

THE BANKING OMBUDSMAN SCHEME 2006

ANNUAL REPORT

2015-2016



**RESERVE BANK OF INDIA
CONSUMER EDUCATION AND PROTECTION
DEPARTMENT
CENTRAL OFFICE
MUMBAI**

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ANNUAL REPORT 2015-2016
CONTENTS**

S.N.	Particulars	Page No.
1.	Foreword	7
2.	Vision and Goals of Banking Ombudsman Offices	9
3.	Executive Summary	11
4.	The Banking Ombudsman Scheme 2006	13
5.	Receipt of Complaints	15
6.	Nature of Complaints Handled	25
7.	Disposal of Complaints	28
8.	Cost of Running the Scheme	40
9.	Appeals Against the Decisions of the BOs	42
10.	Complaints received through Centralised Public Grievance Redress and Monitoring System (CPGRAMS)	44
11.	Applications received under Right to Information Act, 2005	45
12.	Other Important Developments	46
13.	Consumer Protection and Awareness Initiatives by Reserve Bank of India	54
14.	Annex - I Name, Address and Area of Operation of Banking Ombudsmen	58
15.	Annex - II Important Notifications Relating to Customer Service issued by the RBI in 2015-16	61
16.	Annex - III Exemplary Cases dealt with by BO offices during 2015-16	68
17.	Annex IV Important Decisions by Appellate Authority	98
18.	Annex -V Statement of complaints received by the offices of the Banking Ombudsmen (for the period 2015-16)	111
19.	Abbreviations	117

TABLES

Table No.	Nomenclature	Page No.
Table 1	Number of complaints received by the OBOs	15
Table 2	OBO-wise receipt of complaints	16
Table 3	Zone-wise distribution of complaints	17
Table 4	Population group-wise distribution of complaints received	20
Table 5	Receipt of complaints Mode-wise	21
Table 6	Complainant group-wise classification	22
Table 7	Bank group-wise classification	23
Table 8	Category-wise distribution of complaints	25
Table 9	Comparative position of disposal of complaints by OBOs	28
Table 10	OBO-wise position of complaints disposed during 2015-16	29
Table 11	Maintainable / Non-maintainable complaints	30
Table 12	Mode of disposal of Maintainable complaints	31
Table 13	Grounds for rejection of Maintainable complaints	32
Table 14	Non-Maintainable complaints	33
Table 15	Maintainable and Non-maintainable complaints - Bank-wise	34
Table 16	Maintainable and Non-maintainable complaints - OBO-wise	36
Table 17	OBO-wise position of Awards issued during the year 2015-16	37
Table 18	Age-wise classification of pending complaints	38
Table 19	Complaints per officer	39
Table 20	Cost of handling a complaint	40
Table 21	OBO wise 'Per-Complaint Cost' for the year 2015-16	41
Table 22	Position of appeals	42
Table 23	OBO-wise position of appeals received during the year 2015-16	43
Table 24	Position of Complaints received through CPGRAMS	44
Table 25	Applications received by OBOs under RTI Act (2015-16)	45

CHARTS

Chart No.	Chart Title	Page No.
Chart 1	Number of complaints received by OBOs	15
Chart 2	OBO- wise receipt of complaints	16
Chart 3	Zone-wise distribution of complaints	18
Chart 4	Population group-wise distribution of complaints received	20
Chart 5	Receipt of complaints Mode-wise	21
Chart 6	Complainant group-wise classification	23
Chart 7	Bank group-wise classification	24
Chart 8	Category-wise distribution of complaints	26
Chart 9	Comparative position of disposal of complaints by OBOs	28
Chart 10	Maintainable / Non-maintainable complaints	30
Chart 11	Mode of disposal of Maintainable complaints	31
Chart 12	Grounds for rejection of maintainable complaints	32
Chart 13	Age-wise classification of pending complaints	38
Chart 14	Complaints per officer	39
Chart 15	Cost of handling a complaint	40

BOXES

Box No.	Subject	Page No.
I	A study on Spurt in complaints at the Office of Banking Ombudsman, New Delhi	19



