

## **Fair Practice Code**

### **Introduction**

This Code sets standards of practice to be followed when employees deal with individual customers. It provides protection to the customers and explains how the Company is expected to deal with the customers for their day-to-day operations.

The code would be reviewed once in two years or as and when required.

#### **1. Objectives of the Code**

The Code has been developed to:

- a) promote good and fair practice by setting standards in dealing with customers;
- b) increase transparency so that customers can have a better understanding of what they 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 the Customers and the Company;
- e) foster confidence in housing finance system.

#### **2. Application of the Code**

All parts of this Code apply to all the products and services offered by the Company whether they are provided by Digital lending platforms (including self-owned/or under outsourcing arrangement) across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other method.

#### **3. To act fairly, in a transparent manner and reasonably in all our dealings with Customers by**

- a) Meeting the commitments and standards in this Code, for the products and services the Company offers and in the procedures and practice our staff follows.
- b) Making sure the Company's products and services meet relevant laws and regulations in letter and spirit.
- c) Ensuring that our dealings with the customers rest on ethical principles of integrity and transparency.

## **4. Lending**

### **4.1. Loan Products**

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

- a) All communications to the borrower would be in the vernacular language or a language as understood by the borrower.
- b) The Company would provide the information about the fees/charges payable for processing the loan application, the amount of such fees refundable if loan amount is not sanctioned/disbursed, pre-payment options and charges, if any, penal charges, if any, conversion charges for switching customer's loan from fixed to floating rates or vice versa or at different rate, existence of any interest reset clause and any other matter which affects the interest of the borrower in a transparent manner. Such charges/fees would be non-discriminatory.
- c) Loan application forms would include necessary information which affects the interests of the borrower, so that a meaningful comparison with terms and conditions offered by those of other HFCs can be made and informed decision can be taken by customers. The loan application form may indicate the standard list of documents required to be submitted with the application form.
- d) The Company will verify the details mentioned by customers in the loan application by contacting customers at their residence and/ or on business telephone numbers and/or physically visiting customer's residence and/or business addresses through agencies appointed by us for this purpose, if deemed necessary by us.
- e) The Company will give acknowledgement for receipt of all loan applications.

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

- a) Normally all particulars required for processing the loan application will be collected by the Company at the time of application. In case, the Company needs any additional information, the Company will contact the customers immediately again.
- b) The Company will convey to the borrower in writing in the vernacular language or a language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with all terms and conditions including annualised rate of interest, method of application, EMI Structure, prepayment charges, conversion charges/switch over charges, penal charges (if any and keep the written acceptance of these terms and conditions by the borrower on its record.
- c) The Company will invariably furnish a copy of the loan document along with a copy of all enclosures quoted in the loan document to every borrower at the time of sanction/disbursement of loans, against acknowledgement.
- d) The Company would mention the quantum and reason of penal charges in the

loan agreement and most important term and condition (MITC)/Key Fact Statement, as applicable. The penal charges shall be disclosed in bold in loan agreement.

### **iii) Communication of rejection of loan application**

If the Company cannot provide loan to the customers, it shall communicate in writing the reason(s) for rejection.

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

- a) Disbursement would be made in accordance with the disbursement request made by the customers as per customers' requirements subject to standard terms and conditions mentioned in the Sanction letter/loan documents.
- b) The Company would give to the customers the notice in the vernacular language or language as understood by the borrower, of any change in interest rates, penal charges (if any), service charges, prepayment charges, other applicable fee/ charges etc. The Company would also ensure that changes in interest rates and charges are effected only prospectively.
- c) The Company would give to the customers the notice of any change in the terms and conditions including disbursement schedule. If such change is to customers' disadvantage, customers may within 60 days and without notice close their account or switch it without having to pay any extra charges.
- d) Decision to recall / accelerate payment or performance under the loan document or seeking additional securities, would be in consonance with the loan documents.
- e) The Company would release all securities/property documents on repayment of all due or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against customers. If such right of set off is to be exercised, customers will be 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.

## **4.2. Regulation of excessive interest charged by HFCs**

- a) The Company would adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers would be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- b) Policy for penal charges (if any) would be laid down by the Company.
- c) The rates of interest and the approach for gradation of risks, and penal

charges (if any) would be made available on the website of the Company or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.

- d) The rate of interest would be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- e) The Company shall not add penal charges to the rate of interest. There shall be no capitalisation of penal charges i.e. no further interest should be computed on such charges.
- f) The instalments collected from borrowers would clearly indicate the bifurcation between interest and principal.
- g) The Company would put in place an internal mechanism to monitor the process and the operations so as to ensure adequate transparency in communications with the borrowers.

