

Bank Locker Charges & Rules of Bank Locker System

Safe deposit vaults or **bank lockers** have long been considered the safest place to store heirloom jewels, stock certificates, deeds and other valuables. While most banks offer such a facility, the locker size, annual rent, deposit required, time period and provision for refund differs for various banks. So, before you rent a safe deposit vault, make sure you know the requirements and available facilities.

Locker facility is generally not available at all branches of a bank. One should find out in advance which branch offers the facility, as well as the availability of lockers at the branch. Though banks have lockers of various sizes, it's difficult to rent large-sized lockers these days as most of them are already occupied. Thus you may have to settle for a small or medium-sized vault, depending on availability.



Why Use Bank Lockers?

Storing too much jewellery and valuables in the house at times becomes a security issue and an impediment in case of natural calamities. Bank lockers offers you, a safe, trustworthy space to store your valuables, jewellery, documents and other things dear to you.

Bank Locker Requirements

In order to rent a safe deposit vault, you must first have a savings account with the particular bank. Some banks may also ask you to deposit a fixed amount as cautionary deposit for a specific time period. You have to pay the locker rent in advance, either for one year or more, depending on the bank. Apart from the usual documents required for opening a bank account (identity and address proof), banks conduct a signature verification process before renting out a locker. You also have to sign an indemnity agreement on stamp paper, for which you need to pay Rs 100/110. You can operate the locker either singly or jointly, but only one key is allotted per customer, while the other key remains with the bank.

A bank locker can be assigned to any adult, firm or association, on a single or joint basis. All you need to do is fill out a simple locker application form and locker agreement, agreeing to abide by its terms and conditions, and pay the deposit and the rent. Most banks insist on some kind of financial collateral. So, they give a locker only to their existing account holders, or to those who agree to open an account (savings or current) or make a fixed deposit that covers rentals for three years and charges for breaking open the locker in case of an eventuality.

While choosing a bank locker, your first consideration should be location, as you wouldn't like to travel long distances with valuables. So, look at branches in your neighbourhood. Your next consideration should be ease of transaction. Having your locker in the same branch in which you hold an account means you can pack in a locker transaction with your other banking transactions. But, if your bank is charging more, shop around. Making a fixed deposit with another bank; the precondition for a locker if you don't have an account with it is not a big ask. All banks may not demand a deposit when you rent a locker but certain banks do. Here also, private and foreign banks require a higher deposit amount than public sector banks. For instance, ICICI Bank demands a fixed deposit (FD) of Rs 60,000, Rs 1 lakh or Rs 5 lakh, depending on the locker size. Citibank rents out lockers only to CitiGold customers who have a minimum amount of Rs 30 lakh in the bank, either in savings account, mutual funds or FD, or a combination of these. On the other hand, Union Bank Of India (UBI) demands an FD of Rs 25,000 for three years; IOB requires cautionary deposit of Rs 15,000-16,000; Indian Bank demands minimum FD of Rs 10,000; BoB seeks FD of Rs 5,000-15,000 depending on the locker size while for SBI, the FD amount should be 20 times the annual locker rent.

Bank Locker Charges

The rent may vary slightly for different branches of the same bank depending on the branch location. The locker rent is higher if the branch is located in a prime commercial area of the city. Moreover, private and foreign banks charge a much higher rent compared to public sector banks. For example, the annual locker rent charged by Citibank for its smallest locker is Rs 2,500 while that for the largest one may go up to Rs 40,000. The annual locker rent at Standard Chartered Bank ranges from Rs 2,245 to 15,435; at HSBC it is Rs 1,928 to 13,224; at HDFC the locker rent is Rs 4,500 to 9,000 and ICICI Bank charges Rs 1,263 to 5,388.

