

Banking Ombudsman Scheme

Objective

The scheme is introduced with the object of enabling resolution of complaints relating to certain Services rendered by banks and to facilitate the satisfaction or settlement of such complaints.

Who Can Be Ombudsman

The Reserve Bank of India may appoint one or more of its officers in the rank of Chief General Manager or General Manager to be known as Banking Ombudsman to carry out the functions entrusted to them by or under the Scheme.

The appointment of Banking Ombudsman under the above Clause may be made for a period not exceeding three years at a time.

Who Can File A Complaint

A person himself / his authorized representative (other than an advocate) can file the complaint on paper OR through electronic media (e-Mail) OR forwarded by RBI or Central Govt. (For credit card jurisdiction with reference to Ombudsman having jurisdiction over the billing address of the card holder.)

Conditions

Complaints can be made when

- The complaint was made to the bank and bank had rejected it OR no reply was received within a period of one month OR the complainant is not satisfied with the reply given by the bank;
- Period of more than one year has not lapsed after receipt of bank reply.
- The complaint is not for issues already settled / dealt with Ombudsman OR for which proceedings before court, tribunal or arbitrator or any other forum is pending or a decree or award or order has been passed;

- The complaint is within limitation period under Indian Limitation Act 1963.

Rejection Of Complaint By Ombudsman

Ombudsman can reject a complaint where it is frivolous, vexatious, beyond jurisdiction of Ombudsman etc. Customer can appeal against grounds of rejection to Appellate Authority within 30 days of receipt of communication regarding rejection.

Process Of Redressal Of Grievance

By sending copy of the complaint to the bank and endeavor shall be made for a settlement by agreement through conciliation or mediation. The proceedings shall be summary in nature.

Award By The Ombudsman

Where a complaint is not settled by agreement within a period of one month from the date of receipt of the complaint, Ombudsman may pass an award or reject the complaint, on the basis of evidence, the principles of banking law and practice, directions and guidelines issued by RBI.

Award

Award shall specify the more than actual loss suffered as direct consequence of act of omission or commission of the bank OR Rs.10 Lac, whichever is lower. A copy of the Award shall be sent to the complainant and the bank.

Effect Of Award

Award shall be binding on a bank only if the complainant send acceptance of in full and final settlement, within 30 days from the date of receipt of the Award.

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Customer is to send acceptance of the award within 30 days of date of receipt of the award. Bank is to implement the award within one month from the date of receipt of the acceptance from the complainant and intimate compliance to the Banking Ombudsman.

Rejection Of Complaint

Rejection can be at any stage if it appears to be frivolous, vexatious, malafide; OR without sufficient cause; OR not pursued by the complaint with diligence; OR there is no loss or damage or inconvenience caused to the complainant; OR is beyond the pecuniary jurisdiction of Ombudsman.

Appeal

The customer file an appeal Appellate Authority (Dy. Governor RBI) within 30 days of the date of receipt of the Award (could be extended by 30 days by Appellate Authority). The appeal by banks should be filed with sanction of the CMD / ED / CEO. For banks 30 days period for filing appeal begins from date of receipt of customer's acceptance. The appellate authority may dismiss / allow the appeal; OR set aside the Award; OR remand the matter the Ombudsman for fresh disposal OR modify the Award or pass any order as it may deem fit.

Display Of Salient Features Of The Scheme

The banks shall prominently display in all offices / branches of the bank and the name / address of Ombudsman. The banks shall appoint Nodal Officers at their RO / ZO and inform the Ombudsman, who shall represent the bank / furnish information to the Ombudsman.

