

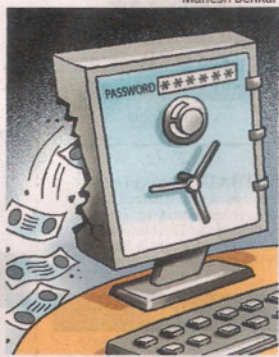
Bank told to pay ₹42k to man whose account was hacked

Rebecca Samervel | TNN

Mumbai: Protecting the rights of those who use internet banking, a state commission upheld a district forum order and directed a bank to compensate a Navi Mumbai doctor Rs 42,000 after his account was hacked and the money withdrawn.

The commission took into consideration the RBI guidelines which state that it is the bank's liability to the customers on account of unauthorized transfer through hacking, denial of service on account of technological failure, etc needs to be assessed and banks providing internet banking should insure themselves against such risk. "The appellant (bank) has not explained whether they have acted in accordance with these guidelines. The deficiency in service on the part of the appellant is proved beyond doubts," the commission said.

Mahesh Benkar



SLEIGHT OF HAND

Dr Nandkishor Shingne had an account in the bank since 2005. According to Shingne, he occasionally used the internet banking facility and the last transaction he made was on November 7, 2009. In June 2010, the bank manager informed him that somebody had used his internet ID and password to withdraw money. Shingne checked the transaction details and found that there were four entries

in his account and an amount of Rs 37,500 had been withdrawn. The transaction had taken place on June 17, 2010 between 12.20am and 1.30am. The manager further told him that the money was transferred to the account of one person from the bank's Gurgaon branch and subsequently, transferred to the Mira Road Branch in the account of two other people. This amount was later withdrawn from an ATM at Vashi.

Shingne was assured he would get back the amount. However, despite writing two letters to the bank, he got no response. Finally, the bank told him that he would not get back his money as it was not their fault that the money was withdrawn. Shingne contended that the internet banking system used by the bank was not full proof and filed a complaint in the district forum in 2010. Shingne argued

the case himself.

The bank said that they were using internet banking as per the international standards and all security measures for the system were in place. The bank also argued that the responsibility of keeping the ID and password secret was the complainant's responsibility.

In 2011, the district forum came to the conclusion that there was deficiency in service on the part of the bank and directed the bank to pay Rs 35,500 along with Rs 5,000 to Shingne. The bank then filed an appeal in the state commission.

The commission observed that the bank had not taken any steps to trace the culprits. "The opponent could have traced the person who had withdrawn the amount as the money was credited in the account of the account holder of the Gurgaon branch and Mira Road branch of the opponent," the commission said.