

# **THE BANKING OMBUDSMAN SCHEME**

## **ANNUAL REPORT 2005-2006**



**RESERVE BANK OF INDIA  
CUSTOMER SERVICE DEPARTMENT  
CENTRAL OFFICE  
MUMBAI**

## CONTENTS

Sr.No.	Topic	Page No.
1.	Introduction	4
2.	General Particulars of the Scheme	4
3.	Scope of the Scheme	7
4.	Operationalisation	8
5.	Performance of the Offices of the Banking Ombudsman	8
6.	Analysis of Complaints	16
7.	Review Of Banking Ombudsman's Awards and Unimplemented Awards	18
8.	Cost details of running the Scheme	19
9.	Other Information	20
	Annex I	25

**Customer Service Department  
Reserve Bank of India  
Central Office**

**THE BANKING OMBUDSMAN SCHEME - ANNUAL REPORT -2005-2006**

**1. INTRODUCTION:**

1.1 The Banking Ombudsman Scheme, 1995 was notified by RBI on June 14, 1995 in terms of the powers conferred on the it by Section 35A of the Banking Regulation Act, 1949 (10 of 1949) to provide for a system of redressal of grievances against banks. The Scheme sought to establish a system of expeditious and inexpensive resolution of customer complaints. The Scheme, which is in operation since 1995, has been revised twice in the years 2002 and 2006. The Scheme is being administered by Banking Ombudsmen appointed by RBI at 15 centres covering the entire country.

1.2. As mandated by the Banking Ombudsman Scheme, the Banking Ombudsmen submit Annual Reports on the functioning of their offices every year, within two months of completion of the year. Based on such reports, an Annual Report for the Banking Ombudsman Scheme as a whole is prepared at Central Office. As is being the practice, the Annual Report covers the last five-year period with focus on the current year.

**2. GENERAL PARTICULARS OF THE SCHEME**

2.1 The word 'Ombudsman' in general means a 'grievance man', a public official who is appointed to investigate complaints against the administration. He is to intervene for the ordinary citizen in his dealings with the complex machinery of the establishment.

2.2 In India, any person whose grievance against a bank is not resolved to his satisfaction by that bank within a period of one month can approach the Banking Ombudsman, if his complaint pertains to any of the matters specified in the Scheme. Banking Ombudsmen have been authorized to look into complaints concerning (a) deficiency in banking service (b) sanction of loans and advances, as they relate to non-observance of the Reserve Bank directives on interest rates, delay in sanction or non-observance of prescribed time schedule for disposal of loan applications or non-observance of any other directions or instructions of the Reserve Bank as may be specified for this purpose, from time to time, and (c) such other matters as may be specified by the Reserve Bank.

2.3 The Scheme envisages expeditious and inexpensive disposal of customer complaints in a time bound manner. The Banking Ombudsman on receipt of any complaint endeavours to promote a settlement of the complaint by agreement between the complainant and the bank

named in the complaint through conciliation or mediation. For the purpose of promoting a settlement of the complaint, the Banking Ombudsman has been allowed to follow such procedures as he may consider appropriate and he is not bound by any legal rule of evidence. If a complaint is not settled by agreement within a period of one month from the date of receipt of the complaint or such further period as the Banking Ombudsman may consider necessary, he may pass an Award after affording the parties reasonable opportunity to present their case. He shall be guided by the evidence placed before him by the parties, the principles of banking law and practice, directions, instructions and guidelines issued by the Reserve Bank from time to time and such other factors, which in his opinion are necessary in the interest of justice.

2.4. The Banking Ombudsman Scheme (BOS) 2002 came into effect on 14<sup>th</sup> June 2002. The BOS 2002 additionally provided for the institution of a “Review Authority” to review the Banking Ombudsman’s Award, when warranted. A bank against whom an Award has been passed, may with the approval of its Chief Executive, file an application to the Deputy Governor-in-charge of Rural Planning and Credit Department of Reserve Bank of India to seek a review of the Award. The bank can request for such a review only when the Award appears to be patently in conflict with the Bank’s instructions and/or the law and practice relating to banking. The Banking Ombudsman has also been authorized to function as an Arbitrator on reference to him of disputes either between banks and their customers or between banks. The value of the subject matter of individual disputes under arbitration will not exceed Rupees Ten Lakhs.

