

SUB: FAQ ON LOCKER OPERATIONS

Ques 1: What is the relationship between bank and the locker holder?

Ans: The relationship between the bank and the locker holder is that of Licensor and Licensee. Underlying facility is an agreement between the Bank (licensor) and the customer (Licensee) allowing use of the former's locker by the latter. The consideration for extending the facility is the locker Fees (license fee) to be paid periodically by the customer to the bank. In the present context, this is a right granted by the licensor i.e. the bank, to the licensee (customer) for exclusive use only of a specified locker for a specified period on a payment of specified license fee, described in the agreement for hiring out the locker.

Ques 2: Who is eligible for lockers?

Ans: Lockers can be licensed to individuals, either singly or jointly, Partnership Firms, Limited Companies, Associations and Clubs but NOT TO MINORS.

Ques 3: What documents are to be obtained for allotment of locker?

Ans: Application for Allotment of Locker, and Agreement/ Memorandum of Letting of Safe Deposit Vault/Locker constitutes the basic document to be submitted by the customer. It should be duly stamped at the time of execution (as per the applicable stamp duty of the respective state).

Ques 4: On what basis locker is allotted to the customers?

Ans: Lockers are allotted on first-come first-serve basis provided the applicant is eligible for the same and is complying with the KYC norms.

Ques 5: To whom revised guidelines issued by RBI are applicable to?

Ans: The revised guidelines are applicable to both new and existing safe deposit locker and the safe custody of articles facility.

Ques 6: What are the documents that need to be obtained from existing locker holders as per RBI latest guidelines issued on 23.01.2023?

Ans: Following documents need to be obtained from the existing locker holders:

a. Revised Safe Deposit Locker Agreement-To be obtained from all the existing holders who have not executed the Model Safe Deposit Locker Agreement issued on 30.09.2022.

b. Supplementary Safe Deposit Locker Agreement- In case, existing holder has executed the Model Safe Deposit Locker Agreement as per format issued on 30.09.2022, need to submit Supplementary Safe Deposit Locker Agreement.

c. Along-with revised Safe Deposit Locker agreement, one Model Covering letter is also to be obtained from the existing locker holders. It is for recording the substitution of the already held deposit agreement by the new safe deposit locker agreement.

Ques 7: What are the documents that need to be obtained from the new /prospective customers?

Ans: Application for Allotment of Locker, and Revised Model locker Agreement is to be obtained from all the new/prospective locker holders.

Ques 8: Is it mandatory for the existing locker holders to execute revised locker agreement/Supplementary Safe Deposit Locker Agreement?

Ans: Yes, as per RBI revised guidelines on locker, revised Safe Deposit locker agreement/Supplementary Safe Deposit Locker Agreement is to be executed by all existing locker holders.

Ques 9: Who will retain the original Agreement?

Ans: Original Agreement shall be retained with the branch where the locker is situated. However a copy of the locker agreement in duplicate signed by both the parties shall be furnished to the locker-hirer to know his/her rights and responsibilities.

Ques 10: Does licensee/locker holder hold the right to terminate the locker Agreement?

Ans: A Licensee has a right to terminate the Locker agreement and surrender the Locker any time during the license period. However, if he/she chooses to surrender the Locker before expiry of the license period, the proportionate amount of advance rent collected shall be refunded.

Ques 11: Who is permitted to operate the locker?

Ans: The locker hirer and/or the persons duly authorized by him/her only are permitted to operate the locker after proper verification of their identity and recording of the authorization by the officials concerned of the branch.

Ques 12: Can locker facility be extended to Visually Impaired persons?

Ans: Branches may extend locker facility to Visually Challenged customers after taking necessary precautions on the following viz.

a. The locker facility may be offered to visually impaired person in his single name and allotting the locker in joint names would not be insisted upon. However, the locker licensee will open the locker with the use of the allotted key and the branch officials will not offer any assistance for this purpose, other than using the master key for opening of the locker and locating the locker.

b. In case, the locker licensee desires to avail the help of third party in operating the locker, it is allowed by branch with proper records. However, before allowing the locker licensee, the details of the third party such as name, address, relationship with the locker licensee etc. should be recorded in the locker register. A confirmation should also be obtained from the locker licensee regarding the identity of the third party and that the access to third party is at the full risk and responsibility of such Licensee.

Ques 13: Are the customers intimated about the operation of the locker?

Ans: Bank sends 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.

Ques 14: Are customers informed about the events such as merger/closure/shifting of branch warranting physical relocation of the lockers?

Ans: Customers are intimated at least two months in advance along with options for them to change or close the facility. In case of unplanned shifting due to natural calamities or any other emergency situations, bank makes efforts to intimate the customers suitably at the earliest.

Ques 15: Can Branches insist on Term Deposits from Locker Holders?