S. S. Mundra
Deputy Governor & Appellate Authority

FOREWORD

As I write this foreword the number of complaints received under the Banking Ombudsman Scheme (BOS) has increased from 4994 in the year 1999-2000 to 102894 during the year under review and surpassed the figure of one lakh for the first time since inception of the Scheme. It brings to the fore the significant responsibility of addressing the mounting challenges placed before Reserve Bank of India (RBI) and the banking industry at large on consumer protection. In such a scenario of increase in the number of complaints, Reserve Bank of India (RBI) places great deal of importance on appropriate services being provided to customers of banks and also is committed to ensure protection to consumers of banking products and services. In this endeavour, RBI as the banking regulator has been proactive in gauging the customer service rendered by banks and has been persistently persuading the banks operating in the country to embrace more customer-friendly approach and customer-centric practices. Though the primary thrust of RBI in the sphere of Consumer Protection is geared to empower the individual customer's rights, the measures taken for strengthening the Internal Grievance Redressal Mechanism of the banks cannot be overemphasized, as the ultimate endeavour of RBI is to ensure that the major part of customer-service delivery aspects are effectively addressed internally by the banks.

2. The BO Scheme operated and fully funded by RBI is an Alternate Disputes Redressal (ADR) Mechanism that provides a cost-free, easily accessible and expeditious redressal on various service related issues faced by bank customers. The supplementary initiatives of RBI in furthering the consumer protection framework besides the ADR mechanism such as Charter of Customer Rights, which has been adopted by the banks in the form of a Customer Rights Policy and appointment of Internal Ombudsman by all Public Sector Banks, select Private Sector and Foreign Banks are noteworthy. The banks have since implemented the Charter in the form of a Customer Rights Policy and its full-fledged implementation is being monitored by RBI.

3. The establishment of Internal Ombudsman Mechanism is expected to improve the efficacy of the internal grievance redressal system of banks and thus enable banks to retain goodwill of their customers. The Internal Ombudsmen are senior retired executives from other banks inter alia mandated to examine all the complaints which are rejected or partially accepted by the bank. Though the challenges on consumer protection are being addressed proactively by RBI with the aforesaid initiatives, the challenges emerging in the consumer education sphere needs further impetus. The BO Scheme report reveals that consumer education in general and awareness about Banking Ombudsman Scheme in particular is sub-optimal. This fact has been reiterated in the year under review too, as 73% of complaints have been received from Metro and Urban centres and 50 % of the complaints are non-maintainable under the Scheme. These challenges are steadily being addressed by RBI. I would like to mention at this juncture that the review of Banking Ombudsman Scheme is in the final stages and some more Offices of Banking Ombudsman would be opened soon by RBI to address these continued challenges.

4. It is heartening to note that the Offices of Banking Ombudsman have been rendering admirable and outstanding service over the years in redressing customer grievances in an efficient, impartial and effective manner. As Appellate Authority I noticed that though the number of complaints has increased significantly during the year 2015-16, the number of Appeals preferred by the banks and customers are considerably lower than last year. But the distinctive feature is that many Appeals preferred by customers are specific, well-founded and convincing. This trend rebuilds confidence amongst the stake holders, reassures us about the increasing awareness amongst the customers about the Scheme and effectiveness of the mediation and conciliation process undertaken by the Banking Ombudsmen in resolving the customer grievances. I am confident that the Offices of Banking Ombudsman will continue to play a critical, constructive and pivotal role in grievance redressal and also help in creating a more customer-centric culture in banks.

Sd/-
(S S Mundra)

Vision and Goals of the Banking Ombudsman Offices

Vision

- To act as a visible and credible dispute resolution agency for common persons utilizing banking services.

Goals

- To ensure redress of grievances of users of banking services in an inexpensive, expeditious and fair manner that provides impetus to improve customer services in the banking sector on a continuous basis.
- To provide policy feedback/suggestions to Reserve Bank of India towards framing appropriate and timely guidelines for banks to improve the level of customer service and to strengthen their internal grievance redress systems
- To enhance awareness of the Banking Ombudsman Scheme.
- To facilitate quick and fair (non-discriminatory) redress of grievances through use of IT systems, comprehensive and easily accessible database and enhanced capabilities of staff through capacity building.

