

# Locker Policy

## **Introduction:**

Safe deposit lockers facility is one of the ancillary services extended by bank at our branches. The locker units will be leased out to customers after obtaining adequate KYC documents. The relationship between the banker and the customer of a locker is that of lessor and lessee.

## **(a) Secrecy and Confidentiality:**

The Bank will ensure utmost secrecy of the Safe Deposit Lockers hired by the customer and will not divulge any information about hiring of lockers, mode of operation etc. to anyone, except when the disclosure is required to be made with the clear consent of the hirer(s) or in compliance of the orders of a competent authority having statutory powers.

Locker is operated under double locking system and can be opened with combination of two keys one with the bank called "Master Key" and the other with the hirer called "Hirer's Key". The keys will be identified with an appropriate identification number.

## **(b) Allotment of locker:**

- Bank's lockers will be available to any person who holds at least one other active WPB product with HSBC. Locker can be hired by an Individual singly and / or two or more individuals etc., including illiterates and visually impaired persons.
- Allotment of lockers shall be based on the duly filled in application of the prospective hirers on the printed formats provided by the bank and as available in bank website.
- Lockers will be allotted by the branches on first-come-first-serve basis.
- Due diligence of KYC norms, will be duly applied before allotment of locker.
- Bank shall obtain photograph of Locker hirer/s to affix it on the Locker Signature Card.
- While hiring to joint hirers and other than individuals' clear instructions on operations and closure shall be obtained and bank shall comply with such instructions without exception.
- The risk categorization of locker hirers shall be done while availing locker facility.
- No fresh allocation of Lockers to be done for corporates. Lockers are not allotted to Minors.
- In the case of joint applications, all the party must hold another active product.

## **(c) Wait List of Lockers:**

In order to facilitate customers making informed choices, locker branches shall maintain a branch wise list of vacant lockers as well as a wait-list in Core Banking System (CBS) or any other computerized system compliant with Cyber Security Framework issued by RBI, for the purpose of allotment of lockers and ensure transparency in allotment of lockers.

The banks shall acknowledge the receipt of all applications for allotment of locker and provide a wait list number to the customers, if the lockers are not available for allotment. A wait list number is to be provided to the customer.

**(d) Fixed Deposit as Security for Lockers:**

It is optional for the bank to take a minimum fixed deposit to ensure prompt payment of locker rent, at the time of allotment named as Key caution Deposit to be obtained from customer which would cover 3 years of rent and the charges for breaking open the locker in case of an eventuality.

However, in HSBC, we do not insist the Fixed Deposit from the customer since we collect locker rent in advance.

**(e) Providing a copy of the agreement:**

All joint holders are required to sign the Locker agreement. Branches are mandated to give a copy of the signed agreement to the locker-hirer at the time of allotment of the locker.

**(f) Locker rent and other charges:**

- Bank collects rent for providing the service of locker facility.
- The rent and service charges will be decided by the Bank, depending on the locker size which is subject to change.
- The rent tariff and related service charges will be advised to the customers suitably at the time of allotment. The same will also be available at all branches/website.

**(g) Recovery of rent from hirer(s):**

- Safe Deposit Locker rent will be payable in advance in the beginning of expiry of locker lease.
- In the event of locker rent remaining unpaid for three years, the Bank will have the right to refuse access to the locker and without prejudice to Bank's right to break open the locker.
- Standing Instructions for auto debit from the account to be set up for Annual rent to be collected.