#### **4.3. Guarantee**

When requested, as guarantor or considering to be a guarantor to a loan, the Company will tell him/her about:

- a) His/her liability as guarantor;
- b) the amount of liability he/she will be committing to us;
- c) circumstances in which the Company will call on guarantor to pay their liability;
- d) whether the Company has recourse to guarantor's other monies 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;
- f) time and circumstances in which his/her liabilities as a guarantor will be discharged; and
- g) The Company will keep guarantor informed of any material adverse change in the known financial position of the borrower to whom he/she stand as a guarantor; as requested.
- h) in case the borrower has made default in making repayment of the loan for which guarantor has provided guarantee and the guarantee is invoked by us, if guarantor refuse to comply with the demand made by us, despite having sufficient means to make payment of the dues (or otherwise in case of guarantee given for group entity), then such guarantors shall be treated as wilful defaulter.
- i) The role of guarantor along with terms and conditions applicable for guarantor would be as per document to be executed at time of providing guarantee against a loan.
- j) In case of wilful default, if required, the penal measures may be initiated against guarantor.

#### **4.4. Collection of Dues**

- a) Whenever the Company gives loans, the Company will explain to customers the repayment process by way of amount, tenure and periodicity of repayment. However, if the customers do not adhere to repayment schedule, a defined process in accordance with the laws of the land and as prescribed by the Company will be followed for recovery of dues. The process will involve reminding customers by sending notice or by making personal visits and/ or possession of security if any.
- b) Whenever reminders of non-compliance to material terms and conditions of loan are sent to borrowers, applicable penal charges shall also be communicated. Further, any instance of levy of penal charges and reason thereof shall also be communicated.
- c) The Company's has prescribed 'Code of conduct for recovery agent' and 'Policy on collection of dues and repossession of security' and would adhere to while recovering dues from the customer. The collection policy is built on courtesy, fair treatment and persuasion. The Company believes in fostering customer confidence and long-term relationship.

#### **4.5. Additional measures with respect to EMI based Personal loans\* at Floating rate of interest (includes Housing loan) (applicable w.e.f. December 31, 2023)**

- a) At the time of sanction, the Company shall clearly communicate to the borrowers about the possible impact of change in benchmark interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately.
- b) At the time of reset of ICICI Home Prime Lending Rate (IHPLR), the Company shall provide the option to the borrowers to switch over to a fixed rate as per Company's Pricing policy. Such option of switch shall be available for maximum 2 times during the tenor of the loan with applicable charges.
- c) The borrowers shall also be given the choice to opt for (i) enhancement in EMI or elongation of tenor or for a combination of both options; and, (ii) to prepay, either in part or in full, at any point during the tenor of the loan.
- d) The Company shall provide/make accessible quarterly statements to borrowers covering
  - i. the principal and interest recovered till date,
  - ii. EMI amount, number of EMIs left and
  - iii. annualized rate of interest / Annual Percentage Rate (APR) for the entire tenor of the loan

*\*Personal loans shall be as defined in RBI circular No. DBR.No.BP.BC.99/08.13.100/2017-18 on "XBRL Returns – Harmonization of Banking Statistics" dated January 04, 2018.*

## **5. Privacy and Confidentiality**

The Company will treat all customers' personal information as private and confidential [even when customers are no longer a customer] and will be guided by the following principles and policies.

- a) The Company will not reveal information or data relating to customers' accounts, whether provided by customers or otherwise, to anyone, including other companies/entities in our group, other than in the following exceptional cases:

If the Company has to give the information by law.

- i. If there is a duty towards the public to reveal the information.
  - ii. If the Company's interests require to give the information (for example, to prevent fraud) but the Company will not use this as a reason for giving information about customers or their accounts (including customers' name and address) to anyone else, including other companies in our group for marketing purposes.
  - iii. If customers ask us to reveal the information, or if the Company has customers' permission.
  - iv. If the Company is asked to give a reference about customers, the Company will need customers' consent before the Company give it.
- b) The Company will, if requested by customers, inform to customers the extent of customers' rights under the existing legal framework for accessing the personal records that the Company hold about customers.
  - c) The Company will not use customers' personal information for marketing purposes unless customers provide consent for the same.

