

FAQ

DORMANT ACCOUNTS

What are dormant / inoperative accounts?

A savings as well as a current account is classified as 'inoperative' or 'dormant' if there are no transactions in the account for over a period of two years. **Interest credited by the bank on the balance in the account and any charges debited by the bank is not considered as transactions for this purpose.**

Do all banks have to stipulate the same time period for classification of an account as dormant?

Yes, because RBI has stipulated that a savings / current account will be classified as dormant / inoperative if there are no transactions in the account for over a period of two years.

If interest on a term deposit with the bank is credited to the account will the account remain operative?

Yes. The account will be treated as operative because such credit is **as per the mandate of the customer**. Similarly, any ECS credits e.g. dividends or ECS debits e.g. payment of utility bills keep an account operative. Also, if a customer has two accounts he can mandate a single debit from one account for credit to his other account and keep both accounts operative.

Will a bank continue to pay interest on the balance in a dormant savings bank account?

Yes. Interest on the balance will be credited to the account regularly even if it is dormant.

Is the bank required to inform the customer about his account becoming dormant?

Yes. This happens in two stages:

First Stage: The bank is required to review annually all Savings Bank / Current accounts and if there have been no "transactions", the bank is required to inform the

account holder to activate the account by putting through any single debit or credit transaction which can also be put through by a third party.

Second Stage: If the account is not activated in the second year also then the bank is required to inform the customer three months prior to the account being classified as dormant.

Can a customer issue a cheque on a dormant account?

Yes. However, the bank will have to exercise due diligence as to the genuineness of the transaction, verification of the signature, identify, etc. and use its discretion while making payment.

What does an account holder stand to lose when his account has been classified as dormant?

The account holder will have to pay charges – which could be high – and he will not be able to put through any transaction through ATM, Internet banking or Phone banking as the bank would deactivate such services in the interests of the bank and the account holder.

Does a bank levy a charge on a dormant account?

Yes. As mentioned above, the bank does levy a charge on dormant accounts. The charges ought to be available in the Tariff Schedule which is displayed on the bank's website and available for perusal at the branch.

Is it necessary for the account holder to visit the branch to activate the dormant account?

No. However, since dormant accounts are risk-prone, if the account holder visits the branch it will facilitate the process of reactivation.

Is it necessary for the joint account holder(s) also to accompany the account holder for reactivation of the account?

1. If the account is operated jointly, the application for reactivation would have to be made jointly.
2. If the account is operated on an 'either or survivor' basis, the application for reactivation can be made by any one of the account holders.

What is the procedure for reactivating a dormant account?

The account holder should submit a letter to the Bank in person, along with the pass book for Savings Bank / Cheque book for Current Account, with the request to change the status of the account from 'Dormant to Active' indicating the reasons for not operating the account in the past. The account holder should also submit the following documents / records to the Bank for verification.

- Recent colour passport size photo – 2 copies
- Copy of valid photo ID document
- Copy of valid address proof documents

We will not levy any charge for activation of inoperative account

Does a bank levy a charge for reactivation of dormant accounts?

No. Banks are not supposed to charge for reactivation of dormant accounts.