

SF3-IN Fair Practice Code

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18.0	August 2023	– Change in Nodal officer	17 August 2023
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20.0	May 2024	– Alignment with the RBI Circular on Fair Lending Practice and Responsible Lending Conduct.	31 May 2024
21.0	Dec 2024	– Customer calling time revised.	16 Dec 2024

Next Review Date

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BMW India Financial Services

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1 Introduction

The Board of Directors of BMW India Financial Services Private Limited (“Company”) have approved the Fair Practice Code (“Code”) as required in terms of Fair Practice Guidelines containing in chapter – VII of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 , including any amendments thereto, to be followed in all dealings with the borrowers of the Company.

This Code is aimed to provide to the customers effective overview of practices, which shall be followed by the Company in respect of the financial facilities and services offered to its customers. The Code aims to facilitate the customers in taking informed decisions in respect of the financial facilities and services to be availed by them and will apply to any loan that the Company may sanction and disburse.

The Company's policy is to treat all the customers in consistent and fair manner. The employees of the Company will offer assistance, encouragement, and service in a fair, equitable and consistent manner. The Company will also communicate its Code) to the customers by uploading this Code on its website.

The Company shall ensure that the implementation of this Code is the responsibility of the entire organization. The Company's fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, servicing, and collection activities. Its commitment to the Code will be demonstrated in terms of employee accountability, training, counselling, monitoring, auditing programs, internal controls, and optimal use of technology.

The Company's Board of Directors and the management team are responsible for implementing the fair practices hereinafter detailed, and also to ensure that its operations reflect its strong commitment towards all the customers and stakeholders for offering in a fair and equitable manner, the various financial services and products including lending.

2 Key Commitments and Declarations

Company's key commitments to its customers and stakeholders:

- 2.1 Act fairly and reasonably in all their dealings with customers by:
 - 2.1.1 Meeting the commitments and standards of this Code, for the products and services offered by the Company, and in the procedures and practices followed by the staff;
 - 2.1.2 Ensuring that products and services meet the requirements of relevant laws and regulations;
 - 2.1.3 Providing professional, courteous, and prompt services through professionally & adequately trained associates;
 - 2.1.4 Providing accurate and timely disclosure of terms and conditions, costs, rights, and liabilities as regards to financial transactions; keeping the customer informed about the changes in the interest rates, charges or terms and conditions.

- 2.2 Help customers understand how Company's product work by:
 - 2.2.1 Informing about the products;
 - 2.2.2 Ensuring that advertisement and promotional material is clear and not misleading;
 - 2.2.3 Stating clearly the rate of interest applicable, fees, charges and other terms and conditions;
 - 2.2.4 Explaining their financial implications.
- 2.3 Help the customers use the products and services by:
 - 2.3.1 Updating the customer about the product and services offered through website / customer service helpline etc.
- 2.4 **The Company will make every attempt to ensure that its customers have a trouble-free experience while dealing with the Company and using the Company's services and products; but in case of errors or commissions and omissions, the Company will deal with the same quickly and sympathetically by:**
 - 2.4.1 Providing timely solutions for all complaints and reported errors and correct the errors efficiently.
 - 2.4.2 Informing customers on the complaint redressal process and related escalations.
 - 2.4.3 Informing and guiding customers on how & when their complaint will be addressed in case of technical failure.
 - 2.4.4 Reversing any fees/ charges including interest applied to a customer's account due to an error or oversight on the Company's part.
- 2.5 Publicizing this Code by putting it on the website and have copies available to customer on request and by ensuring that the Company staff is trained to provide information about the Code.
- 2.6 Not discriminating the customers on the basis of race, age, caste, gender, marital status, religion, or disability.