2.5. The Banking Ombudsman Scheme, 2002 was reviewed in 2005. The review indicated the following aspects:

- a) Though the complaints received at the Banking Ombudsman Offices have been increasing, the Scheme did not address some areas of complaints of the customers.
- b) The process of settlement of customer complaints under the Scheme needed to be streamlined.
- c) RBI, the formulator and monitoring authority of the Scheme, needed to have more control over functioning of the Scheme.

2.6. The above issues were addressed in the Banking Ombudsman Scheme, 2006 that came into effect from January 1, 2006. The following are the major changes in the revised Scheme:

- (i) New grounds of complaints such as credit card issues, failure in providing the promised facilities, non-adherence to fair practices code and levying of excessive charges without prior notice, have been included.
- (ii) In order to facilitate complaint submission, the prescribed application format has not been made mandatory for filing complaints. Further, complaints can be filed online as well as by sending an email.
- (iii) Only serving senior officers of RBI are appointed as Banking Ombudsmen.
- (iv) The cost of running the Scheme, which was earlier shared by all the participant banks, is now borne by RBI.
- (v) The secretariat of the office of the Banking Ombudsman, which consisted of officers drawn from SLBC Convenor banks also, will now consist of officers deputed from RBI only.
- (vi) Banks are required to appoint Nodal Officers in their Zonal Offices/Regional Offices for operation of the Scheme.
- (vii) Further, the complainants can also appeal against the Award of Banking Ombudsman.
- (viii) In order to enable the Banking Ombudsmen concentrate on the complaints, rather than on arbitration of inter-bank disputes, the arbitration option, which rested earlier with the Banking Ombudsman, was removed in the Banking Ombudsman Scheme, 2006.

2.7. The revised Banking Ombudsman Scheme has witnessed a surge in the inflow of complaints so far, mainly due to the inclusion of credit card-related issues within ambit of the Scheme, the wide publicity given to the Scheme, the on-line complaint filing facility and the unprecedented increase in the retail loan segment. Detailed information in this regard has been given in the subsequent paragraphs.

### **3. SCOPE OF THE SCHEME**

3.1 The Banking Ombudsman Scheme, 2002 covered all the Regional Rural Banks in addition to all Commercial Banks and Scheduled Primary Co-operative Banks, which were already covered by earlier Banking Ombudsman Scheme, 1995. There is no change in this regard in the Banking Ombudsman Scheme, 2006.

3.2. As indicated in paragraph 2.5 above, various new grounds of complaints were added within the scope of the Banking Ombudsman Scheme, 2006. The important new grounds of complaints added include: credit card issues, failure in providing the promised facilities, non-adherence to fair practices code, levying of excessive charges without prior notice, issues pertaining to accepting payment towards taxes and issues pertaining to issuing/servicing of Government securities.

3.3. One of the important grounds of complaints included in the Banking Ombudsman Scheme 2002, which was not specifically covered in the Banking Ombudsman Scheme, 2006 pertained to complaints involving fraudulent transactions. The Banking Ombudsmen, under the Banking Ombudsman Scheme, 2002, decided such complaints as per the opinion received from the Government Examiner for Questioned Documents (GEQD). As the Supreme Court opined that GEQD opinion is weak as evidence, it was decided that it would not be appropriate for Banking Ombudsmen (who are not empowered to record evidence on oath) to give a finding on forgery where forgery of cheque is not admitted by banks. Accordingly, it was decided not to specifically include the complaints involving frauds and forgeries within the ambit of the Banking Ombudsman Scheme, 2006.

3.4. The grounds of complaints have been enumerated in Clause 8 of the Banking Ombudsman Scheme, 2006.

### **4. OPERATIONALISATION**

4.1 The Banking Ombudsman Scheme has been operationalised by Reserve Bank of India by establishing Banking Ombudsman Offices at 15 centres all over the country. The addresses and area of operation of the Banking Ombudsman have been given as an annex (Annex I) to the Report. RBI has the responsibility for framing the guidelines for operationalising the Scheme. It also supervises the running of the Scheme and administrative arrangements, budget and expenditure of the Banking Ombudsman Offices.