EXECUTIVE SUMMARY

Reserve Bank of India introduced the Banking Ombudsman Scheme in the year 1995 as the apex level grievance redressal mechanism akin to the Alternate Dispute Resolution Mechanism primarily focusing the small and vulnerable class of bank customers for whom other avenues for redressal of grievance are cost prohibitive. The Scheme was notified under Section 35 A of the Banking Regulation Act, 1949. The aim and objective of the Scheme is to provide a quick and cost free resolution mechanism for complaints relating to deficiency of banking services. The Scheme is applicable to Scheduled Commercial Banks, Scheduled Primary Urban Co-operative Banks and the Regional Rural Banks. The Scheme has been revised four times since inception to keep it update with the changes in banking field. Presently, the Banking Ombudsman Scheme 2006, as amended up to February 3, 2009, is in operation. Presently the Scheme is administered by RBI through 15 offices of Banking Ombudsmen with specific State-wise jurisdiction covering all 29 States and 7 Union Territories. The cost of running the Scheme is fully borne by the RBI.

2. Brief review of operations of the BO Scheme in 2015-16

- 102894 complaints were received by 15 Offices of the Banking Ombudsmen during the year.
- Complaints increased by 21% compared to the previous year.
- Offices of Banking Ombudsmen maintained a disposal rate of 95%.
- 18 Awards were issued by the Banking Ombudsmen during the year.

- 34 appeals were received by the Appellate Authority during the year against the Awards/decisions of Banking Ombudsmen.
- Complaints pertaining to failure to meet commitments, non-observance of fair practices code, BCSBI Codes taken together constituted the largest category of complaints with 33.9% of complaints received.
- ATM/Debit card complaints comprised 12.71% of complaints received
- Credit card complaints comprised 8.49% of complaints received
- Complaints in the category of Pension (6.2%), Levy of charges without prior notice (5.5%), Loans and Advances (5.3%), Deposit Accounts (4.9%), Remittances (2.4%) were other areas of complaints.
- 330 complaints were received by the Offices of Banking Ombudsman through the Government of India CPGRAMS portal.
- 616 applications under Right to Information Act were received during the year.
- Average cost of handling a complaint was ₹ 4396
- Offices of Banking Ombudsman organized awareness campaigns/outreach activities, Town Hall events, advertisement campaigns to spread awareness about the Scheme primarily covering the rural and semi-urban areas of their respective jurisdictions.

1. The Banking Ombudsman Scheme 2006

The RBI notified the Banking Ombudsman Scheme in the year 1995 under Section 35 of the Banking Regulation Act 1949. The Scheme is a cost free Alternate Dispute Redressal mechanism. It has completed two decades of its operations and is well established. The volume of complaints received by the OBOs is witnessing an increasing trend in the last three years. Several factors such as expansion in the customer base of banks due to financial inclusion efforts of Government of India and RBI, introduction of various technology based banking products and services, etc. are the drivers responsible for the increase in complaints over the years.

Technology has brought the grievance redressal mechanism to the doorsteps of customers. Young and new generation bank customers are well aware of their rights and how to exert them. Being techno-savy, this generation is extensively using electronic modes of lodging complaints. During the year under review, 49% of the complaints received in the OBOs were lodged through electronic mode. This brings to the fore that the redressal mechanism of banks is required to match the pace and realign the resolution process extensively through automation.

As compared to last year there was 21% increase in complaints received in the OBOs. The absolute figure of complaints received crossed one lakh mark this year. Despite this increase, OBOs could dispose 95% of the complaints as on June 30, 2016. Technology and automation has helped in a great way to achieve this. The processes in the OBOs are automated to a large extent which helps in drastically cutting down the time lag in seeking and receiving the information required to resolve the complaint.

The analysis of complaints received in the OBOs over the years clearly shows that the Scheme is deeply rooted in urban and metro areas. During the year 2015-16, 73% of the complaints received were from these areas. Ease of access, level of awareness, level of education and concentration of branch network are some of the factors that can be attributed to high visibility of the Scheme in Urban and Metro areas. The penetration of the Scheme in Rural and Semi-Urban areas has continued to be low despite the efforts of RBI and OBOs concentrating awareness initiatives in these areas. Reluctance to exercise their rights as customer among rural population, low literacy level, fear to complain and difficulty in accessing proper redressal

mechanism are some of the reasons for low visibility of the Scheme in these areas. To improve accessibility, RBI is exploring a possibility of opening more OBOs.

The RBI periodically amends the Scheme to keep it update with the changes in the banking scenario. The Scheme was last amended in the year 2009. Since then the banking scenario has undergone a drastic change. New areas of complaints have emerged needing suitable changes in the Scheme to include additional grounds of complaints and streamline the operations. Presently, review of the Scheme has been undertaken and the revised Scheme will be notified on receipt of concurrence from the Government of India.

