - ii. Where a complaint can be made?
  - iii. How a complaint should be made?
  - iv. When to expect a reply?
  - v. Whom to approach for redressal?
  - vi. What to do if the customer is not happy about the outcome?
  - vii. Company's staff shall help the customer with any questions the customer has.
- e. If a complaint has been received in writing from a customer, the Company shall send him / her Acknowledgement / Response within a week. If the complaint is relayed over Phone at Company's designated Telephone Helpdesk or Customer Service Number, the customer shall be provided with a Complaint Reference Number & be kept informed of the progress within a reasonable period of time.
- f. After examining the matter, the Company shall send the customer the final response or explain why it needs more time to respond & shall endeavor to do so within 6 weeks of receipt of a complaint & he / she should be informed how to take his / her complaint further if he / she is still not satisfied.
- g. Company shall publicize the grievance redressal procedure and ensure that it is specifically made available on its website.

## 8. GENERAL

The Company shall give customer information;

- ❖ To verify the details mentioned in the Loan Application by contacting at their residence & / or on business telephone numbers & / or physically visiting their residence & / or business addresses through staff or through Agencies appointed for this purpose, if deemed necessary.
- ❖ The customer shall be informed to co-operate if the Company need to investigate a transaction on the customer's Account & with the police / other Investigative Agencies, if Company need to involve them.
- ❖ Company shall advise the customer that if the customer acts fraudulently, he / she will be

responsible for all Losses on his / her Account & that if the customer acts without reasonable care & this causes losses, the customer may be held responsible for the same.

- ◆ Giving Customers information about Products & Services in any of the following Languages: Hindi, English or the appropriate local Language.
- ◆ Company shall not discriminate on the basis of Age, Race, Caste, Gender, Marital Status, Religion, or Disability. However, the restrictions on Age, as mentioned in the Loan Products, shall continue to apply.
- ◆ Each application shall be considered independently on merit, upon scrutiny of all the information, documents required for verifying identity/ entity and the security to be offered, including guarantees.
- ◆ Company shall process requests for transfer of a loan account, either from the borrower or from a bank / financial institution, in the normal course.

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January 6, 2011

## **REVISED GUIDELINES ON FAIR PRACTICES CODE FOR HFCs**

NHB had vide its Circular dated September 5, 2006 advised Housing Finance Companies (HFCs) to formulate suitable Fair Practices Code with the approval of their Board. The Board had approved the Fair Practices Code in July 2007, which is being followed by the Company.

NHB has revised the Guidelines on Fair Practices Code to bring more clarity & transparency and to cover all aspects of loan sanctioning, disbursal and repayment issues. In its circular, NHB has stated following objectives of Fair Practice Code;

### **OBJECTIVES & APPLICATION**

- a. Promote good and fair practices by setting minimum standards in dealing with customers;
  - b. Increase transparency so that the customer can have a better understanding of what he/she can reasonably expect of the services;
  - c. Encourage market forces, through competition, to achieve higher operating standards;
  - d. Promote a fair and cordial relationship between customer and HFC;
- and
- e. Foster confidence in the housing finance system.

**NHB has advised that HFCs should act fairly and reasonably in all dealings with customers, by ensuring that:**

- a. They meet the commitments and standards in this Code for the products and services they offer and in the procedures and practices their staff follows.
- b. Their products and services meet relevant laws and regulations in letter and spirit.
- c. Their dealings with customers rest on ethical principles of integrity and transparency.

### **DRAFT FAIR PRACTICES CODE ON THE LINES AS ADVISED BY NHB:**

#### **1. ADVERTISING, MARKETING AND SALES**

- h. Company will ensure that all advertising and promotional material is clear, and not misleading.
- i. Company will ensure that in any advertisements in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate, it shall indicate other fees and charges with full details of the relevant terms and conditions which will be available on request.
- j. Company will provide information on interest rates, common fees and charges through putting up notices in its branches, through telephone or help-lines on the company's website and through designated staff / help desk.