## 5. PERFORMANCE OF THE OFFICES OF BANKING OMBUDSMAN

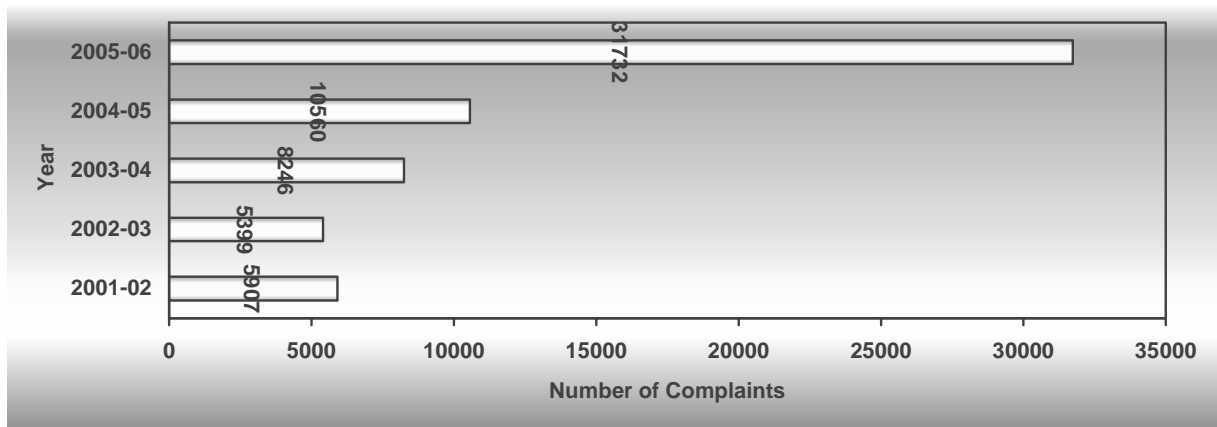
5.1 The performance of the Offices of the Banking Ombudsman has been analyzed on the aspects such as: the quantum of complaints handled by them, the timeliness in handling the issues, and appropriateness of the decisions given against the complaints.

5.2. With the decision to merge the Banking Ombudsman Offices with that of RBI offices, the accounting period for the Banking Ombudsman Offices was changed from April 1-March 31 to July 1-June 30 to be in congruent with that of RBI offices. Accordingly, the information/data in respect of the year 2005-06 given in the report relates to 15-month period April 1, 2005-June 30, 2006. Further, the information pertaining to the year 2005-06 covers both the Banking Ombudsman Schemes 2002 (01.04.2005 to 31.12.2005) and 2006 (01.01.2006 to 30.06. 2006).

### Number of complaints received

5.3. The number of complaints received by the Banking Ombudsman Offices has been observed to be steadily increasing, except in 2002-03 when there was a marginal decrease. Further, the number of complaints received in the year 2005-06 has more than trebled as compared to the year 2004-05. (Details are given in Fig.1 below). The huge increase in the number of complaints received during the year 2005-06 was on account of the increased scope of the Banking Ombudsman Scheme, 2006.

**Fig. 1: Number of complaints received by the Banking Ombudsman Offices\***



(\* Includes only the complaints received during the year and excludes the carried forward complaints of previous year).

5.4. The Banking Ombudsman Scheme, 2006 was introduced with effect from January 1, 2006. This Scheme had new areas, such as credit card complaints, within its ambit and facilitated complaint submission in any form including online and by email. Further, a centralized advertising campaign was undertaken by the bank when the new Scheme was introduced. All these factors led to increase in the number of complaints received during the year 2005-06. The details are given below in Tab.1.

**Tab.1. Number of complaints received in 2005-06**

Period		Scheme running	No. of complaints received
From	To		
01.04.2005	31.12.2005	BO Scheme, 2002	9723
<b>01.01.2006</b>	<b>30.06.2006</b>	<b>BO Scheme, 2006</b>	<b>22009</b>

### **Disposal of Complaints**

5.5. The Banking Ombudsman Offices could dispose of more than 70% of the maintainable complaints on an annual basis. Despite increase in the number of complaints, the percentage of maintainable complaints disposed off remained steady during the last five-year period. During the year 2005-06, 70% of the maintainable complaints were disposed off. As regards pending complaints, it was observed that 42% of such complaints were pending for more than 2 months and 26% of them were pending for more than 3 months. Details are given below:

**Tab.2: Disposal of Complaints by Banking Ombudsman Offices**

<b>Particulars</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>
Complaints received	5907	5399	8246	10560	31732
Complaints brought forward	1115	1107	1237	1474	1631
Total number of complaints	7022	6506	9483	12034	33363



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Of which not maintainable*	2404	2132	4011	4963	12304
Maintainable Complaints	4618	4374	5472	7071	21059
Disposed of	3511	3137	3998	5440	14889
Percentage of maintainable complaints disposed of	<b>76</b>	<b>72</b>	<b>73</b>	<b>77</b>	<b>70</b>
Pending (Complaints that are carried forward to the next year)	1107	1237	1474	1631	6170**

