



## **FAIR PRACTICES CODE**

LIC Housing Finance Limited had adopted Board Approved Fair Practice Code in October 2006; pursuant to the Guidelines issued by the National Housing Bank on Fair Practices Code for Housing Finance Companies vide its circular bearing No. NHB (ND)/DRS/POL- No. 16/2006 dated September 05, 2006.

This Code has been modified pursuant to the Guidelines issued by the National Housing Bank on Fair Practices Code for Housing Finance Companies vide its circular bearing No. NHB (ND)/DRS/POL- No. 34/2010-11 dated October 11, 2010. The revised Code has come into force from February 4, 2011.

### **1. OBJECTIVES & APPLICATION**

#### **1.1 Objectives of the Code**

This Code has been formulated by LIC Housing Finance Limited pursuant to the Guidelines issued by the National Housing Bank on Fair Practices Code for Housing Finance Companies vide its circular bearing No. NHB (ND)/DRS/POL- No. 34/2010-11 dated October 11, 2010 as a part of best corporate practices. The Code has been developed:-

- 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 & LICHFL; &
- e. **To foster confidence** in Housing Finance System.

#### **1.2 Application of the Code**

The Code applies to all the Products & Services offered by LICHFL or subsidiaries by any Method, & all Offices & all Employees of LICHFL or subsidiaries, including Employees of LIC of India, who are working in LICHFL or its subsidiaries.

## **2. We shall act fairly and in transparent manner**

**The Company shall act fairly & reasonably in all dealings with Customers by ensuring that –**

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

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

### **3.1 We shall**

- a. Ensure that all Advertising & Promotional Material is clear, & not misleading.
- b. In any Advertising in any Media & Promotional Literature that draws attention to a Service or product & includes a reference to an Interest Rate, we shall also indicate whether other Fees & Charges will apply & that full details of the relevant Terms & Conditions are available on request.
- c. We shall provide Information on Interest Rates, Common Fees, & Charges through Putting up Notices in all our Offices; Through Telephone or Helplines; On the Company's Website; through designated Staff / Helpdesk; or Providing Tariff Schedule.
- d. If we avail of the Services of Third Parties for providing Support Services, we shall ensure that such Third Parties handle Customer's Personal Information (if any available to such Third Parties) with the same degree of Confidentiality & Security as we would.
- e. We may, from time to time, communicate to Customers various features of the Products availed by them. Information about our other Products or Promotional Offers in respect of Products / Services, may be conveyed to Customers only if he / she has given his / her consent to receive such Information / Service either by Mail or by registering for the same on the Website or on the Customer Service Number.
- f. Prescribe a Code of Conduct for our DSAs / HLAs / CRAs, whose Services are availed to Market Products/ services which, amongst other matters, require them to identify themselves when they approach the Customer for selling our Products.

- g. In the event of receipt of any Complaint from the Customer that our Representative / Courier or DSA / HLA / CRA has engaged in any improper conduct or acted in violation of this Code, appropriate steps shall be initiated to investigate & to handle the Complaint & to make good the loss.

## **4. LOANS**

### **4.1 Applications for loans and their processing**

We shall inform our customers of all necessary information through application forms / brochures/ posters or during the course of meeting with the customers etc which affects the interest of the Customer. We shall provide the indicative list of documents required to be submitted along with the loan application form.

We shall follow the System of giving Acknowledgement for receipt of Loan Application preferably along with time frame for disposal depending upon the level of authority for sanction of loan.

### **Loan Appraisal and terms/conditions**

- a. Normally all particulars required for processing the Loan Application shall be collected by us at the time of Application. In case we need any Additional Information, the Customer will be informed accordingly.
- b. We shall convey to the Customer the Loan Sanction along with the Terms & Conditions thereof.
- c. We shall provide Copies of all the Loan Documents executed by the Customer along with a Copy each of all Enclosures quoted in the Loan Document on request.

### **Communication of rejection of Loan Application**

If we cannot provide the Loan to the Customer, we shall communicate in writing the Reason (s) for Rejection (wherever possible).

### **Disbursement of Loans including changes in terms and conditions**

Disbursement will be made in accordance with the disbursement schedule as per loan agreement/ sanction letter.

Customers would be informed regarding changes to Terms & Conditions including disbursement schedule, interest rates, service charges, prepayment charges, other applicable charges etc. 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.

Before taking a decision to recall / Accelerate Payment or Performance under the Agreement or seeking Additional Securities, we shall give Notice to Borrowers in consonance with the Loan Agreement.

We shall 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 we may have against the Borrower. 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 & the Conditions under which we are entitled to retain the Securities till the relevant Claim is settled / paid.

#### **4.2 GUARANTORS**

When a person is considering being a Guarantor for a Loan, he / she shall 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 we will call on him / her to pay up his / her Liability. Whether we have recourse to his / her other Monies in the Company if he / she fail to pay up as a Guarantor.
- d. Whether his / her Liabilities as a Guarantor are limited to a specific quantum or are they unlimited.
- e. Time & circumstances in which his / her Liabilities as a Guarantor will be discharged as also the manner in which we will notify him / her about this. We shall keep him / her informed of any material adverse change/s in the Financial Position of the Borrower to whom he / she stands as a Guarantor.