3 Applications for loans and their processing

- 3.1 The Company shall communicate to the borrower, in English or in the vernacular language or language as understood by the borrower, the interest rate applicable, fees / charges for processing, prepayment option and charges if any, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The borrower should be informed about the annualized rate of interest along with the method for the calculation of the same.
- 3.2 The Company will provide a list of documents to be submitted by the borrower, which will be part of the loan application form. If any additional details/ documents are required, the same shall be intimated to the borrower immediately.
- 3.3 The Company will give the customer an acknowledgement and give an indication of the number of days it would take to process the application for every loan application.
- 3.4 The Company may conduct contact point verification of its borrowers, either through its own employees or through an outsourced agency appointed, by contacting the borrower at their

residence/ business telephone numbers or by physically visiting the residence/ business address mentioned in the loan application.

3.5 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. The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.

3.6 The Company shall not introduce any additional component to the rate of interest.

3.7 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. The quantum of penal charges shall be clearly disclosed by the Company in their loan agreement and Key Fact Sheet (KFS) as applicable, in addition to being displayed on the Company's website under Interest rates & service charges.

4 Loan appraisal and terms/conditions

4.1 The Company shall conduct a due diligence on the credit worthiness of the borrower, which will be an important parameter for taking decision on the application. The assessment would be in line with the Company's credit policies, norms, and procedures in respect thereof.

4.2 Upon approval of the loan, a sanction letter/ loan agreement indicating the amount of loan sanctioned, the applicable interest rate including method of calculation, along with other terms and conditions will be conveyed to the applicant/ borrower in writing and acceptance of these terms and conditions by the borrower shall be kept in record.

4.3 The penal interest applicable for late repayment shall be mentioned in bold in the loan agreement.

4.4 After the execution of the loan agreement, all borrowers will be furnished with a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement preferably in the vernacular language or a language as understood by the borrower as understood by the borrower at the time of sanction / disbursement of loans.

5 Disbursement of loans including changes in terms and conditions

5.1 The Company shall frame appropriate internal principles and procedures for determining and ensuring that the interest rates and processing and other charges are not excessive. The Company shall, at the time of disbursal, ensure that the interest rate and processing and other charges on loan and advances are in strict adherence to above referred internal principles and procedures.

5.2 The disbursement will be made upon compliance of all the terms and conditions of the sanction letter/ approval mail by the borrower.

6 Post Disbursal Supervision

6.1 The Company shall give a notice to the borrower in vernacular language or language as understood by the Borrower of any change in the terms and conditions including

disbursement schedule, interest rates, service charges, pre-payment charges etc. The Company shall also ensure that changes in interest rates and charges become effective only prospectively.

- 6.2 The Company shall give a notice to the borrower before taking a decision to recall / accelerate payment or performance or seeking additional securities in consonance with the loan agreement. The changes may be effective retrospectively only with prior written consent of the borrower and the Company.
- 6.3 The Company will release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against the borrower. Notice to the borrower with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled /paid will be given if such right of set off is to be exercised.
- 6.4 The Company shall send reminders for non-compliance of material terms and conditions of loan to borrowers and to communicate the applicable penal charges. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

6a. Responsible Lending Conduct – Release of movable/immovable property documents on repayment/ settlement of loans.

(i) Release of movable/immovable property documents.

1. The Company 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 registered office of the company or from the nearest authorized BMW dealership.
3. The company has a defined procedure to address the contingent event of demise of the sole borrower or joint borrowers and for return of original movable/immovable property documents to the legal heirs. Such procedure is displayed on the website of the company.

(ii) 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 company shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Company, 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 company 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 above. However, in such cases, an additional time of 30 days will be available to the Company 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 above shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

7 General

- 7.1 The Company shall not interfere in the affairs of the borrower except for the purposes provided in the Loan Agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).
- 7.2 As a measure of customer protection and to bring in uniformity regarding prepayment of various loans by borrowers, the Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans if any sanctioned to individual borrowers.
- 7.3 The Retail Finance Agreement contains the re-possession clause, in order to have transparency in the provisions, terms and conditions for re-possession of the financed vehicle for the purpose of legal enforceability.
- 7.4 In the matter of recovery of loans, the Company shall not resort to undue harassment like bothering the borrowers at odd hours, use of muscle power for recovery of loans etc.
- 7.5 The Company will call delinquent customers between 0800 hrs to 1900 hrs unless special circumstances of the borrower's business require to call them otherwise outside the hours mentioned.
- 7.6 The Company may arrange for enforcing security charged with the Company of the delinquent borrower, if required, only with an aim to recover dues and will not be aimed at whimsical deprivation of the property.
- 7.7 The Company shall ensure that the entire process of enforcing security and, its valuation and realization thereof, be fair and transparent.
- 7.8 In case of receipt of a request from the borrower for transfer of the borrower's account, the consent or otherwise i.e., objection of the Company, if any, shall be conveyed within 21 days from the date of receipt of such request. Such transfer shall be as per transparent contractual terms in consonance with law.