\* The important reasons for non-maintainability of complaints are enumerated here:

- (i) The complaint subject is out of purview of the Scheme.
- (ii) The bank complained against is not covered in the Scheme.
- (iii) Subject matter of the complaint is pending before other fora.
- (iv) Remedies with banks for complaint redressal has not been exhausted.
- (v) Cause of action of the complaint is more than a year old.
- (vi) Complaint is made without sufficient cause or on frivolous grounds.
- (vii) No deficiency is observed in the complaint.
- (viii) Complaint pertains to the credit decision of banks.
- (ix) Complaint pertains to staff behavior related issues.
- (x) Non-production of supportive evidence to establish deficiency.
- (xi) Complicated complaints that require oral and more documentary evidence.
- (xii) Complaints pertain to disputes between banks and their employees.

\*\*For the year 2005-06, the details of pending have been furnished below:

**Tab.3: Details of complaints pending at the end of the year 2005-06  
(Indicating the pending period)**

<b>Period of pending</b>	<b>Number</b>	<b>Percentage to total</b>
Upto 1 month	1699	27.5
1-2 months	1885	30.5
2-3 months	981	16.0
More than 3 months	1605	26.0
<b>Total</b>	<b>6170</b>	<b>100.0</b>

#### **Disposal of Complaints under the Banking Ombudsman Scheme, 2006**

5.6. It may be observed that the number of complaints received under the Banking Ombudsman Scheme, 2006 has more than trebled as compared to the number of complaints received under the Banking Ombudsman Scheme, 2002. As the sudden increase in the number of complaints could not be matched by equivalent rise in disposal of complaints, the number of pending complaints increased over the six-month period since January 2006. The details are as follows:

**Tab.4: Disposal of Complaints under the  
Banking Ombudsman Scheme, 2006**

<b>Particulars</b>	<b>January</b>	<b>Feb'y</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Total</b>
Complaints brought forward from the previous month	2074	5775	7040	6795	6790	6854	<b>2074</b>
Complaints received	4831	4006	3902	2501	3367	3402	22009
Complaints rejected	462	1438	1739	1058	1184	1357	7238
Disposed of	668	1303	2408	1448	2119	2729	10675
Complaints carried forward to the next month	5775	7040	6795	6790	6854	6170	<b>6170</b>

**Complaints dealt vis-à-vis the staff position at Banking Ombudsman Offices**

5.7. The Banking Ombudsmen Offices were staffed by officers from the SLBC Convenor banks. In terms of Banking Ombudsman Scheme, the efforts were taken to replace them with officers from the Reserve Bank in phases. Accordingly, the dealing officers of Banking Ombudsman Offices consisted of officers from SLBC Convenor banks and Reserve Bank. The number of dealing officers varied around 2-11 and the average number of complaints dealt per dealing officer was around 400 last year. The details are as follows:

**Tab. 5: Complaints dealt vis-à-vis the staff position  
at Banking Ombudsman Offices**

<b>Office</b>	<b>Dealing Officers</b>	<b>Complaints dealt</b>	<b>Complaints/ dealing officers</b>
Ahmedabad	6	2089	348
Bangalore	6	1588	265
Bhopal	4	2165	541
Bhubaneswar	4	813	203
Chandigarh	5	1489	298
Chennai	4	2707	677
Guwahati	2	203	102
Hyderabad	4	2037	509
Jaipur	5	2977	595
Kanpur	10	4369	437
Kolkata	8	2180	273
Mumbai	4	3755	939
New Delhi	11	4146	377
Patna	8	1176	147
Trivandrum	4	1669	417
<b>Total</b>	<b>85</b>	<b>33363</b>	<b>393</b>

(\* Includes only the dealing officer staff. Secretary and PS are not included. As indicated in the Annual Report 2005-06. May not be construed as the number of staff indicated above was the staff strength for the entire year 2005-06.)

## Mode of disposal of complaints

5.8. As per the Scheme, the Banking Ombudsmen dispose complaints either by settlement or by issuing an Award. During the period reviewed, the percentage of disposal of complaints by settlement to total maintainable complaints disposed of was around 98%, which clearly indicated the effectiveness of the Banking Ombudsmen in disposal of the cases and also that the Banking Ombudsmen took appropriate decisions after considering all the relevant and extant legal and banking instructions. During the above period, only 523 awards were issued, which formed less than 2% of the total 30975 maintainable complaints disposed of (Details are given below).