**(h) Operations of Safe Deposit Vaults/Lockers:**

- Branches will exercise due care and necessary precaution for the protection of the lockers provided to the customer.
- The locker hirer and/or the persons duly authorized by him/ her only shall be permitted to operate the locker after successful verification of their identity and recording of the authorization by the officials concerned of the bank.
- The Hirer/s can operate the Safe Deposit Locker only on the Bank's working days and during the business hours of the Bank.
- Before operating the locker, the hirer/s should sign the locker operation register, maintained at the branch, with 'IN' time and complete operation with 'OUT' time and signature.
- Additionally, Bank to update the locker access details in HUB system before allotting operation of the locker.
- Only one customer is permitted at a time to operate locker. In case of joint holders both the holders are permitted at a time, if sought. (Maximum 4 joint Locker holders can be allowed to operate the locker)
- The bank's officer authorizing the locker-hirer to access the locker, after unlocking the first key / password shall not remain present when the locker is opened by the locker-hirer. The banks shall ensure that there is adequate privacy to the locker-hirers in the operations when customers access the lockers at the same time.

- Banks shall send an email and SMS alert to the registered email ID and mobile number of the customer before the end of the day as a positive confirmation intimating the date and time of the locker operation and the redressal mechanism available in case of unauthorized locker access.
- The Locker can be surrendered at any time during the contract period.

**(i) Measures relating to lockers which have remained “Inoperative”**

- Where the lockers have remained un operated for more than seven years and also if the locker hirer cannot be located irrespective of risk category, locker hirer/s are to be contacted and be advised to either operate the locker or to surrender it. This exercise will be carried out even if the locker hirer is paying the rent regularly.
- Further, branches will ask all locker hirer/s to give a justification for non-operation of a locker in writing if they wish to continue and rent is paid. Basis the justification, branches will allow the locker hirer to continue with the locker operations.
- In case the locker-hirer does not respond nor operate the locker, branches will consider opening the lockers after giving them a due notice.

**(j) Embossing identification code:**

- Branches will ensure that identification Code of the bank / branch is embossed on all the locker keys with a view to facilitate Authorities in identifying the ownership of the locker keys.
- Further, the custodian of the locker shall, regularly/periodically, check the keys maintained in the branch to ensure that they are in proper condition.
- Banks shall permit the locker-hirer to operate the locker only with the key provided by the bank.
- Only one key per locker will be provided to the locker holders at the time of allotment, irrespective of the number of holders.

**(k) Breaking Open of Locker policy:**

- Break-open of locker may happen either at the request of the hirer/s (read as “Loss of Key”) or in case of seizure of lockers or by the bank (read as “non-payment of locker Rent” or “Inoperative lockers”).
- If the key of the locker, supplied by bank is lost by customer, the same shall notify the bank immediately. An undertaking may also be obtained from the customer that the key lost, if found in future, will be handed over to the bank.
- Break Open charges (including “Replacement of Lock” and “New Keys”) shall be recoverable from the hirer/s.
- Before breaking open the locker, the bank shall give due notice to the locker-hirer through a letter and through email and SMS alert to the registered email id and mobile phone number.
- If the letter is returned undelivered or the locker-hirer is not traceable, the bank shall issue public notice in two newspaper dailies (one in English and another in local language) giving reasonable time to the locker-hirer or to any other person/s who has interest in the contents of locker to respond.
- Bank shall engage with the bank empaneled vendors to break open the lockers.
- When the locker has to be broken at the request of the hirer, the same shall take place in the presence of the hirer or his nominee, as the case may be.

- When the locker broken at the instance of the bank,
- a) the customer shall be provided notices in advance as per the internal procedures and then it will be broken open by the representative of the manufacturers /suppliers in the presence of One Bank Officer and two independent witnesses i.e. one of which will not be related to locker and the notary public / Bank empaneled lawyer, who must certify the fact of breaking open the locker in his presence.
- b) Banks shall also record a video of the break open process together with inventory assessment and its safe keep and preserve the same so as to provide evidence in case of any dispute or Court case in future.
- c) Stock of inventory will be prepared by the Bank after breaking open of the locker and during settlement of claims, is in the appropriate forms.
- d) Further, banks shall not open sealed/closed packets left with them for safe custody or found in locker while releasing them to the nominee(s) and surviving locker hirers / depositor of safe custody article, unless required by law.

