



FI LENDING SOLUTIONS PVT. LTD.

Fair Practice Code

FAIR PRACTICE CODE

1. Introduction :

Reserve Bank of India vide Master Direction RBI/DoR/2023-24/106 dated October 19,2023 on Non–Banking Financial Company - Scale Based Regulation Direction Directorions, 2023 has mandated all the NBFCs to put in place a Fair Practice Code duly approved by its Board. Accordingly, **FI Lending Solutions Pvt. Ltd.** (hereinafter called 'Company'), a financial services company incorporated under Companies Act, 2013 and registered with Reserve Bank of India as an NBFC for carrying out various financial services to its customers has put in place the 'Fair Practice Code' (hereinafter called the 'Code') duly approved by its Board.

The salient features of the Code are enumerated hereunder :

2. Objective :

- i) To develop a fair and trust worthy practice by setting high standards while dealing with the customers.
- ii) To maintain transparency on all operational aspects while dealing with the customers.
- iii) To help customers to better understand of what they may reasonably expect about the services offered by the Company.
- iv) To ensure compliance with legal norms in matters relating to recovery of advances.
- v) To establish the Company as a reckoning force in the market through competitive culture.
- vi) To put in place a strong grievance redressal mechanism to provide a highly qualitative resolution of customers' complaints/issues.

3. Guidelines on Fair Practices Code

3.1. Applications for loans and their processing :

- (a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- (b) Loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other Company can be made and informed decision can be taken by the borrower.
- (c) The loan application form shall indicate the documents required to be submitted with the application form. Depending on the types and size of the loan amount, the Company may call for additional documents as may be required from time to time.
- (d) The Company shall devise a system of giving acknowledgement for receipt of

all loan applications. Preferably, the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.

3.2 Loan appraisal and terms/conditions :

- (a) The Company shall convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. As complaints received against NBFCs generally pertain to charging of high interest/penal charges, NBFCs shall mention the penalties charged for late repayment in bold in the loan agreement.
- (b) Borrowers may not be fully aware of the terms and conditions of the loans including rate of interest at the time of sanction of loans, either because the NBFC does not provide details of the same or the borrower has no time to look into detailed agreement. Not furnishing a copy of the loan agreement or enclosures quoted in the loan agreement is an unfair practice and this could lead to disputes between the NBFC and the borrower with regard to the terms and conditions. NBFCs, shall furnish a copy of the loan agreement as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

(c) Penal charges in loan accounts

- i) Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
- ii) The Company shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
- iii) The Company shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called.
- iv) The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/product category.
- v) The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges to non- individual borrowers for similar non-compliance of material terms and conditions.
- vi) The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition to being displayed on websites of the Company under Interest rates and Service Charges.
- vii) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall

also be communicated.

3.3 Disbursement of loans including changes in terms and conditions

- (a) The Company shall give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and charges are affected only prospectively. A suitable condition in this regard must be incorporated in the loan agreement.
- (b) Decision to recall/accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- (c) The Company shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim they may have against 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 and the conditions under which NBFCs are entitled to retain the securities till the relevant claim is settled/paid.

3.4 General

- 3.4.1 The Company shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
- 3.4.2 In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e., objection of the the Company, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- 3.4.3 In the matter of recovery of loans, the Company shall not resort to undue harassment viz., persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. As complaints from customers also include rude behaviour from the staff of the companies, the Company shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.
- 3.4.4 As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, the Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co- obligant(s).

3.5 Responsibility of Board of Directors

- 3.5.1 The Board of Directors of the Company shall also lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of lending institution's functionaries are heard and disposed of at least at the next higher level.
- 3.5.2 The Board of Directors shall also provide for periodical review of the

compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.

3.6 Grievance Redressal :

Customer satisfaction being the most important focus point for the Company through manifestation of integrity, transparency, good governance and professionalism, the Company has put in place appropriate grievance redress mechanism to address any complaints received from the customers promptly and within the framework of Reserve Bank of India's guidelines issued in this regard from time to time.

Accordingly, any grievance against any deficiency in services can be reported to the Company in any of the following manner :

- a) At its branches during the office hours.
- b) By mail to opshead@filending.in
- c) By addressing the complaint directly to :
Shri Jagat Jyoti Bal
Nodal Grievances Officer,
FI Lending Solutions Pvt. Ltd.
1017, JMD Megapolis, (10th floor), Tower – A, Sector 48, Sohna Road,
Gurugram, Haryana – 122018.
Contact No. (Mobile No.) 8431062471
E_mail address : opshead@filending.in

In case, the grievance is submitted to any of its branches, the branches shall immediately redress it to the complete satisfaction of the customer but within the time limit of 30 days from the date of receipt of the grievance as prescribed by Reserve Bank of India **under intimation to the Nodal Grievances Officer** appointed by the Company for this purpose. The Nodal Grievances Officer shall ensure the grievance is redressed with full satisfaction of the customer within the prescribed time limit of 30 days.

In the event the grievance is not redressed within a period of 30 days from the date of receipt of the grievance by the Company and/or the grievance is not redressed to the full satisfaction of the customer, the customer shall have the discretion to complain to the Officer-in-Charge of the Regional Office of DNBS, of RBI under whose jurisdiction the registered office of the Company falls. The full address with contact details and e_mail of the Officer-in-Charge of Reserve Bank of India will be displayed on the Notice Board at a prominent place in the branches/offices. The aggrieved customer may also submit his/her complaint on RBI's complaint portal at <https://cms.rbi.org.in> or by mail or by physical mode to its Centralised Receipt and Processing Centre as notified by Reserve Bank of India.

3.7 Reserve Bank – Integrated Ombudsman Scheme, 2021

The Company as covered under the [Reserve Bank – Integrated Ombudsman Scheme, 2021](#) (RB- IOS, 2021) shall comply with the directions provided under the said Scheme.

3.8 Language and mode of communicating Fair Practice Code

Fair Practices Code (which shall preferably be in the vernacular language or a language as understood by the borrower) based on the guidelines outlined hereinabove shall be put in place by the Company with the approval of their Boards. The Company will have the freedom of drafting the Fair Practices Code, enhancing the scope of the guidelines but in no way sacrificing the spirit underlying the above guidelines. The same shall be put up on their website, for the information of various stakeholders.

3.9 Regulation of excessive interest charged by NBFCs

3.9.1 The Board of the Company shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

3.9.2 The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies or published in the relevant newspapers. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.

3.9.3 The rate of interest must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

3.10 Complaints about excessive interest charged by NBFCs

3.10.1 The Reserve Bank has been receiving several complaints regarding levying of excessive interest and charges on certain loans and advances by NBFC. Though interest rates are not regulated by the Reserve Bank, rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor be conforming to normal financial practice.

3.10.2 Board of the Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard, the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

3.11 Loan facilities to the physically/visually challenged by the Company

The Company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches of the Company shall render all possible assistance to such persons for

availing of the various business facilities. The Company shall include a suitable module containing the rights of persons with disabilities guaranteed to them by the law and international conventions, in all the training programmes conducted for their employees at all levels. Further, the Company shall ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism already set up by them.

3.12 Review of Fair Practice Code :

This Code shall normally be valid for one year by aligning with the financial year from the date of approval by the Board of Directors. Accordingly, this Code will remain valid till 31st March, 2025 and thereafter annually. However, the Board of Directors shall have the discretion to review it at any time depending any changes in Company's Policy warranting changes in the Code or any regulatory guidelines issued by Reserve Bank of India or any other authority.