

NPCI/2016-17/NACH/Circular No.216

March 13, 2017

To

All NACH member banks

MMS - Mandate acceptance without proper validation

The Destination bank, as part of the mandate approval process, should validate the customer details given in the mandate. The bank should also verify whether the transactions can be debited to the account as per their internal policy prior to acceptance of the mandate.

It has been noticed that the banks have been rejecting the transactions with the reason "Misc - Documents pending for account holder turning major" even after accepting mandates on certain types of accounts like minor's account establishing lack of sufficient controls in mandate processing.

Banks are advised to implement necessary controls in place and not to accept the mandates on the accounts to which transactions cannot be debited. Only exception to this is change in the account status post acceptance of the mandate.

All the banks are advised to take note the same and ensure proper control mechanisms.

For any clarifications please write back to ach@npci.org.in

With warm regards,



(Giridhar G M)

VP & Head - NACH & CTS Operations