Ground Of Complaint

A complaint may relate to following aspects including loans and advances alleging deficiency in banking or other services;

- Non-payment or inordinate delay in the payment or collection of cheques, drafts, bills etc;
- Non-acceptance, of small denomination notes tendered for any purpose, and for charging of commission in respect thereof;

- Non – acceptance, without sufficient cause, of coins tendered and for charging of commission in respect thereof;
- Non-payment or delay in payment of inward remittances;
- Failure or delay to issue of drafts, pay orders or bankers' cheques;
- Non-adherence to prescribed working hours;
- Failure to honour guarantee or letter of credit commitments;
- Failure / delay to provide a banking facility (other than loans) promised in writing by a bank or its direct selling agents;
- Delays, non-credit of proceeds to parties' accounts, non-payment of deposit or non- observance of RBI directives, applicable to rate of interest on deposits in any savings, current or other a/c.
- Delays in receipt of export proceeds, handling of export bills, collections of bills etc., for exporters provided the said complaints pertain to the bank's operations in India;
- Complaints from NRIs having a/c in India for their remittance from abroad, deposits and other bank related matters;
- Refusal to open deposit a/c without any valid reason for refusal;
- Levying of charges without adequate prior notice to the customer;
- Non-adherence by the bank or its subsidiaries to the instructions of RBI on ATM / Debit card operations or credit card operations;
- Non-disbursement or delay in disbursement of pension (to the extent the grievance can be attributed to the action on the part of the bank concerned, but not with regard to its employees);
- Refusal to accept or delay in accepting payment towards taxes, as required by reserve bank / government;
- Refusal issue or delay in issuing, or failure to service or delay in servicing or redemption of Government securities;
- Forced closure of deposit a/c without due notice/sufficient reason;
- Refusal to close or delay in closing the accounts;
- Non – adherence to fair practices codes as adopted by the bank;

Complaints Pertaining To Loans Advances

- Non-observance of RBI directives on interest rates;
- Delays in sanction disbursement or non – observance of time schedule for disposal of loan applications;
- Non-acceptance of application without furnishing valid reasons.
- Non-observance of any other direction of RBI

Complaints Pertaining To Loans Advances

Any person who has a grievance against a bank on any one or more of the grounds mentioned in Clause 8 of the Scheme may, himself or through his authorized representative (other than an advocate), make a complaint to the Banking Ombudsman within whose jurisdiction the branch or office of the bank complained against is located.

Provided that a complaint arising out of the operations of credit cards and other types of services with centralized operations, shall be filed before the Banking Ombudsman within whose territorial jurisdiction the billing address of the customer is located.

(a) The complaint in writing shall be duly signed by the complainant or his authorized representative and shall be, as far as possible, in the form specified in Annexure 'A' or as near as thereto as circumstances admit, stating clearly;

- The name and the address of the complainant,
- The name and address of the branch or office of the bank against which the complaint is made.
- The facts giving rise to the complaint,
- The nature and extent of the loss caused to the complainant, and
- The relief sought for

The complainant shall file along with the complaint, copies of the documents, if any, which he proposes to rely upon and a declaration that the complaint is maintainable under sub-clause (3) of this clause.

A complaint made through electronic means shall also be accepted by the Banking Ombudsman and a print out of such complaint shall be taken on the record of the Banking Ombudsman.

The Banking Ombudsman shall also entertain complaints covered by this Scheme received by central Government or Reserve Bank forwarded to him for disposal.

No Complaint To The Banking Ombudsman Shall Lie Unless

- The complainant had, before making a complaint to the Banking Ombudsman, made a written representation to the bank and the bank had rejected the complaint or the complainant had not received any reply within a period of one month after the bank received his representation or the complainant is not satisfied with the reply given to him by the bank;
- The complaint is made not later than one year after the complainant has received the reply of the bank to his representation or, where no reply is received, not later than one year and one month after the date of the representation to the bank;
- The complaint is not in respect of the same cause of action which was settled or dealt with on merits by the Banking Ombudsman in any previous proceedings whether or not received from the same complainant or along with one or more complaints or one or more of the parties concerned with the cause of action;
- The complaint does not pertain to the same cause of action, for which any proceedings before any court, tribunal or arbitrator or any other forum is pending or a decree or Award or order has been passed by any such court tribunal, arbitrator or forum;
- The complaint is not frivolous or vexatious in nature and the complaint is made before the expiry of the period of limitation prescribed under the Indian Limitation Act, 1963 for such claims.