#### **4.3 PRIVACY & CONFIDENTIALITY**

All Personal Information of Customers shall be treated as Private and Confidential [even when the Customers are no longer Customers], and shall be guided by the following Principles & Policies. We shall not reveal Information or Data relating to Customer Accounts, whether provided by the Customers or otherwise, to anyone, including other Companies / Entities in our Group, 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 our interests require us to give the Information (for example, to prevent Fraud) but it should not be used as a reason for giving Information about Customer or Customer's Accounts [including Customer Name & Address] to anyone else, including other Companies in the Group, for Marketing purposes.
- d. If the Customer asks us to reveal the information, or with the Customer's Permission.
- e. If we are asked to give a reference about a Customer, we shall obtain his / her written permission before giving it.
- f. The Customer shall be informed the extent of his / her Rights under the existing Legal Framework for accessing the Personal Records that we hold about him / her.
- g. We shall not use Customer's Personal Information for marketing purposes by anyone including ourselves unless the Customer specifically authorizes us to do so.

#### **4.4 CREDIT REFERENCE AGENCIES**

- a. Before the opening of loan account, we shall inform the Customers when we shall pass his / her Account details to Credit Reference Agencies & the checks we shall make with them.
- b. We may give information to Credit Reference Agencies about the Personal Debts the Customer owes us if:
  - i. The Customer has fallen behind with his / her Payments.
  - ii. The Amount owed is not in dispute.
  - iii. The Customer has not made proposals that we are satisfied with for repaying his / her Debt, following our formal demand.
- c. In these cases, we shall intimate the Customer in writing that we plan to give Information about the Debts the Customer owes us to Credit Reference Agencies. At the same time, we shall explain to the Customer the role of Credit Reference Agencies & the effect the Information they provide can have on Customer's ability to get Credit.
- d. We may give Credit Reference Agencies other Information about the Customer's Account if the Customer has given us his / her Permission to do so.

- e. A copy of the Information given to the Credit Reference Agencies shall be provided by us to a Customer, if so demanded.

#### **4.5 COLLECTION OF DUES**

- 4.5.1** Whenever loans are given, we shall explain to the Customer the Repayment Process by way of Amount, Tenure & Periodicity of Repayment. However, if the Customer does not adhere to Repayment Schedule, a defined Process in accordance with the Laws of the Land shall be followed for Recovery of Dues. The Process will involve reminding the Customer by sending him / her Notice or by making Personal Visits & / or Repossession of Security, if any.
- 4.5.2** Our Collection Policy is built on Courtesy, Fair Treatment & Persuasion. We believe in fostering Customer confidence & long-term relationship. Our Staff or any person authorized to represent us 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. We shall provide Customers with all the information regarding Dues & shall endeavor to give sufficient Notice for Payment of Dues.
- 4.5.3** All the members of the Staff or any person authorized to represent us in Collection & / or Security Repossession should follow the Guidelines set out below:
- a. Customer would be contacted ordinarily at the place of his / her choice & in the absence of any specified place at the place of his / her Residence & if unavailable at his / her Residence, at the place of Business / Occupation.
  - b. Identity & Authority to represent the Company shall 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. Our representatives shall contact the Customers between 0700 hrs & 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 & Number of Calls & Contents of Conversation would be documented.
- h. All assistance should be given to resolve disputes or differences regarding dues in a mutually acceptable & in an orderly manner.
- i. During Visits to Customer's place for Dues Collection, Decency & Decorum shall 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.

## **4.6 COMPLAINTS & GRIEVANCES**

### **4.6.1 Internal Procedures**

- 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 endeavour to address/respond to all complaints and grievances within a reasonable time and keep the customers informed about the status of their complaints. The Board of Directors 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:
  - 1. How to do this?
  - 2. Where a Complaint can be made?
  - 3. How a Complaint should be made?
  - 4. When to expect a Reply?
  - 5. Whom to approach for Redressal?
  - 6. What to do if the Customer is not happy about the outcome?
  - 7. Our Staff shall help the Customer with any questions the Customer has.
- e. If a Complaint has been received in writing from a Customer, we shall send him / her Acknowledgement / Response within a week. If the Complaint is relayed over Phone at our 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, we shall send the Customer our Final Response or explain why it needs more time to respond & shall endeavour 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. We shall publicize our grievance redressal procedure and ensure that it is specifically made available on our website.

## **5 General**

### **We shall give the Customer information:-**

Verify the details mentioned by him / her in the Loan Application by contacting him / her at his / her Residence & / or on Business Telephone Numbers & / or physically visiting his / her Residence & / or Business Addresses through staff or through Agencies appointed for this purpose, if deemed necessary by us.

The Customer shall be informed to co-operate if we need to investigate a Transaction on the Customer's Account & with the Police / other Investigative Agencies, if we need to involve them.

We 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 our Products & Services in any of the following Languages: Hindi, English or the appropriate local Language.

We shall not discriminate on the basis of Age, Race, Caste, Gender, Marital Status, Religion, or Disability. However, the restrictions on Age, as mentioned in our 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.

We shall process requests for transfer of a loan account, either from the borrower or from a bank / financial institution, in the normal course.



**To publicize the Code we shall**

- a. provide existing & new Customers with a copy of the Code;
- b. make this Code available on request either over the Counter or by Electronic Communication or Mail;
- c. make available this Code at each of our Offices & on our Website; &
- d. ensure that our Staff is trained to provide relevant information about the Code & to put the Code into practice

Our Board of Directors will be provided with periodical review of the compliance of the Fair Practice Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of each review will be submitted to the Board at regular intervals, as may be prescribed by it.

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