**Tab.6: Mode of disposal of complaints**

Sr. No.	Year	No. of maintainable complaints disposed of	Disposal by Award		Disposal by other than Award*	
			No.	%	No.	%
1	2001-2002	3511	44	1.25	3467	98.75
2	2002-2003	3137	47	1.07	3090	98.93
3	2003-2004	3998	121	2.21	3877	97.78
4	2004-2005	5440	165	3.03	5275	96.97
<b>5</b>	<b>2005-06</b>	<b>14889</b>	<b>146</b>	<b>0.98</b>	<b>14743</b>	<b>99.02</b>
Total		<b>30975</b>	<b>523</b>	<b>1.69</b>	<b>30452</b>	<b>98.31</b>

(\* Disposal by mutual settlement. Provision for disposal by Banking Ombudsman's Recommendation was available only in the Banking Ombudsman Scheme, 1995).

## 6. ANALYSIS OF COMPLAINTS

6.1 The maximum number of complaints dealt with during the last five-year period pertained to deposit accounts, deficiency in servicing of loans and advances and delay in collection of cheques/bills, etc, besides the miscellaneous complaints. The details are as follows:

**Tab. 7: Analysis of complaints dealt with - subject-wise**

<b>Particulars</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>
Deposit Accounts	1662	1789	2500	3239	<b>6733</b>
Loans and Advances	1982	1651	1226	2291	<b>5215</b>
Delay in collection of cheques/bills	1062	908	1001	1245	<b>3058</b>
Others*	2316	2158	4756	5259	<b>18357</b>
Total**	7022	6506	9483	12034	33363

(\* Complaints that are not classified among the categories indicated here. The higher number of such complaints has to be viewed in the context that many complaints are rejected as non-maintainable. For instance, 12,304 complaints were rejected during the year 2005-06. Further, the figure for the year 2005-06 includes various new grounds of complaints added, such as credit cards, in the Banking Ombudsman Scheme, 2006).

(\*\*No. of complaints includes previous year's pending complaints).

6.2 The majority of the complaints pertain to the Nationalized Banks followed by the State Bank Group, accounting for more than 70% of the complaints received. However, for the year 2005-06, the percentage of complaints against public sector banks, including the SBI Group, showed a decline vis-à-vis the number of complaints received against private sector banks and foreign banks, indicating probably that the private sector banks and foreign banks had many complaints falling under the new grounds of complaints added in the BO Scheme, 2006. The RRBs were brought under the purview of the Banking Ombudsman from the year 2002 and predictably the number of complaints against RRBs increased from 33 during the year 2002-2003 to 794 during the year 2005-06. Increasing number of complaints against RRBs also indicate the penetration of the Scheme in rural areas. The details are in the following tables:

**Tab. 8: Break-up of complaints dealt with - Bank-group-wise**

<b>Bank group</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>Total</b>
Nationalized Banks	3609	3145	4049	5124	<b>10137</b>	<b>26064</b>
SBI Group	2112	1914	2779	3359	<b>9892</b>	<b>20056</b>
Private Sector Banks	629	718	1325	1863	<b>6754</b>	<b>11289</b>
Foreign Banks	254	313	406	577	<b>2997</b>	<b>4547</b>
Scheduled Primary Co-op. Banks	55	112	166	256	<b>198</b>	<b>787</b>
RRBs*	-NA-	33	232	359	<b>794</b>	<b>1418</b>
Others**	363	271	526	496	<b>2591</b>	<b>4247</b>
<b>Total</b>	<b>7022</b>	<b>6506</b>	<b>9483</b>	<b>12034</b>	<b>33363</b>	<b>68408</b>

(\* Brought under the Scheme purview through the Banking Ombudsman Scheme, 2002) (\*\* Complaints that are received against institutions such as non-scheduled co-operative banks, co-operative societies, NBFCs etc which are not included within the purview of the Scheme).

**Tab.9: Bank Group-wise complaints in the year 2005-06**

<b>Bank group</b>	<b>No. of complaints</b>	<b>Percentage to total</b>
Nationalized Banks	10137	<b>30.38</b>
SBI Group	9892	<b>29.65</b>
Private Sector Banks	6754	<b>20.24</b>
Foreign Banks	2997	<b>8.98</b>
Scheduled Primary Co-op. Banks	198	<b>0.60</b>
RRBs	794	<b>2.39</b>
Others	2591	<b>7.76</b>
<b>Total</b>	<b>33363</b>	<b>100.00</b>



## **7. REVIEW OF BANKING OMBUDSMAN'S AWARDS AND UNIMPLEMENTED AWARDS**

7.1 The Banking Ombudsman Scheme, 2002 additionally provided for the institution of a "Review Authority" to review the Banking Ombudsman's Award, when warranted. The "review" option to be exercised by the banks on a limited grounds when they feel that the Award appears to be patently in conflict with the Bank's instructions and/or the law and practice relating to banking.

