

ABOUT THE INTEREST ON INTEREST AND PENAL INTEREST REFUND

(1) What is the Supreme Court's judgement on interest on interest charged during the moratorium period? What is RBI's advice regarding the judgement?

- The Hon'ble Supreme Court had ruled that waiver of interest on interest would apply to loans of all amounts during the period of 1 March 2020 to 31 August 2020. Accordingly the Reserve Bank of India (RBI) had advised banks to put in a board – approved policy to refund/adjust the interest on interest and penal interest charged to customers during the moratorium period last year i.e. 1 March 2020 to 31 August 2020.
- As part of the scheme, the Bank will refund/adjust the customer's credit card and loan accounts with the interest on interest and the penal interest if charged during the moratorium period.

This is applicable irrespective of whether you have availed of moratorium or not.

(2) Do I need to apply to receive the refund?

You need not apply anywhere to get the refund. If you are eligible as per the scheme, the amount will be credited to the your accounts, latest by 31 July 2021.

(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 and Smart LAP (including under construction loans)
- III. Personal Loans – Term Loan and Personal Line of Credit (overdraft)
- IV. Retail Business Banking Loans (Term Loans and Overdraft)
- V. Overdraft against Fixed Deposit (Smart Money)

ELIGIBILITY CRITERIA

(1) Am I eligible for the refund?

You will be eligible for the interest on interest and penal interest refund subject to following conditions:

- I. Your loan account/Credit Card with us was active as on 29 February 2020 and was not classified as N A.
- II. If your total exposure was more than ₹2 Cr as on 29 February 2020 and only if you were charged interest on interest or penal interest between 1 March 2020 and 31 August 2020.
- III. If your total exposure was less than ₹2 Cr as on 29 February 2020 and only if you were charged interest on interest or penal interest between 1 March 20 and 31 August 2020 and had not received ex-gratia payment.
- IV. If your total exposure was less than ₹2 Cr as on 29 February 2020 and received the ex-gratia payment you will only be eligible for refund of penal interest if it was charged to your card/account between 1 March 2020 and 31 August 2020.
- V. None of your accounts are classified as N A (more than 90 days overdue) as on 29 February 2020.

Please also read this in conjunction with the answer to question on which products are in scope.

(2) When is the interest on interest or penal interest charged ?

The interest on interest and penal interest is only charged if you are overdue on your Credit Card or EMI Payment. If you make regular EMI/Card payments no interest on interest or penal interest is charged.

Scenario 1 – You had not availed moratorium nor were you overdue on your EMI/Credit Card payment between 1 March 2020 and 31 August 2020.

No interest on interest or Penal interest would have been charged to you during this period.

Scenario 2 – You had availed moratorium on your Credit Card between 1 March 2020 and 31 August 2020.

Only interest on interest would have been charged on your O/S amount (no penal interest would have been charged).

Scenario 3 – You had availed moratorium on your Mortgage/Personal Loan between 1 March 2020 and 31 August 2020.

No interest on interest or penal interest would have been charged to your account for the period in which you had taken moratorium.

Scenario 4 – You had not availed moratorium (or were not eligible for moratorium) and were overdue on your EMI/Card Payment between 1 March 2020 and 31 August 2020.

You would have been charged interest on interest as well as penal interest for the period in which you were overdue.

(3) My credit card/loan account was active on 29 February 2020 but I closed the account after that. Will I still get the refund amount?

Yes, if your accounts were active as on 29 February 2020 and subsequently closed you will be eligible for the credit of the refund amount. The calculation of the refund amount will be calculated up to one day prior to the closure date.

INTEREST ON INTEREST/PENAL INTEREST AMOUNT CREDIT AND CALCULATION

(1) How do I know if I have received the refund amount?

If you are eligible for any refund, we will credit your account (credit card, loan or savings/current account – depending on nature of the eligible product), latest by 31 July 2021. You will be informed of the status of the refund through an SMS sent to your registered mobile number. A separate notification will be sent in case you qualify for refund on more than 1 credit card or loan account with HSBC.

(2) How will I get to know if I am eligible for the refund and how will it be credited to me?

You will receive an SMS sent to your registered mobile number 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, latest by 31 July 2021. Else, we will credit it 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 registered correspondence address.

(3) I have received an SMS that refund has been credited to my account. But I cannot see the amount. Why?

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

- a. If the SMS says the amount has been credited to your credit card account, then the amount will reflect as 'Refund of interest on interest/penal interest as per Supreme Court ruling' one day after the credit. Which means you can log into internet or mobile banking to check this credit or you can wait for your next monthly statement.

- b. If the SMS says the amount has been credited to your Personal Loan or Home Loan or LAP (excluding Smart Home/LAP), then your next EMI will be adjusted against the refund amount (EMI minus the refund amount after payment of overdue interest/charges, if any).
- c. If the SMS says the amount has been credited to your Smart Home Loan/Smart LAP/PLOC then since your Smart Home Loan/Smart LAP/PLOC account is a transactional account, we have credited the account with the refund amount. The payment will be first adjusted towards any existing over dues or liens on your smart loan account.
- d. If the SMS says the amount has been credited to your HSBC Savings/Current Account, then please recheck your savings/current account statement. The amount should appear as a credit. This may reflect in our account with a few days lag.

(4) I have received an SMS that the refund amount has been sent as a cashier order. Why is that?

This will happen only if you do not have any active (open) account with HSBC in which the amount can be credited. The cashier order will be sent to your communication address registered with us.

(5) 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 based on which it is possible that you do not qualify for this refund as per guidelines issued by IBA. In the unlikely and exceptional scenario that you do qualify but have not heard from us, then please reach out to your HSBC Relationship Manager or PhoneBanking.

MISCELLANEOUS QUERIES

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

You can reach out to your HSBC Relationship Manager or visit <https://forms.hsbc.co.in/en-in/forms/complaint/> if you have any questions or concerns regarding the refund/adjustment of interest on interest and penal interest.

(2) What is my tax liability because of this refund amount?

We have made the refund payment as per the advice and guidelines shared by RBI and IBA. For any queries related to tax we request you to kindly speak to your tax advisor.