- k. The direct sales agents (DSAs) and Recovery Agents of the Company shall handle customer's personal information with confidentiality and security.
- l. Company will communicate to customers various features of its products or promotional offers in respect of products / services through mails or by registering for the same on the website, after their consent to receive such information / service.
- m. DSAs whose services are availed to market products / services which amongst other matters will follow company's code of conduct when they approach the customer for selling products personally or through phone.
- n. In the event of receipt of any complaint from the customer about company's representative / courier or DSA that has engaged in any improper conduct or acted in violation of company's Code, Company will initiate investigation under the charge of an EVP.

## **2. LOANS**

### **(i) Applications for loans and their processing**

- d. Loan application forms and the enclosed literature will include all the necessary information which affects the interest of the borrower, so that a borrower can take an informed decision in comparison with the terms and conditions offered by other HFCs. The borrower shall be informed about the list of documents required to be submitted with the application form.
- e. The loan application will be acknowledged for receipt. As far as possible, the borrower shall be informed the time frame within which loan applications will be disposed of with the acknowledgement.

### **(ii) Loan appraisal and terms/conditions**

- d. A borrower will be duly informed about any additional information promptly in order to avoid any processing delay.
- e. A borrower will be issued a sanction letter containing, the loan amount sanctioned along with all terms and conditions including annualized rate of interest, method of application, EMI Structure, prepayment charges. A written acceptance of these terms and conditions by the borrower will be kept on record.
- f. Company shall furnish a copy of the loan agreement along with a copy of all enclosures quoted in the loan agreement to a borrower at the time of sanction/ disbursement of a loan.

### **(iii) Company will send a communication of rejection of Loan Application to the customer along with the reason(s) for rejection.**

### **(iv) Disbursement of loans including changes in terms and conditions :**

- e. As far as possible Company will provide disbursement schedule to the borrower and make disbursements in accordance with the disbursement schedule given in the Loan

Agreement/ Sanction Letter.

- f. The Company will give notice of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, other applicable fee / charges etc. to the borrower. The changes in interest rates and charges will be from a prospective date. This will be incorporated in the loan agreement.
- g. If the change in the interest rates and charges are not acceptable to the customer, he/she may within 60 days and without notice close his / her account or switch it without having to pay any extra charges or interest.
- h. The loan can be recalled or borrower can be asked for accelerated payment only as per the loan agreement. The Company may ask for additional securities, in consonance with the loan agreement.
- i. Company will release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim against the Borrower. Any right of set off will be exercised after the borrower has been given notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled /paid.

### **3.**

#### **GUARANTORS**

A guarantor to a loan will be informed about :

- g. His/her liability as guarantor;
- h. The amount of liability he/she will be committing him/herself to the company;
- i. Circumstances in which the Company will call on him/her to pay up his/her liability;
- j. When the Company has recourse to his/her other monies in the company if he/she fail to pay up as a guarantor;
- k. Whether his/her liabilities as a guarantor are limited to a specific quantum or are they unlimited;
- l. Time and circumstances in which his/her liabilities as a guarantor will be discharged as also the manner in which the Company will notify him/her about this.

The Guarantor will be informed about any material adverse change/s in the financial position of the borrower to whom he/she stands as a guarantor.

#### **4. PRIVACY AND CONFIDENTIALITY**

All personal information of present and past customers shall be treated as private and confidential. Company shall not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, other than in the following exceptional cases:

- f. If the information is to be given by law
- g. If there is a duty towards the public to reveal the information
- h. If Company's interests require them to give the information to prevent fraud etc. Customer's information shall not be given to anyone for marketing purposes except with his/her permission.

## **5. CREDIT REFERENCE AGENCY**

- e. A customer at the time of opening of an account will be informed when the Company may pass his / her account details to credit reference agencies.
- f. Such information will be given if:
  - 1. The customer has fallen behind with his / her payments;
  - 2. The amount owed is not in dispute; and
  - 3. The customer has not made any satisfactory proposals for repaying his / her debt, following Company's formal demand
- g. In these cases, the Company shall intimate the customer in writing that it plans to give information about the debts the customer owes to credit reference agencies. Customer shall be explained the role of credit reference agencies and the effect the information the Company will provide can have on customer's ability to get credit.
- h. Any other information about a customer will be given to credit reference agencies after seeking customer's permission to do so.
- i. A copy of the information given to the credit reference agencies shall be provided by the Company to a customer, if so demanded.