**(l) Freezing / Unfreezing of Lockers:**

The Bank will give due cognizance to orders received from a competent Regulatory Authority having statutory powers for freezing / unfreezing of locker. Bank should follow the laid down process after obtaining approval from the Legal Department.

**(m) Death Claim Policy:**

- In the case of death of a hirer or a surviving hirer, bank to annotate the person as “Deceased” in the record and on the designated locker.
- On completion of “Deceased” annotation, access to the locker should be allowed on production of legal representation.
- Where authority has been given to the survivor or survivors to operate the locker in writing specifically at the time of lease of the locker, in the case of joint account, the question of legal representation does not arise unless the survivor also expires.
- Access may however be allowed, for making an inventory of the contents with a view to obtaining the necessary legal representation to known heirs of the deceased in the presence of their lawyers / solicitors or to persons authorized by a court for this purpose.
- Section 45ZE/45ZF of the Banking Regulation Act, 1949 does not preclude a minor from being a nominee for obtaining delivery of the contents of a locker. However, in such cases, the responsibility of the bank will be to ensure that when the contents of a locker were sought to be removed on behalf of the minor nominee, the articles were handed over to a person who, in law, was competent to receive the articles on behalf of the minor.
- Banks shall settle the claims in respect of deceased locker hirers and shall release contents of the locker to survivor(s) / nominee(s), as the case may be, within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claimant(s) with reference to nomination, to the bank's satisfaction.

However, banks will take the following precautions before handing over the contents:

- Branches will exercise due care and caution in establishing the identity of the survivor(s) / nominee and the fact of death of the locker hirer by obtaining appropriate documentary evidence;

- Branches will make diligent effort to find out if there is any order from a competent court restraining the bank from giving access to the locker of the deceased; and
- Branches will make it clear to the survivor(s) / nominee that access to locker is given to them only as a trustee of the legal heirs of the deceased locker hirer i.e., such access given to him shall not affect the right or claim which any person may have against the survivor(s) / nominee to whom the access is given.

**(n) Nomination Policy**

The banks shall offer nomination facility in case of safe deposit lockers and safe custody of articles, in accordance with the provisions of section 45-ZC to 45-ZF of the Banking Regulation Act, 1949 and Banking Companies (Nomination) Rules, 1985/Co-operative Banks (Nomination) Rules, 1985.

- The Branches should insist upon nomination to simplify legal formalities in the event of death of the customer. If the customer does not opt for registration of nomination, Locker staff must request the customer to advise the same in writing. If the customer is not willing to provide his refusal in writing, a notification about non-availing of nomination facility by the customer should be provided on the Locker Hire Form by the Locker staff by affixing a stamp "Nomination Facility Declined".
- In case the nominee is a minor, the same procedure as prescribed for the bank accounts shall be followed by the banks. A passport size photo of the nominee attested by the customer to be obtained at his/her option and preserved in the records.
- Nomination, cancellation or variation in existing nomination can be made either at the time of hiring of the locker or subsequently at any time during occupancy of the locker.
- The prescribed form of nomination or cancellation / variation of nomination, as the case may be obtained from hirer/s duly completed in all respects, which will be recorded in a register maintained with the Bank and an acknowledgement given to the hirer.

**(o) Procedure for return of contents of Lockers to Survivor/Nominee/Legal heirs:**

In order to ensure that the contents of lockers are returned to the genuine nominee, as also to verify the proof of death, bank has devised our own claim formats and will also follow the procedure suggested by the Indian Banks' Association /appropriate authorities.

**(p) Access to the safe deposit lockers (with survivor / nominee clause)**

I. If the sole locker hirer nominates a person, banks will give access to nominee to remove the contents of the locker in the event of the death of the sole locker hirer.

II. In case the locker was hired jointly with the instructions to operate it under joint signatures, and the locker hirer(s) nominates person, in the event of death of any of 6 the locker hirers, the bank should give access of the locker and the liberty to remove the contents jointly to the survivor(s) and the nominee.