7.2. During the year 2005-06, 17 such review applications were received and of which, in 12 cases the banks were advised to implement the Award passed by the Banking Ombudsman and 5 cases were remanded to the Banking Ombudsman for review.

7.3. There were around 90 unimplemented awards as at the beginning of the year. This issue of unimplemented awards was viewed seriously by Reserve Bank and the matter was taken up directly with the Chief Executive Officers of the individual banks. They were advised to personally look into the matter and try to resolve the issues at the earliest. In view of periodical follow-up, the number of outstanding cases was reduced to 40, of which 30 were on account of banks having taken up the cases in a court of law. The balance 10 cases pertained to cases under review by the Review Authority or remanded to Banking Ombudsman and awaiting fresh review of the earlier award.

7.4. The banks are required to place the status of all their outstanding awards before their Customer Service Committee of the Board, to enable them to address issues of systemic deficiencies existing in banks, if any, brought out by the awards. The banks are also required to place all the awards remaining unimplemented for more than three months, with the reasons therefor, before the Customer Service Committee to enable the Customer Service Committee to report to the Board such delays in implementation without valid reasons and for initiating necessary remedial action.

## **8. COST DETAILS OF RUNNING THE SCHEME**

8.1 The costs of the Scheme include the revenue expenditure and capital expenditure incurred in running the Banking Ombudsman offices. The revenue expenditure includes the establishment items like salary and allowances of the staff attached to Banking Ombudsman offices and non-establishment items such as rent, taxes, insurance, law charges, postage and telegram charges, printing and stationery expenses, publicity expenses, depreciation and other miscellaneous items. The capital expenditure items include the furniture, electrical installations, computers/related equipments, telecommunication equipments and motor

vehicle. The total annual costs of running the fifteen Banking Ombudsman offices varied around Rs. 6 crore and since the year 2001-02 the annual cost has been increasing steadily. However, with the increase in the number of complaints dealt, the cost per complaint dealt as well as cost per maintainable complaint have been steadily decreasing. The details have been given below.

**Tab. 10: Cost details of Banking Ombudsman Offices**

Period	Total Cost (Rs. Cr)	No. of Complaints dealt	Cost per complaint (Rs)	No. of maintainable Complaints dealt	Cost per maintainable Complaint (Rs)
2001-02	5.91	7,022	<b>8,416</b>	4,618	<b>12,798</b>
2002-03	6.36	6,506	<b>9,776</b>	4,374	<b>14,540</b>
2003-04	7.03	9,483	<b>7,413</b>	5,472	<b>12,847</b>
2004-05	7.60	12,034	<b>6,315</b>	7,071	<b>10,748</b>
<b>2005-06</b>	<b>10.16*</b>	<b>33,363</b>	<b>3045</b>	<b>21,059</b>	<b>4,825</b>

(\* Approximate amount for the 15-month period from April 1, 2005 to June 30, 2006. The figures have been arrived by simulating the amount pertaining to April-December 2005. With the merging of the Banking Ombudsman Offices with RBI offices from 1.1.2006, separate information on cost of running the Banking Ombudsman Offices is not available)

## **9. OTHER INFORMATION**

### **Conference of Banking Ombudsmen**

9.1. The Conference of Banking Ombudsmen was convened in January 2006 with the main objective of deliberating upon the amendments made in the Banking Ombudsman Scheme. As per the deliberations of the Conference, a Guidance Note was circulated among the Banking Ombudsman Offices.

### **Scheme Awareness exercises**

9.2. Creating awareness about the Scheme has become a regular exercise for the offices of the Banking Ombudsman. Such exercises are being carried through the mass media like local newspapers, radio and television. The Banking Ombudsmen also convened seminars on the issue, held meeting with nodal officers/nominee directors on the board of RRBs and delivered lectures at training programmes of banks. Further, the Banking Ombudsmen conduct district level awareness meetings with the bankers, social organizations, like Rotary clubs, and public, with press, television and radio coverage for such meetings. The Banking Ombudsmen also used such occasions to convene conciliation meetings for the complaints emanated from that area, if any. Upon revision of the Banking Ombudsman Scheme, the bank undertook a centralized awareness campaign during January 2006.

