

NOMINATION

Nomination refers to the process of designating an individual to act as a custodian for the funds in a bank account. This nomination is legally recorded by the bank for future reference. The nominee is the individual named by the account holder who will receive the account's proceeds upon the account holder's death. This ensures that the funds are accessible to the intended recipient without legal complications.

Nomination facility was introduced by a notification dated 29th March 1985 in the Banking Regulation Act, 1949 Sec 45-ZA to 45-ZF.

What is a nominee in a bank account?

A nominee in a bank serves as the person entitled to claim the account's funds in case of the account holder's death. However, it is essential to note that a nominee acts as a trustee, meaning the funds must be held for the rightful legal heirs unless stated otherwise in a will. Nomination is not limited to just savings accounts; it applies to fixed deposits, recurring deposits, lockers, and other financial instruments. Adding a nominee is part of the account opening process, ensuring that your preferences are recorded from day one.

NOMINATION IS AVAILABLE FOR:

- All Deposit and Share accounts
- All Loan accounts
- Safe custody Lockers

WHO CAN BE A NOMINEE FOR A BANK ACCOUNT?

- A nominee can be a family member, child, spouse, or relative
- If the nominee is not the legal heir, he or she will not be entitled to the funds.
- There can be different nominees to different bank accounts with the same names.
- A minor can also be the nominee of an account, but the minor will have to be designated by a guardian, and the bank will have to give the funds to the guardian.

BEINIFITS OF NOMINATION

- Nomination facilitates faster and easier release of funds/articles of deceased depositors
- The bank doesn't need to request a succession certificate, letter of administration, or court order.

SALIENT FEATURES OF NOMINATIONS

- Nomination can be made in favour of only individual
- Nomination can be made in favour of one person only
- Nomination can be made in existing or new accounts

- Nomination can be cancelled or changed subsequently by the depositors.
- Government deposit schemes allow more than one nominees in their accounts.
- In case of joint account of individuals, nomination shall be made by all depositors jointly
- A nomination will continue to be in force even on renewal of term deposit, unless specifically cancelled or changed.
- Nomination facility is available in respect of lockers hired singly as well as jointly

STATUS AND RIGHT OF NOMINEE

- The nominee is treated as a trustee for legal heirs for receiving the money or articles after death.
- Nominee is not owner, he does not acquire right of depositor.
- On payment to nominee, banks discharged from liability

WHAT HAPPENS WHEN THERE IS NO NOMINEE?

- When the account holder has passed away, and their person has not made any nomination, the legal heirs will have to go through the procedure of claiming the account's funds.

WHO CAN'T YOU MAKE A NOMINATION?

You can't make a nomination for accounts held in a representative capacity such as trust accounts, partnership firms, H.U.F., companies, associations, and clubs