III. In case the locker was hired jointly with survivorship clause and the hirers instructed that the access of the locker should be given over to "either or survivor", "anyone or survivor" or "former or survivor" or according to any other survivorship clause, banks will follow the mandate in the event of the death of one or more of the locker-hirers.

**(q) Access to the safe deposit lockers (without survivor / nominee clause)**

There is an imperative need to avoid inconvenience and undue hardship to legal heir(s) of the locker hirer(s). In case where the deceased locker hirer had not made any nomination or where the joint hirers had not given any mandate that the access may be given to one or more of the survivors by a clear survivorship clause, the bank will adopt a customer-friendly claim procedure, drawn up, then and there, for giving access

to legal heir(s) / legal representative of the deceased locker hirer. 7 The Bank shall also be guided by the provisions of Sections 45 ZC to 45 ZF of the Banking Regulation Act, 1949 and the Banking Companies (Nomination) Rules, 1985 and the relevant provisions of Indian Contract Act and Indian Succession Act.

Further, subject to Bank's internal policy, it is bank's discretion to allow the nominee/ survivor(s) / legal heir(s) to continue with the locker.

**(r) Surrender of Locker:**

- Locker can be surrendered by the hirer/s at any time during the contract period through a written application and handing over of keys to the Bank Officials.
- Bank can also request for surrender of locker with due notice.
- In cases where the hirer wishes to surrender the locker before expiry of existing lease period, the proportionate amount of advance rent collected shall be refunded to the customer.
- Surrender of the locker after expiry of the lease period, will be allowed on payment of arrears of locker rent, at the stipulated rate structure.

**(s) Settlement of Claim:**

Settlement of claim to the nominee or the legal heirs shall be subject to the following:

- Proper identification and establishing the identity of the survivor(s) / nominee(s)
- Production of death certificate issued by competent authority.
- There should not be any order from a competent court restraining the bank from giving access to the locker of the deceased.
- In case of nomination being available, contents of the locker shall be delivered to the nominee after proper identification of the nominee and subject to production of necessary documents.
- Where no nomination is available, settlement shall be made to the legal heirs as per Bank's claim settlement policy.

**(t) Other aspects:**

The Bank will exercise due care and necessary precautions for the protection of lockers and the locker hirer while operating the locker.

**Compensation Policy / Liability for Banks:**

- (a) Bank with the approval of their Board, have an insurance policy to minimize the loss due to incidents like robbery, fire, natural calamities, loss during shifting/merger of branch, etc., affecting contents of lockers
- (b) Bank owns the responsibility for the safety and security of the premises, i.e. fire, theft/ burglary/ robbery, dacoity, building collapse due to its own shortcomings, negligence and by any act of omission/commission, in which the safe deposit vaults are housed.

In instances where loss of contents of locker are due to incidents mentioned above or attributable to fraud committed by its employee(s), the banks' liability shall be for an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker will be paid to the customer as compensation.

- (c) The Bank will, in no way, be responsible / liable for the contents/articles kept in the locker by the hirer.

**(d) Force Majeure:**

Bank shall not be liable if any transaction does not fructify or may not be completed or for any failure on part of the bank to perform any of its obligations contemplated hereunder if performance is prevented, hindered or delayed by a force majeure event (defined below), and in such case its obligations shall be suspended for so long as the Force Majeure. "Force Majeure Event" means any event due to any cause beyond the reasonable control of the Bank including without limitations which prevents it from performing its obligations within the specified service delivery parameters, such as,

- Fire, flood, explosion, war, natural disasters or other "Acts of God"
- strikes or industrial action of any kind, riots, insurrection etc.

(e) Right to alter or add Rules:

The Bank reserves the right to alter or add to these rules and such alteration and additions shall be binding on the account holder. Such alteration will be made known to the account holder through website.

**N.B. :** Please refer HSBC Website for all locker related forms.