During the year 2015-16, the 15 offices of Banking Ombudsmen received 102894 complaints. A detailed analysis of the complaints handled by the offices of Banking Ombudsmen during the year is given in the ensuing chapters.

Profile of customer complaints handled by OBOs

Particulars	2013-14	2014-15	2015-16
Complaints brought forward from previous year	5479	3307	3778
Complaints received	76573	85131	102894
Total No of complaints handled	82052	88438	106672
Complaints disposed	78745	84660	101148
Complaints pending at the end of the year	3307 (4%)	3778 (4%)	5524 (5%)
Complaints Pending for less than one month	2432 (3%)	2375 (2.55%)	3136 (2.9%)
Complaints Pending for one to two months	838 (1%)	1207 (1.23%)	1675 (1.5%)
Complaints Pending for two to three months	36 (0.04%)	105 (0.12%)	481 (0.4%)
Complaints Pending for more than three months	1 (0.001%)	91 (0.1%)	232 (0.2%)
Appeals pending at beginning of the year	0	30	15
Appeals received	107	73	34
Total no. of Appeals handled	107	103	49
Appeals Disposed	77	88	46
Appeals pending at the end of the year	30	15	3
Representations to review the decision of BOs	531	810	855

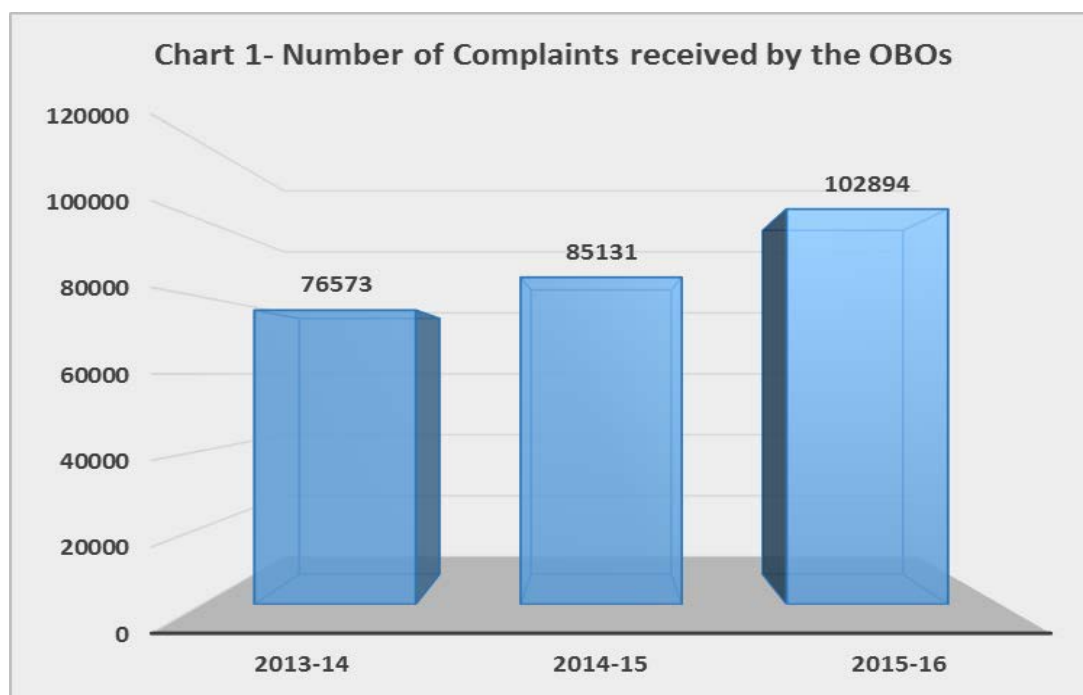
2. Receipt of Complaints

2.1 During the year 2015-16, 15 OBOs covering 29 States and 7 Union Territories, received 102894 complaints. Comparative position of complaints received during the last three years is given in Table 1, Chart 1.