### **Banking Ombudsman Offices as focal point of complaint receipt in RBI**

9.3. In order to make the Banking Ombudsman Offices the focal points in receipt and handling of complaints in the Bank, all the offices of the bank that receive the complaints are required to forward the same, without any prima facie scrutiny, to the respective office of the Banking Ombudsman under whose jurisdiction the bank branch complained against falls. The Banking Ombudsman Offices inward all such complaints received and give a unique identification number. While the complaints that do not fall within the purview of the Scheme are forwarded/returned to respective regional office of RBI under advice to the complainant, other complaints are processed in the usual manner. All the complaints received, including non-maintainable complaints, are acknowledged within 3 days. The above decision, implemented from March 2006, was taken with the rationale that with the increase in the ambit of the Banking Ombudsman Scheme, 2006, the Banking Ombudsman Offices would be able to entertain the majority of the complaints received in the RBI offices.

### **Nodal Officers in banks for grievance redressal**

9.4. The Banking Ombudsman Scheme 2006 mandates that every bank nominate a Nodal Officer in every region/zone for facilitating the functioning of the Banking Ombudsman Offices. Besides taking up individual complaints, the Banking Ombudsman offices also periodically review the outstanding complaints with the nodal officers. Many Banking Ombudsman Offices have indicated that such a mechanism has yielded good results in resolving the complaints. This is more so as, the banks concerned have promptly responded to the communications from the Banking Ombudsman Offices.

9.5. The Customer Service Department has started the exercise of inviting the in-charges of customer service departments (grievance redressal officers) of commercial banks for an interaction and for briefing them about the expectations of Reserve Bank. During the meetings, they are advised to play an effective role in handling customer complaints with care and sensitivity in a timely manner. The requirement for publicizing their service charges and the names and addresses of their nodal officers prominently in the website and notice boards is also reiterated. The above meeting has also strengthened the functioning of the Public Grievance Redressal Cell in the department.

### **De-clogging the Banking Ombudsman Offices**

9.6. As detailed in the previous paragraphs, the number of complaints received under the Banking Ombudsman Scheme, 2006 has more than trebled as compared to the complaints received in the previous year, under the Banking Ombudsman Scheme, 2002. This position, coupled with the administrative changes in running the Scheme, demanded that concerted efforts be taken by all concerned so as to ensure that the objectives of the Scheme are met. Reserve Bank was reviewing the position on an ongoing basis and took appropriate initiatives in this regard.

9.7. Various measures were taken to strengthen the internal grievance redressal mechanism in banks to ensure that complaints are mostly resolved within the banks and only unresolved complaints (disputes) are escalated to the Banking Ombudsman Offices. All the Banking Ombudsman Offices were advised to share the list of nodal officers with any institution requiring it, as they are intended for public use. This will help in ensuring that the nodal officers are made the first approach point for public for redressal of their grievances. The Banking Ombudsman Offices have also been advised to forward the 'first-resort' complaints, which have been taken up with the Banking Ombudsman without referring to the bank, to the nodal officers of the banks. Complaints remaining unresolved for a period of 30 days can be taken up with the Banking Ombudsman.

### **Complaint Tracking Software**

9.8. To monitor the performance of the Banking Ombudsman Offices as well as to facilitate their functioning, the Complaint Tracking Software was introduced in September 2005. Initially, the software facilitated viewing of the data relating to the complaints dealt, by the Top Management of the bank as well as Ministry of Finance. However, after introduction of the Banking Ombudsman Scheme 2006, in January 2006, the scope of the Scheme got widely enlarged and to that extent the number of complaints received by the offices also became multifold. A need was felt to revamp the existing package to cater to these changes and also to overcome certain other limitations that were observed after usage. Accordingly changes have been made in the package. The important changes include: (i) search option for complaints, (ii) report generation on bank-wise, subject-wise and period-wise complaints etc, (iii) multi-user environment, (iv) desk officer-wise tracking and (v) flexible data analysis by exporting data to MS-Excel mode. The software has been further upgraded (in October 2006) with online complaint submission facility, wherein the complaints filed online are directly added to the database of the software.

### **Quarterly DO letter**

9.9. A system of quarterly DO letters from the Banking Ombudsmen to the Deputy Governor was introduced from March 2006. The letter, which covers issues such complaints dealt, systemic issues observed and awareness campaigns undertaken, serves as an important tool for the bank for obtaining feedback from Banking Ombudsmen. The feedback thus received is forwarded to the Department of Banking Supervision, Reserve Bank of India for updating its inspection guidelines, and to the Banking Codes and Standards Board of India.

