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Rights and duties of Bankers and Customers

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Rights and Duties of Banker and Customer

It is very difficult to live without a bank account as it is required for many things. As more than 50% of Indians have bank accounts, it is very important for you to know the rights and duties of both bankers and customers. In this blog, we will discuss the rights and duties of bankers and customers.

Rights of a Banker

1. Right to charge interest

Every bank in India has the right to charge interest on the loans and advances sanctioned to customers. Interest is usually charged monthly, quarterly, semiannually or annually.

2. Right to levy commission and service charges

Along with interest, banks also have the right to levy a commission and service charges for the services rendered. The service rendered by the bank might be SMS notification service, retail banking and so on. Banks can also debit these charges from the customer's bank account.

3. Right of Lien

Another important right enjoyed by banks is the Right of Lien. Banks have the right to keep goods and securities belonging to the debtor as a security, until the loan is repaid by the debtor. Banks have only the right to maintain the security of the debtor and not to sell.

4. The Right of Set-off

The banker has the right to set off customer accounts. Banks can merge a couple of accounts which are in the name of the customer and set off the debit balance in one account with the credit balance in the other, provided the funds belong to the customer.

5. Right of Appropriation

Let us consider that a customer has taken many loans from the bank and he deposits some money in the bank without any instructions. If that amount is not sufficient to discharge all loans, the bank has the right to appropriate the amount deposited to any loan, even to a time-barred debt. But the customer should be informed on the same.

6. Right to Close the Account

If the customer's account is not properly maintained, banks have all the right to close the account by sending a notice to the customer. Bankers have no right to close the account, without sending a written notice.

See Also: 6 Banking services which attract GST in India (<https://iamcheated.indianmoney.com/blogs/6-banking-services-which-attract-gst-in-india>)

Rights of a Customer

1. Right to fair treatment

According to this right, banks cannot discriminate between customers on the basis of gender, age, religion, caste, and physical ability while providing services. This does not mean that banks cannot offer schemes which are designed for a particular set of people. Banks have all the right to offers differential rates of interest or products to customers.

2. Right of transparent, fair and honest dealing

The contract between the banks and customers should be easily understood by the common man. It is the responsibility of the bank to make the customer understand interest rates, the risk involved and all other terms and conditions. Banks should not hide anything from the customer before the signing of the agreement. Even if there are any short comings, they should be communicated to the customer. The language in the contract should be simple and easily understood.

3. Right to suitability

You might have come across a lot of cases of mis-selling of financial products, especially life insurance policies. Usually, customers are forced to buy the product which offers the highest commission to an agent. As per this right, customers should be sold the product which is suitable to them. So, banks should always keep customers needs in mind, before selling any product.

4. Right to privacy

As per this law, the personal information provided by the customers to the bank, must be kept confidential. Bankers can disclose only such information, which is required by law or only after customers have given permission. Banks are not allowed to provide your details to telemarketing companies or for cross-selling.

5. Right to grievance redressal and compensation

Banks are responsible for all the products and services offered by them and customers have the right to easy and simple grievance redressal systems in case the bank fails to adhere to basic norms. Along with their own products, bankers are responsible for the products of third parties like insurance companies and fund houses. If the customer complaint is not resolved by the bank, customers can go to the banking ombudsman.

See Also: How your bank may cheat you? (<https://iamcheated.indianmoney.com/blogs/how-your-bank-may-cheat-you>)

Duties of customers to banks

1. It is the duty of customers to present the cheque and other negotiable instruments only during the business hours of the bank.
2. In the case of any disagreement in the bank statement, customers should inform the bank.
3. Whenever photographs of customers are required by the bank, it should be submitted.
4. It is the duty of the customer to present the instrument of credit within the due time from the date of issue.
5. The cheque should be filled by customers very carefully.
6. If the cheque book is lost or stolen, it is the duty of the customers to inform the bank.
7. If the customer notices any forgery in the amount of the cheque, he/she should inform it to the bank immediately.
8. Customers should provide proper information in the Know Your Customer (KYC) form.
9. Customers should make the repayment of all the dues on time.
10. It is the duty of the customers to read the MITC (Most Important Terms and Conditions)

Obligations of Bankers

1. It is the duty of the bank to honor the cheques of its customers up to the amount standing to the credit of the customer's account. The bank is liable to pay the compensation to the customer, if it wrongfully refuses to honor the cheque.
2. It is the duty of the bank to follow the instructions given by the customers. If the customer has not given any instructions, the bank should act as per rules and regulations.
3. Bankers should not disclose personal information given by customers to any outsider.
4. Banks should maintain all details of transactions made by the customer.

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