Table 1 - Number of complaints received by OBOs

	2013-14	2014-15	2015-16
No. of OBOs	15	15	15
Complaints received during the year	76573	85131	102894

Compared to previous year there was 21 % increase in the complaints received in the OBOs during the year 2015-16. This gives an indication about increasing awareness amongst bank customers about their rights and how to exert them. This also shows that the consistent and concerted efforts of RBI and OBOs of spreading awareness about the BOS are yielding the desired results.

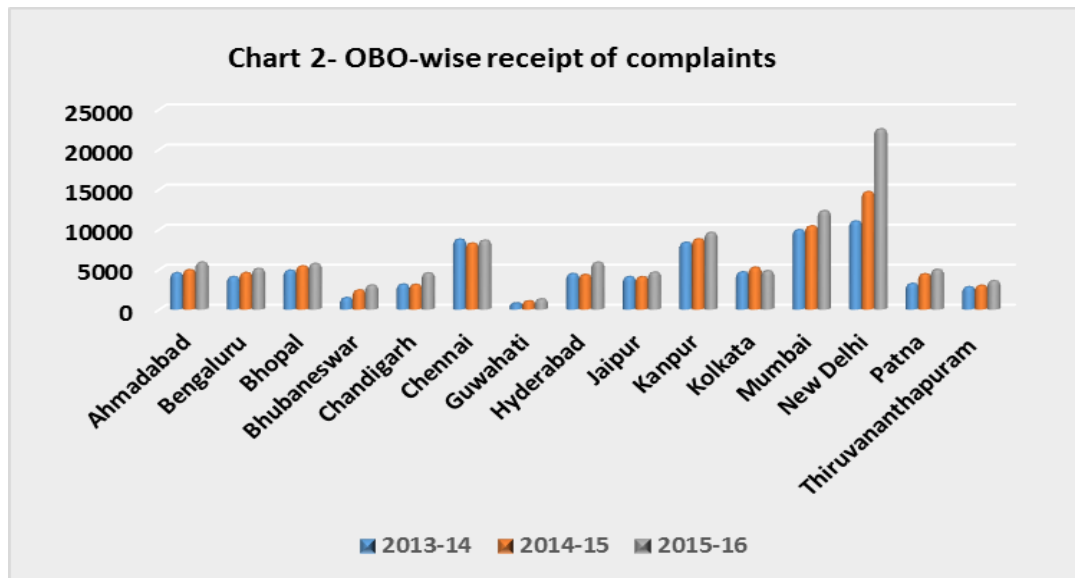


OBO-wise receipt of complaints

2.2 OBO-wise comparative position of complaints received during the last three years is given in Table 2 and Chart 2.

Table 2- OBO-wise receipt of complaints

OBO	No. of complaints received during			% change in 2015-16 over 2014-15	% to total complaints
	2013-14	2014-15	2015-16		
Ahmadabad	4588	4965	5909	19.01%	5.74%
Bengaluru	4101	4610	5119	11.04%	4.98%
Bhopal	4907	5451	5748	5.45%	5.59%
Bhubaneswar	1498	2448	3050	24.59%	2.96%
Chandigarh	3162	3131	4571	45.99%	4.44%
Chennai	8775	8285	8645	4.35%	8.40%
Guwahati	770	1054	1328	26.00%	1.29%
Hyderabad	4477	4366	5910	35.36%	5.74%
Jaipur	4104	4088	4664	14.09%	4.53%
Kanpur	8389	8818	9621	9.11%	9.35%
Kolkata	4698	5277	4846	-8.17%	4.71%
Mumbai	9965	10446	12333	18.06%	11.99%
New Delhi	11045	14712	22554	53.30%	21.92%
Patna	3253	4456	5003	12.28%	4.86%
Thiruvananthapuram	2841	3024	3593	18.82%	3.49%
Total	76573	85131	102894	20.87%	



OBO New Delhi received the highest number of complaints (22554) with 22% of the total complaints received. Four metro centres OBOs viz. New Delhi, Chennai, Kolkata, Mumbai and two non-metro centres viz. OBO Kanpur and Bhopal put together, accounted for 62 % of the total complaints received.

