

Responsible Lending Conduct –

Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans

In terms of the guidelines on Fair Practices Code issued to various Regulated Entities (REs) since 2003, REs are required to release all movable / immovable property documents upon receiving full repayment and closure of loan account.

As per the Directions issued by RBI Circular No. RBI/2023-24/60 DoR. MCS. REC. 38/ 01.01.001/ 2023-24 dated : September 13, 2023, the bank is following these directions as mentioned below -

Release of Movable / Immovable Property Documents

1. The bank shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment / settlement of the loan account.
2. The borrower shall be given the option of collecting the original movable / immovable property documents either from the banking outlet / branch where the loan account was serviced or any other office of the bank where the documents are available, as per her / his preference.
3. The timeline and place of return of original movable / immovable property documents will be mentioned in the loan sanction letters issued on or after the effective date.
4. In order to address the contingent event of demise of the sole borrower or joint borrowers, the bank shall have a well laid out procedure for return of original movable / immovable property documents to the legal heirs.

Compensation for delay in release of Movable / Immovable Property Documents

1. In case of delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, the bank shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the bank, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay.
2. In case of loss/damage to original movable / immovable property documents, either in part or in full, the bank shall assist the borrower in

obtaining duplicate/certified copies of the movable / immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at paragraph above. However, in such cases, an additional time of 30 days will be available to the bank to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

3. The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

Applicability

1. These Directions shall be applicable to all cases where release of original movable / immovable property documents falls due on or after December 1, 2023.

2. The above Directions are issued under sections 21, 35A and 56 of the Banking Regulation Act, 1949, Sections 45JA and 45L of the Reserve Bank of India Act, 1934, and Section 30A of the National Housing Bank Act, 1987.