8 Customer Protection

- 8.1 The Company will treat its customer's personal information as private and confidential and will not reveal details of customer's dealings to a third party, except as provided herein and in the following exceptional cases:
 - 8.1.1 If the information needs to be given under the law.
 - 8.1.2 If there is a duty towards the public to reveal the information.

9 Grievance Redressal Mechanism

The Company has a dedicated Customer Interaction Center (CIC) wherein any request, query or complaint can be lodged by the Customer/ borrower. CIC has in place the grievance redressal mechanism to ensure that all customers are treated fairly and timely. To redress the grievances and / or disputes arising out of the functionaries of the Company including issues relating to services provided by outsourced agencies, the following mechanism is put in place:

- 9.1 Level 1: Registration of Complaint: The Company enables customers to register their Complaints through multiple channels. The various channels available to customers for registering the complaints are as follows:
 - 9.1.1 Customers can contact either through Toll free number or via email for submitting their grievances, as per the details below:

Services	Toll Free Numbers	Email Addresses
BMW Financial Services	1800-102-2269	BMWFS-CustomerService@bmw.in
Alphera Financial Services	1800-102-2269	AlpheraCustomerService@Alphera.in
MINI Financial Services	1800-103-6343	MINIFS-CustomerService@mini.in

9.1.2 Customer can also walk-in at Registered Office / Branch Offices.

9.2 The complaints will be received by our Customer Interaction Center. After examining the matter, the complaints will then be referred to the respective locations and functions for resolution. The Company shall endeavor to send the customer its response within a period of 7 days and accordingly intimate the status of complaint.

9.3 Escalation of complaints: If a customer is not satisfied with the resolution provided through various channels, the customer can escalate the issue in the below manner/ hierarchy:

9.3.1 Level 2: If customer is not satisfied with the resolution provided or the complaint was not disposed of within the specified period, they may reach out to the Grievance Redressal Officer at:

Grievance Redressal Officer / Principal Nodal Officer

- Mr. Nitin Bhargava

BMW India Financial Services Private Limited

The Oberoi Corporate Tower,

Building No. 11, 1st Floor,

DLF Cyber City, Phase 2,

Gurugram – 122002, Haryana, India

Phone No.: +91-124- 4958-660/ 1800-102-2269/ 1800-103-6343

Email: Principalnodalofficer@bmw.in

Nodal Officer

Mr. Manick Makkar

BMW India Financial Services Private Limited

The Oberoi Corporate Tower,

Building No. 11, 1st Floor,

DLF Cyber City, Phase 2,

Gurugram – 122002, Haryana, India

Phone No.: +91-124- 4958-660/ 1800-102-2269/ 1800-103-6343

Email: Principalnodalofficer@bmw.in

- 9.3.2 Level 3: If the Complaint was not redressed by the Grievance Redressal Officer within the period of 30 days, the Customer may further escalate the grievance to the Officer-in-Charge at the Delhi Office of the Reserve Bank of India:

The General Manager
Department of Supervision,
Reserve Bank of India,
6, Parliament Street,
New Delhi – 110 001
Phone No.: 011-2371-4456
Email: dnbsnewdelhi@rbi.org.in

- 9.4 A periodical review of the Code and the functioning of the grievance redressal mechanism at various levels of management would be undertaken by the Company and a consolidated report of such reviews shall be submitted to the Board of Directors of the Company at regular intervals.