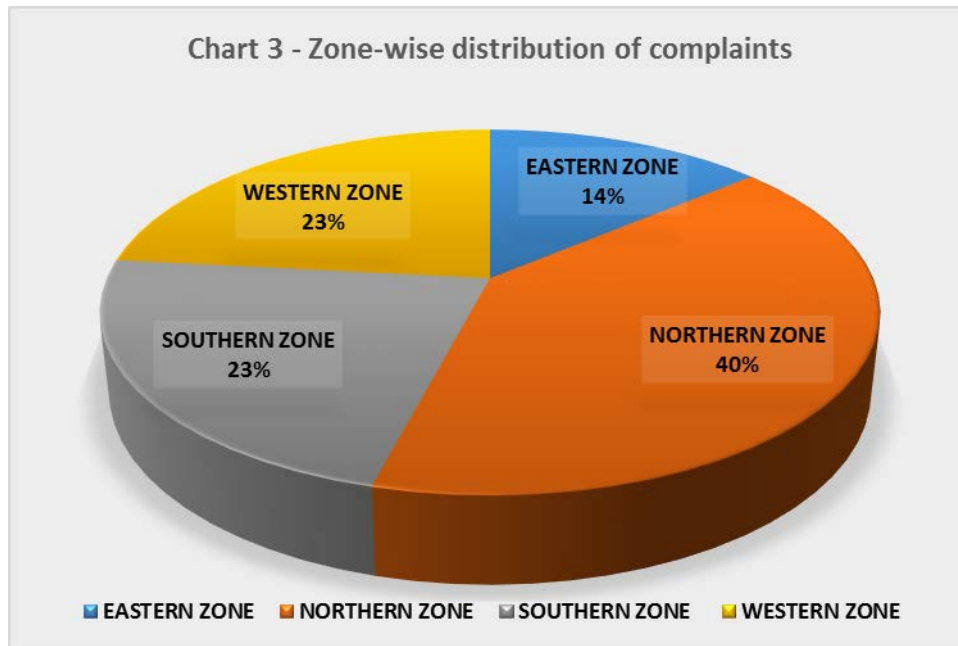
The complaints received at OBO New Delhi increased by 53% during the year 2015-16 vis-s-vis previous year 2014-15. RBI has conducted a comprehensive study to ascertain the reasons for the spurt in complaints from the jurisdiction of OBO New Delhi. The major findings of the study are given in Box I.

Zone-wise distribution of complaints

2.3. Zone-wise distribution of complaints is shown in Table 3 and Chart 3.

Table 3 - Zone-wise distribution of complaints

EASTERN ZONE	2014-15	2015-16	%change
Bhubaneswar	2448	3050	24.59%
Guwahati	1054	1328	26.00%
Kolkata	5277	4846	-8.17%
Patna	4456	5003	12.28%
	13235	14227	7.50%
NORTHERN ZONE			
Chandigarh	3131	4571	45.99%
Jaipur	4088	4664	14.09%
Kanpur	8818	9621	9.11%
New Delhi	14712	22554	53.30%
	30749	41410	34.67%
SOUTHERN ZONE			
Bengaluru	4610	5119	11.04%
Chennai	8285	8645	4.35%
Hyderabad	4366	5910	35.36%
Thiruvananthapuram	3024	3593	18.82%
	20285	23267	14.70%
WESTERN ZONE			
Ahmedabad	4965	5909	19.01%
Bhopal	5451	5748	5.45%
Mumbai	10446	12333	18.06%
	20862	23990	14.99%



Northern Zone accounted for 40% of the complaints received in all zones. Western and Southern Zones accounted for 23% each respectively, whereas, Eastern Zone accounted 14% of the total complaints received. Compared to last year there was 34.67% increase in complaints received in Northern Zone followed by 14.99% in Western, 14.70% in Southern and 7.50% in Eastern Zone.

Box I: A study on Spurt in complaints at the Office of Banking Ombudsman, New Delhi

A very high proportion of complaints received in the OBO, New Delhi compared to other OBOs, prompted RBI to conduct a study to ascertain the reasons/specific areas leading to exponential increase in complaints. The analysis carried out including interactions with stakeholders, sample survey with complainants, discussions with bankers has revealed the following:

Major findings of the Study:

- The major area i.e. National Capital Region (NCR) falling under the jurisdiction of OBO, New Delhi witnessed rapid growth led by construction boom, growth of IT and ITES sector as well as education and health sectors, leading to migration from nearby areas.
- The region also witnessed high growth in banking penetration, as measured by number of villages/towns having bank branches, number of branches and ATMs as also banking business.
- Also, the literacy rates in Delhi and Haryana are also relatively high. Thus, it is presumed that there was 'greater awareness' among the bank customers in the region.
- Ease of filing complaints through e-mail and online mode against the backdrop of fast internet growth in Delhi during last 5 years.
- Card related complaints accounted for over one-fifth of all complaints at all-India level. However, this category contributed much higher and increasing share of 33-40 per cent in the area under jurisdiction of OBO, New Delhi.

