

# FAQ: EX-GRATIA Payment Scheme

## ABOUT THE EX-GRATIA PAYMENT SCHEME

### (1) What is the ex-gratia payment scheme promulgated by the Ministry of Finance, Government of India?

- Due to the Covid-19 pandemic, the Government of India has approved the grant of ex-gratia payment to the customers holding Credit Card, Mortgage, Personal Loans, MSME loan facilities, which are active as on 29th Feb'20 (issued vide Letter F. No .2 /12/2020-BOA I, dated 23-10-2020)
- As part of the scheme, the bank will credit the customer credit card and loan accounts with an amount equal to the difference between the compound interest and simple interest for the intervening period of 1st Mar'20 to 31st Aug'20. This is not a reversal of the interest paid or payable during the relevant period but the difference between the compound interest and simple interest as payable in form of ex-gratia payment under the scheme.

This ex-gratia scheme is applicable to card and loan accounts, irrespective of whether you have availed of regulatory moratorium or not.

### (2) Do I need to apply to receive the credit of the ex-gratia payment?

You do not need to apply for the credit of the ex-gratia payment in your card and/or loan account(s). If you are eligible under the scheme, the amount will be credited to your accounts by 5th Nov'20 by the Bank.

### (3) Which products are in scope and which are out of scope?

#### Products in scope

- I. Credit Cards
- II. Mortgages - Home Loans, Loan Against Property (LAP), Smart Home & Smart LAP (including under construction loans)
- III. Personal Loans - Term Loan and Personal Line of Credit (overdraft)
- IV. Retail Business Banking Loans (Term Loans & Overdraft)

#### Products out of Scope

- I. Overdraft against Fixed Deposit (Smart Money)
- II. Asset linked accounts (Loans against Securities)

For the above product categories, the following additional conditions regarding **purpose of loan** must be met as well:

- The loan facility should have been taken for personal or consumption purpose only;
- In case the loan facility was secured for business use, you should be registered as a MSME with HSBC while availing the said facility.

## ELIGIBILITY CRITERIA

### (1) Am I eligible for the payment of the ex-gratia amount? / Will I receive the credit of the ex-gratia amount?

You will be eligible for the credit of the ex-gratia amount subject to following conditions:

- I. Your card / loan account with us was active as on 29th Feb'20.
- II. If you are Self Employed, you had taken the loan for personal consumption (only allowed for business purpose, if you were registered as a MSME with us).
- III. Your total exposure (sanctioned limit/outstanding) is not more than INR 2 Crores as on 29th Feb'20 across products and lending institutions.
- IV. None of your accounts has been classified as NPA (more than 90 days overdue) as on 29th Feb'20.

This section should be read along with aforesaid section regarding products in / out of scope of the scheme.

### (2) My credit card/loan account was active on 29th Feb'20 but I closed the account after that. Will I still receive the ex-gratia payment?

Yes, if your accounts were active as on 29th Feb'20 and were subsequently closed for any reasons, you will be eligible for the credit of the ex-gratia amount under the scheme. The calculation of the credit amount will be done for the period from 1st March'20 to the date of closure of the said account.

## EX-GRATIA AMOUNT CREDIT & CALCULATION

### (1) How do I know if I have received the ex-gratia payment?

If you are eligible for ex-gratia payment, we will credit your account (credit card, loan or savings/current account – depending on nature of the eligible product) by 5th Nov'20. You will be informed of the status of ex-gratia payment through SMS sent to your registered mobile number. A separate notification will be sent in case you qualify for ex-gratia on more than 1 credit card or loan account held with us. Please see answers to questions 3, 4 & 5 below for more details on how this payment will be credited to your account.

### (2) I have received the SMS about the ex-gratia and also the credit in my account, but the amount seems much lower than what I expected. How do I know if the amount is correct?

The ex-gratia has been calculated as per guidelines notified by Ministry of Finance, Government of India in their circular dated 23rd October 2020. Please refer to these broad parameters to revalidate the amount:

- a. **For credit cards:** Consider the outstanding debit balance on your card as of 29th Feb'20. The interest rate applicable is the WALR (Weighted Average Lending Rate – refer question 7 in this section for more details.) Ex-gratia calculated will be the difference between compound & simple interest rate on this WALR. This needs to be calculated for 6 months or lesser in case your card was closed before 31st Aug'20.