On the other hand, the range of locker rents charged by public sector banks per annum is much smaller. State Bank of India (SBI) charges between Rs 1,000 and Rs 5,000 per annum, depending on the locker size while the annual rent for Central Bank of India varies from Rs 831 to 9,653; Indian Overseas Bank (IOB) Rs 665 - 4,700; Union Bank of India (UBI) Rs 550 to 4,500; Bank of India (BoI) Rs 745 - 3,830; Syndicate Bank Rs 350 - 2,000; Bharat Overseas Bank (BhOB) Rs 750 - 1,500; and Bank of Baroda (BoB) Rs 675 to 842. IDBI Bank is one of the few public sector banks where the locker rent may go up to Rs 11,000 per annum.

While most banks demand annual rent, certain banks like Syndicate Bank, BoB and Central Bank of India demand advance locker rent for three years when you first rent the locker. After the first three years, you can pay rent for either one, two or three years. Most banks let you rent a locker anytime during the year. So the annual rent is calculated from the date you open the locker to the same date next year. However, certain banks like UBI and BhOB follow the calendar year while UTI Bank follows the financial year. So if you rent a locker at any of these banks in the middle of the year, the rent for the remaining months of that year, calculated on a pro-rata basis, has to be paid. From the next calendar/financial year onwards, you have to pay the full annual rent. A similar procedure is followed by Indian Overseas Bank (year starts from October) and Standard Chartered (year starts in July).

Account holders of Punjab National Bank (PNB), by virtue of having an account, are automatically eligible to get a locker with their branch. Those without accounts can avail of the service by opening an FD that has sufficient balance to cover the rent for a year in PNB's case, Rs 4,000 for small lockers, Rs 6,000 for medium lockers and Rs 10,000 for large lockers. Another public sector bank, Bank of Baroda, too, gives lockers only to its customers. From others, it demands a deposit of at least Rs 5,000 when the annual locker rent is Rs 1,000; Rs 10,000 if the rent exceeds Rs 1,000. The deposit is accepted as a three-year FD. Options are also available for those who don't want to open an account with the bank to avail of its locker facility. ICICI Bank, for example, asks for just an upfront annual rental payment.

Provision For Locker Rent Refund

If you decide to close your locker in midyear, in most cases, you forego the annual rent which you paid at the beginning of the year. However, certain banks like Syndicate Bank, BoB and Central Bank of India refund the remaining amount calculated on a pro-rata basis while Bank of India refunds 50% of the remaining amount. As regards the safety aspect, most banks claim that confidentiality of the locker's contents is maintained, unless the income tax authorities or the police deem otherwise. So if you're thinking of where to store your great grandmother's jewels, go ahead and rent a safe deposit vault.

Bank Locker Rules

1. Locker facility is provided by the bank at its select branches.
2. For obtaining a locker at the bank, you must be an account holder with the bank.
3. Lockers can be allotted both individually (except minor) as well as jointly.
4. The lockers are allotted on first come first served basis to the customers only.
5. At the time of hiring the locker, bank will obtain a minimum-security deposit in the form of FDR from the lessee for the amount which would cover 3 years rent and the charges for breaking open the locker in case of such eventualities.
6. The Security Deposit will be kept under Bank's lien in respect of rentals and other dues on locker services viz. breaking open or replacement of lock in case of loss of keys etc.
7. An acknowledgement will be issued by the bank for fixed deposit to be kept as security deposit.
8. The hirer of the locker will be provided the copy of the agreement i.e. 'Memorandum of Letting' by the bank.
9. Loss of key should be immediately informed to the bank branch.
10. The bank is responsible for any loss.
11. Charges for opening the locker, or replacing the lost key, and for changing the lock shall be payable by the Renter(s).
12. With standing instruction, the rent may be paid from the deposit account of the hirer on due date.
13. The Renter is required to operate the locker at least once in every six months and if the locker remains unoperated for more than a year from the last date of operation then the bank has a right to cancel the allotment of the locker by giving a notice for security reasons and treat the Renter/s as a defaulter, notwithstanding that the rent has been paid up to date.
14. The locker is to be operated during the specified timing displayed at the branches.

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