Survey of the complainants of past three years revealed the following:

- Younger population (22-29 years) are filing more complaints
- Less educated (illiterates, up to middle and higher secondary) customers also started filing of complaints and their proportion are significant over the years.
- Employed/Self-employed persons and persons with college degree or higher education accounted for over 80 per cent complaints.
- Persons with 5-10 years relationship with their banks had high share in the total complaints.
- Banks failing to meet enhanced expectations of customers.
- Awareness of the grievance redressal systems was very high and increasing.
- Lack of courtesy and delayed/non-response to customer complaints by the bank.
- Confidence/Faith in the BO system was also a reason for rising number of complaints.
- OBO as a definite channel of redressal in a non-pensive and expeditious manner
- *More than half the respondents rated their experience with OBO as either 'very good' or 'good', and 75-80% cent of all respondents indicated that they have recommended/ will recommend approaching OBO for redressal of their grievance to family/friends.*

The bankers expressed the following as possible reasons for spurt in the complaints:

- Diversity and Socio-cultural differences in the population
- Speedy development, particular in peripheral areas
- Low technological and other awareness level in certain segments of the population
- Non registration of complaints involving small amount by law enforcing agencies
- Lack of proper co-operation in the dispute resolution (like, sharing ATM footage, etc.)
- Growth in business disproportionate to growth in human resource at banks
- Higher propensity of fraudulent transaction (particularly on ATMs) in border/ peripheral areas and in less developed/ lower Socio economic localities of the area
- Groups with vested interest enticing the people to make frivolous/non-material complaints, at times with ulterior motives.

Population group-wise distribution of complaints

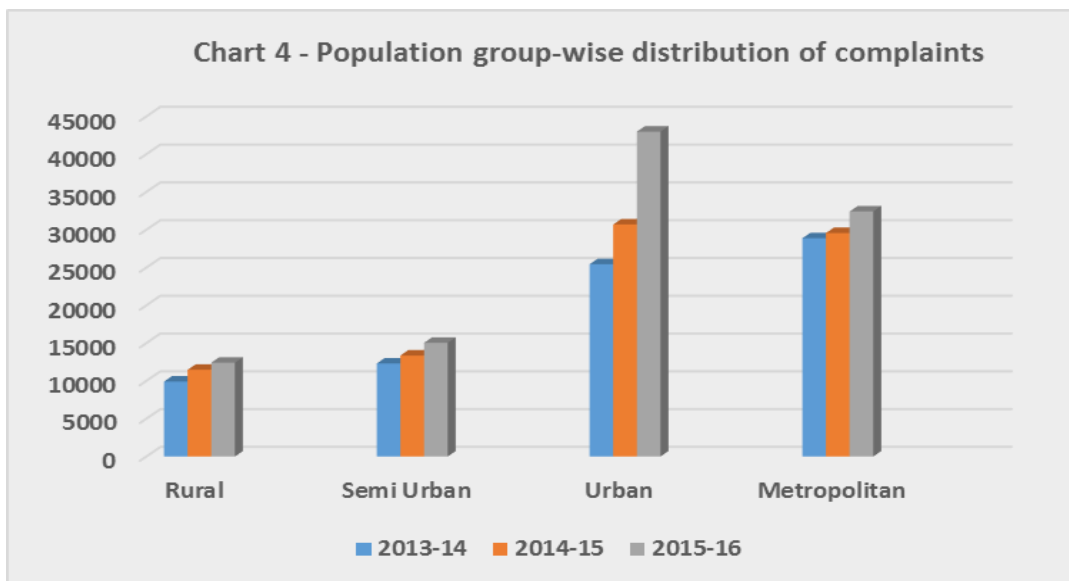
2.4 Population group-wise distribution of complaints during the last three years is given in Table 4 and Chart 4.