Ans: To ensure prompt payment of license fee, RBI has permitted banks to obtain a fixed deposit at the time of allotment which would cover three years fee and charges for breaking open in case of any eventuality.

Ques 16: If locker rent is collected in advance, in the event of surrender of a locker by a customer, can the advance rent paid be refunded?

Ans: If locker rent is collected in advance, in the event of surrender of a locker by a customer, the proportionate amount of advance rent collected shall be refunded to the customer.

Ques 17: Do we have nomination in Locker Facility?

Ans: Yes, Bank offers nomination facility in case of Safe Deposit lockers and safe custody of articles. In case the nominee is a minor, the same procedure as prescribed for the bank accounts is followed by the bank.

Ques 18: Whom can a Non Resident Locker Holder nominate?

Ans: A Non Resident Locker Holder may nominate a Resident or Non-Resident as a Nominee. However, Exchange Control Approval will be required if the Non-Resident Nominee wants to take the contents of the locker out of India, upon the death of locker holder.

However, if the nominee is a non-resident, additional particulars like Passport No. and the Country where the Non Resident Nominee is residing is to be noted on the nomination form.

Ques 19: Can a Resident Locker Holder appoint Non-resident relative as a nominee?

Ans: Resident customers can nominate their non-resident relative as nominee. However, a non-resident nominee cannot seek repatriation of funds/withdrawal of Articles outside India, unless RBI gives permission to do so.

However, if the nominee is a non-resident, additional particulars like Passport No. and the Country where the Non Resident Nominee is residing is to be noted on the nomination form.

Ques 20: What if a customer does not want to appoint a nominee?

Ans: In case the locker holder/s does not want to appoint a nominee to its locker account/s, then he/she has to give an undertaking to the respective branch.

Ques 21: What is the time limit for settlement of death claims?

Ans: Bank settles the claims in respect of deceased locker hirers and releases the 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 along with required documents subject to the production of proof of death of the depositor and suitable identification of the claimant(s) with reference to the bank's satisfaction.

Ques 22: What is customer's liability in case he loses the key?

Ans: If the key of the locker, supplied by bank is lost by the locker-hirer, the customer shall notify the bank immediately. An undertaking is obtained from the customer that the key lost, if found in future, will be handed over to the bank. All the charges for opening the locker, changing the lock and replacing the lost key will be borne by the customer.

Ques 23: Does bank provide insurance of locker contents to the customer?

Ans: As bank does not keep the record of the contents of the locker or of any articles removed therefrom or placed therein by the customer, bank is not under any liability to insure the contents of the locker against any risk whatsoever. Bank does not offer, directly or indirectly any insurance product to its locker hirer for insurance of locker contents.

Ques 24: How many Locker operations are free?

Ans: A Licensee has an unhindered right of access to his Locker during the period prescribed by the Bank for operation of Lockers subject to the standard service charges for occasion beyond 12 times a year.

Ques 25: Is licensee bound to use locker in a certain manner?

Ans: A Licensee is bound to keep and on termination of the hiring to restore, the Locker in as good a condition as it was at the time when he was put in possession thereof.

A Licensee is bound to allow the Bank officials at all reasonable times during the term, to inspect the condition of the Locker and give or leave notice of any defect in such condition and when such defect has been caused by any act or default on the part of the Licensee, he/she is bound to make it good.

On the termination of the license agreement, a Licensee is bound to put the Bank into possession of the Locker along with surrendering the key thereof.

A Licensee is duty bound not to transfer or assign or sublet the Locker or the benefit thereof.

A Licensee is bound to notify to the Bank any change in his address for communication.

Ques 26: What are the fields for which licensee is bound not to use locker for?

Ans: A Licensee is bound not to use the Locker for deposit of any unlawful or stolen property or goods which are of hazardous, destructive or dangerous nature.

The license to use the locker granted is not for storing arms, weapons, explosives, drugs and/or any contraband material and/or any perishable material and/or radioactive material and/or any illegal substance; and/or any material which can create any hazard or nuisance to the bank or to any of its customers.

Ques 27: Does customer hold right to Property?

Ans: The customer has no right to property in the locker other than the right to access and use the locker in accordance with the terms and conditions specified under the agreement.

Ques 28: What are Bank's Liability?

Ans: Bank has the responsibility to ensure that incidents like fire, theft/burglary/robbery, dacoity and building collapse do not occur in the banks premises due to its own shortcomings, negligence and by any act of omission/commission. As bank cannot claim that they bear no liability towards their customers for loss of contents of the locker, in instances where loss of contents of locker are due to incidents mentioned above or attributable to fraud committed by its employee(s), the bank's liability shall be for an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker.

However, Bank shall not be liable for any loss or damage to the contents of the locker arising from natural calamities or Acts of God like earthquake, floods, lightning and thunderstorm or any act that is attributable to the sole fault or negligence of the customer.