## **6. COLLECTION OF DUES**

- a) The Company will explain to the customer the repayment process by way of amount, tenure and periodicity of repayment.
- b) The Company will also explain to the customer that on non adherence to repayment schedule, all the actions in accordance with the laws of the land for recovery of dues such as reminding the customer by sending him / her notice or by making personal visits and / or repossession of security, if any.
- c) The Company officials involved in collection should be courteous, give fair treatment and persuade a customer to repay the dues.
- c) The Company officials on recovery or any person authorized to represent the Company in collection of dues or / and security repossession shall identify himself / herself and display the authority letter issued by the Company. On request, they shall display his / her identity card issued by the Company or under authority of the company.

- d) The Company shall provide customers with all the information regarding dues and on case to case basis give sufficient notice for payment of dues.

All the members of the staff or any person authorized to represent the Company in collection or / and security repossession should follow the guidelines set out below:

- a. Customer would be contacted ordinarily at the place of his / her choice and in the absence of any specified place at the place of his / her residence and if unavailable at his / her residence, at the place of business / occupation.
- b. Identity and authority to represent the Company should be made known to the customer at the first instance.
- c. Customer's privacy should be respected.
- d. Interaction with the customer shall be in a civil manner
- e. Company's representatives shall contact the customers between 0700 hrs and 1900 hrs, unless the special circumstances of the customer's business or occupation require otherwise.
- f. Customer's request to avoid calls at a particular time or at a particular place shall be honored as far as possible.
- g. Time and number of calls and contents of conversation would be documented.
- h. All assistance should be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- i. During visits to customer's place for dues collection, decency and decorum should be maintained.
- j. Inappropriate occasions such as bereavement in the family or such other calamitous occasions should be avoided for making calls/visits to collect dues.

## **7. COMPLAINTS AND GRIEVANCES**

- a. All complaints of the customer shall be acknowledged and entered in a register. The acknowledgement should contain the name & designation of the official who will deal with the grievance.
- b. Efforts shall be made to resolve all the complaints in courteous manner and within seven days.
- b. The Complaint redressal mechanism shall be displayed on Company's website and on the Notice Boards of every branch.
- c. An officer not less than EVP shall be in charge of the Complaint redressal at HO. The officer's name, landline and mobile number shall be displayed on Company's website and on the Notice Board of each branch.
- d. The website and the information on the Notice Board at branches should indicate, if the

customer wants to make a complaint:

- I. How to do this
  - II. Where a complaint can be made
  - III. How a complaint should be made
  - IV. When to expect a reply
  - V. Whom to approach for redressal
  - VI. What to do if the customer is not happy about the outcome.
  - VII. Any other help, a customer wants.
- e. For telephonic complaints, the customer shall be provided with a complaint reference number and be kept informed of the progress within a reasonable period of time.
- f. After examining the matter, the Company shall send the customer its final response or explain why it needs more time to respond and shall endeavor to do so within six weeks of receipt of a complaint and he/she should be informed how to take his/her complaint further if he/she is still not satisfied.

## **8. GENERAL**

The Company shall inform the customer;

1. that his/her details mentioned in the loan application will be verified by the Company's officials/authorized agency by contacting him/her at his/her residence and / or on business telephone numbers and / or physically visiting his/her residence and/or business addresses.
2. The Company will seek cooperation from customer to investigate a transaction on the customer's account and with the police/ other investigative agencies, if needed.
3. The Company will advise the customer that if the customer acts fraudulently, he/she will be responsible for all losses on his/her account and that if the customer acts without reasonable care and this causes losses, the customer may be responsible for the same.
4. All communication /information shall be in Hindi or English. If need be, local vernacular language shall be used.
5. No discrimination shall be made on grounds of sex, caste and religion in the matter of lending except when the Company participates in any schemes framed for different sections of the society.
6. All requests for transfer of a loan account, either from the borrower or from a bank/financial institution, shall be dealt with in the normal course as per the existing policies of the Company.