Example:(for illustration purpose only)

Outstanding balance as of 29th Feb'20: INR 20,000 (A)

Period: 6 months or ½ year (1st Mar–31st Aug'20) (B)

WALR (C): 13%

Simple Interest Calculated (D): INR 1,307.10/- (calculated with parameters A, B & C)

Compound Interest Calculated (E): INR 1,343.22/- (calculated with parameters A, B & C)

Ex-gratia payable: (E) - (D) = **INR 36.12**

- b. **For loans and overdraft accounts:** Consider the outstanding debit balance on your loan account as of 29th Feb'20 (average monthly balance in case of overdraft accounts such as Smart Home or Smart LAP). The interest rate applicable is the contracted rate on your loan or overdraft account as of 29th Feb'20. Ex-gratia calculated will be the difference for between compound & simple interest rate on this rate. This needs to be calculated for 6 months or lesser in case your loan/overdraft was closed before 31st Aug'20.

Example for regular home loan or personal loan:

(for illustration purpose only)

Outstanding balance as of 29th Feb'20: INR 15,00,000 – (A)

Period: 6 months or ½ year (1st Mar–31st Aug'20) – (B)

Interest rate on your loan as of 29th Feb'20 (C): 10%

Simple Interest Calculated (D): INR 75,409.84/- (calculated with parameters A, B & C)

Compound Interest Calculated (E): INR 77,007.14/- (calculated with parameters A, B & C)

Ex-gratia payable: (E) - (D) = **INR 1,597.30**

### (3) How will I get to know if I am eligible for the ex-gratia and how will it be credited to me?

You will receive an SMS on your mobile number registered with HSBC notifying you about your eligibility (SMS will not be sent if you are ineligible). If your HSBC credit card/loan/overdraft account is active, then we will credit the applicable account by 5th Nov'20. If the said account has been closed, we will credit the payment to your HSBC current or savings (CASA) account. If you do not have a CASA account with us, we will send you a Cashier Order at your correspondence address registered with us.

### (4) I have received an SMS that ex-gratia payment has been credited to my account. But I cannot see the amount. Why?

If you have received an SMS stating that the payment has been credited to your account, then please take note of the following:

- for your credit card account(s), the amount will reflect as “Ex-Gratia amount as per GOI Circular” one day after the credit. You may check this through your internet or mobile banking on 6th Nov'20 or may wait for your next monthly statement.
- for your personal loan or home loan or LAP (excluding Smart Home/LAP), the next EMI (after 5th Nov'20) will be adjusted against the ex-gratia payment (EMI minus the ex-gratia payment after adjustment of overdue interest/charges, if any).
- for your Smart Home Loan/Smart LAP/PLOC, since your Smart Home Loan/Smart LAP/PLOC account is a transactional account, the ex-gratia payment will be credited into the same. The payment will be however adjusted towards existing over dues or liens, if any, on your Smart Loan account.
- For your HSBC or non-HSBC savings/current account, please check your account statement after a few days to confirm the credit of the payment.

**(5) I have received an SMS that my ex-gratia payment has been sent as a cashier order. Why is that?**

This will happen only if you do not have any live/active account with HSBC in which the amount can be credited. The cashier order would be processed within the stipulated timeframe, but will reach your correspondence address available with us when the account was active, as per prevailing delivery timelines.

**(6) I haven't received any SMS and cannot see any ex-gratia credit to my account/s. What could be the reason?**

Please refer to the sections above on products in-scope and eligibility criteria. It may be possible that you do not qualify for this scheme as per guidelines issued by Ministry of Finance, Government of India. In the unlikely & exceptional scenario that you do qualify but have not heard from us, then please reach out to your HSBC Relationship Manager or Phone-Banking to get more details in this regard.

**(7) How is the Weighted Average Lending Rate (WALR) calculated for the ex-gratia payment refunds in Credit Card account(s)?**

In line with circular issued by the Government of India, the Weighted Average Lending Rate (WALR) has been calculated as the weighted average lending rate the Credit Card transactions financed on EMI basis by the bank during the period of Mar'20 – Aug'20.

## **MISCELLANEOUS QUERIES**

**(1) Where can I raise a query or complaint regarding the ex-gratia payment?**

You may reach out to your HSBC Relationship Manager or [click here](#) if you have any questions or concerns regarding the ex-gratia payment.

**(2) What is my tax liability because of this ex-gratia payment?**

We have made the ex-gratia payment as per the scheme released by the Ministry of Finance, Government of India. For any queries related to tax implications thereof, we request you to kindly speak to your tax advisor(s).