### **Staffing of Banking Ombudsman Offices**

9.10. As per the Banking Ombudsman Scheme, 2006, the staff for the Banking Ombudsman Offices is to be fully provided by the Reserve Bank. Previously, the SLBC Convenor Banks deputed Scale-II and Scale-III officers to the Banking Ombudsman Offices. It has been decided that the existing officers deputed from SLBC Convenor Banks shall be relieved in phases and as and when replacements are made by the Reserve Bank so as to ensure smooth transition of work. Further, the staff strength of the Banking Ombudsman Offices shall not be uniform and would depend on the number of complaints handled by them. Certain offices like Mumbai would call for special attention.

## Address and Area of Operation of Banking Ombudsmen

Centre	Address of the Office of Banking Ombudsman	Area of Operation
Ahmedabad	C/o Reserve Bank of India La Gajjar Chambers, Ashram Road, Ahmedabad-380 009  Tel.No.26582357/26586718 Fax No.079-26583325	Gujarat, Union Territories of Dadra and Nagar Haveli, Daman and Diu
Bangalore	C/o Reserve Bank of India 10/3/8, Nrupathunga Road Bangalore-560 001  Tel.No.22210771/22275629 Fax No.080-22244047	Karnataka
Bhopal	C/o Reserve Bank of India Hoshangabad Road, Post Box No.32, Bhopal-462 011  Tel.No.2573772/2573776 Fax No.0755-2573779	Madhya Pradesh and Chattisgarh
Bhubaneswar	C/o Reserve Bank of India Pt. Jawaharlal Nehru Marg Bhubaneswar-751 001  Tel.No.2418007/2418008 Fax No.0674-418006	Orissa
Chandigarh	C/o Reserve Bank of India New Office Building Sector-17, Central Vista Chandigarh-160 017  Tel.No.2721109/2721011 Fax No.0172-2721880	Himachal Pradesh, Punjab and Union Territory of Chandigarh
Centre	Address of the Office of Banking Ombudsman	Area of Operation
Chennai	C/o Reserve Bank of India	Tamil Nadu, Union Territories of

	Fort Glacis, Chennai 600 001  Tel No.25399170/25395963/ 25399159 Fax No.044-25395488	Pondicherry and Andaman and Nicobar Islands
Guwahati	C/o Reserve Bank of India Station Road, Pan Bazar Guwahati-781 001  Tel.No.2542556/2540445 Fax No.0361-2540445	Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura
Hyderabad	C/o Reserve Bank of India 6-1-56, Secretariat Road Saifabad, Hyderabad-500 004  Tel.No.23210013/23243970 Fax No.040-23210014	Andhra Pradesh
Jaipur	C/o Reserve Bank of India, Ram Bagh Circle, Tonk Road, Post Box No.12, Jaipur-302 004  Tel.No.2570357/2570392 Fax No.0141-2562220	Rajasthan
Kanpur	C/o Reserve Bank of India M.G. Road, Post Box No.82 Kanpur-208 001  Tel.No.2361191/2310593 Fax No.0512-2362553	Uttar Pradesh (excluding District of Ghaziabad) and Uttaranchal
<b>Centre</b>	<b>Address of the Office of Banking Ombudsman</b>	<b>Area of Operation</b>
Kolkata	C/o Reserve Bank of India 15, Nethaji Subhas Road Kolkata-700 001  Tel.No.22206222/22205580 Fax No.033-22205899	West Bengal and Sikkim

Mumbai	<p>C/o Reserve Bank of India Garment House, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai-400 018</p> <p>Tel.No.24924607/24960893 Fax No.022-24960912</p>	Maharashtra and Goa
New Delhi	<p>C/o Reserve Bank of India, Sansad Marg, New Delhi</p> <p>Tel.No.23725445/23710882 Fax No.011-23725218</p>	Delhi, Haryana, Jammu and Kashmir and Ghaziabad district of Uttar Pradesh
Patna	<p>C/o Reserve Bank of India, Patna-800 001</p> <p>Tel.No.2201734/2206308 Fax No.0612-2320407</p>	Bihar and Jharkhand
Thiruvananthapuram	<p>C/o Reserve Bank of India Bakery Junction Thiruvananthapuram-695 033</p> <p>Tel.No.2332723/2329676 Fax No.0471-2321625</p>	Kerala and Union Territory of Lakshadweep