## **6. Complaints, Grievances and Feedback**

### **6.1. Internal Procedures**

- a) The Company has a system and a procedure for receiving, registering and disposing of complaints and grievances, if any, that customers, channel partners, Direct Selling Agent(DSAs), Direct Marketing agent (DMA) etc. may have, including those received online and the same is available on the Company's website.
- b) The Company will tell customers where to find details of our procedure for handling complaints fairly and quickly.
- c) If customers want to make a complaint, the Company will tell customers
  - 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 they are not happy about the outcome
- vii. Our staff will help customers with any questions they have
- d) If customer's complaint has been received in writing, the Company will endeavour to send Customers an acknowledgement/a response within a week. If customer's complaint is relayed over phone at Company's designated telephone help desk or customer service number, the Company will provide to the customers a complaint reference number and keep them informed of the progress within a reasonable period of time.
- e) After examining the matter, the company will send final response to the customer or explain why the company needs more time to respond and endeavour to do so within four weeks of receipt of the customer's complaint and will tell customers how to take the complaint further if they are still not satisfied.
- f) The Company shall publish the updated Customer Grievance Redressal Mechanism on its website and each of its branches on the digital wall, which outlines the various channels available to the customer for redressal of their grievances and the time within which the Company will respond to grievances received.
- g) In case the Customer does not receive response from the company within a period of one month or is dissatisfied with the response received, the Customer may approach the Complaint Redressal Cell of NHB by lodging its complaints online on the website of NHB or through post to NHB, New Delhi

## **7. Advertising, Marketing and Sales**

- a) The Company will ensure that all advertising and promotional material is clear, and factual.
- b) In any advertising in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate, the Company will also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available on request or on the website.
- c) Customers can get information on interest rates, common fees and Penal charges, if any through any one of the following:
  - i. Looking at the notice in the Company's branches
  - ii. Calling the Company's branches or helplines
  - iii. Through the Company's designated staff/ help-desk
  - iv. Referring to the Tariff Schedule
  - v. From the Company website
- d) If Company avails the services of third parties for providing support services, the Company will endeavour that such third parties handle customers personal information (if any available to such third parties) with the same

- degree of confidentiality and security as the Company would.
- e) The Company will, if felt appropriate, communicate to the customers various features of Company's products availed by customers, from time to time. Information about company's other products or promotional offers in respect of Company's products/services, will be conveyed to the customers only if customers have given their consent to receive such information/ service.
  - f) The Company has prescribed a code of conduct for Direct Selling Agencies (DSAs) or Direct Marketing Agents (DMAs) whose services the Company may avail to market products/services which amongst other matters requires them to identify themselves when they approach customers for selling company's products personally or through phone.
  - g) In the event of receipt of any complaint from the customers that our representative/courier or DSA has engaged in any improper conduct or acted in violation of this Code, the Company will take appropriate steps to investigate and to resolve the complaint to the customer's satisfaction.

#### **8. Process for release of securities/property documents in the event of demise of sole/joint borrowers**

In case of contingent event of demise of sole/joint borrower, the Company shall return original property documents to the nominee/legal heirs.

In case of obtaining original documents of deceased customers, the following documents of nominee/legal heirs should be verified by the company:

- i. Customers Death certificate
- ii. Document establishing relationship as per existing KYC norms.
- iii. Legal Heir Certificate/Succession Certificate/Letter of Administration
- iv. Nominee /legal heir photo ID proof
- v. Nominee/Legal Heir Photo & Signature ID proof
- vi. If all legal Heirs are not present at the time of document collection: POA from each of them to be obtained in format as desired by the company.

#### **9. General Information**

- a) The Company would refrain from interfering in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed)
- b) Transactions in customer's account: Customers should co-operate if the Company needs to investigate a transaction in customer's account and with Police/other investigative agencies if the Company needs to involve them.
- c) If Customers act fraudulently, customers will be responsible for all losses on customer's account. If customers act without reasonable care, and this causes losses, customers may be responsible for them.
- d) The Company will give to the customer information about our products and services in any one or more of the following languages: Hindi, English or the appropriate local language

- e) The Company will not discriminate on grounds of age, race, gender, marital status, religion, caste or disability in the matter of lending or providing any other products, services, facilities etc. offered by the Company. However, this does not preclude the Company from instituting or participating in schemes framed for different sections of the society.
- f) The Company will process request from the borrower for transfer of loan/borrower account. The Company would communicate the consent or otherwise, if any within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- g) To publicise the code, the Company will:
  - i. provide customers with a copy of the Code, if requested.
  - ii. make this Code available on request either over the counter or by electronic communication or mail.
  - iii. make available this Code at every branch; and on the Company's website.
  - iv. ensure that the Company's staff are trained to provide relevant information about the Code and to put the Code into practice.