Table 4 - Population group-wise distribution of complaints

Population Group	No of complaints received during			% increase decrease (Year-on-year)
	2013-14	2014-15	2015-16	
Rural	9927 (13%)	11484 (13%)	12420 (12%)	8.2%
Semi Urban	12314 (16%)	13363 (16%)	15048 (15%)	12.6%
Urban	25448 (33%)	30710 (36%)	42994 (42%)	40%
Metropolitan	28884 (38%)	29574 (35%)	32432 (31%)	9.7%
Total	76573	85131	102894	

(Figures in bracket indicate %age to total complaints of respective year)

The trend of urban centric receipt of complaints continue to remain the same. Urban and Metropolitan population are the major group of complainants under the BOS with 73% complaints from this strata. Year-on-year basis, Urban population group recorded phenomenal increase of 40% in complaints received. Complaints from Rural and Semi-urban population groups increased by 8.2% and 12.6% respectively, whereas in Metropolitan population group, complaints increased by 9.7%.



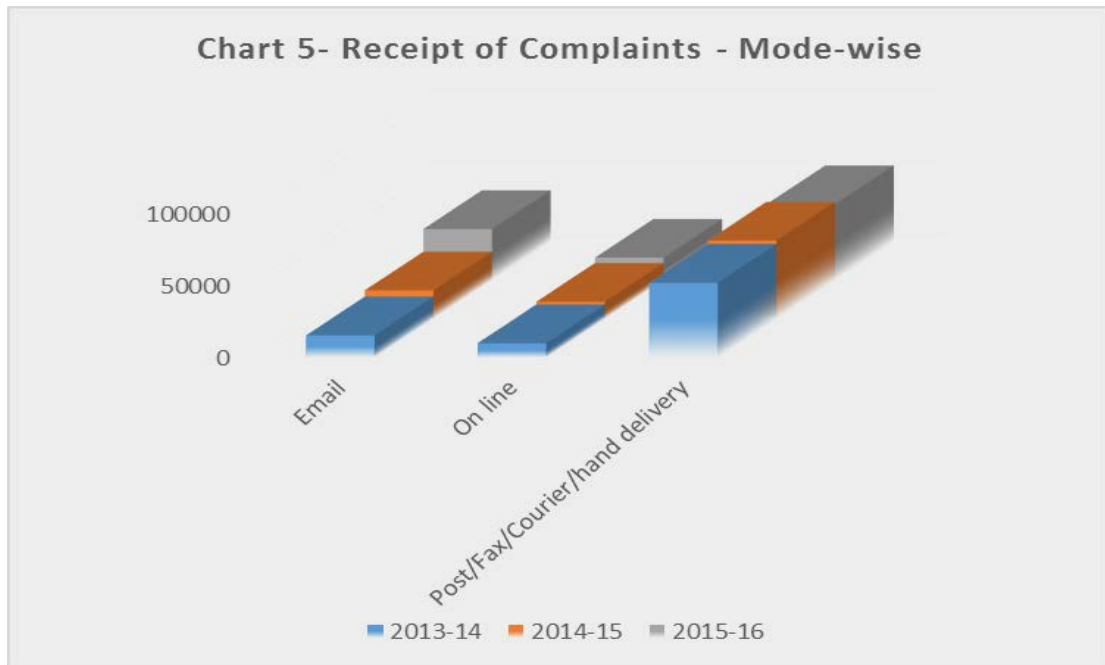
Receipt of complaints - Mode-wise

2.5 A complaint can be lodged with the OBO by hand delivery, post, courier, fax or e-mail. It can also be lodged online from the complaint form placed on the website of RBI. Comparative position of complaints received through various modes during the last three years is indicated in Table 5 and Chart 5.

Table 5 – Receipt of complaints - Mode-wise

Mode of Receipt	No. of Complaints received during			% change (Year-on-year)
	2013-14	2014-15	2015-16	
Email	15181 (20%)	19508 (23%)	35169 (34%)	80.3%
On line	9785 (13%)	11634 (14%)	15378 (15%)	32.2%
Post/Fax/Courier/hand delivery	51607 (67%)	53989 (63%)	52347 (51%)	-3.04%
Total	76573	85131	102894	

(*Figures in bracket indicate %age to total complaints of respective years.)



Though for lodging complaints with OBOs, the physical mode (Post/Fax/Courier/hand delivery) remained the dominant mode, it may be seen that over the years the share of physical mode in lodging of complaints is witnessing a

downward trend. From 67% in 2013-14 it has come down to 51% in 2015-16. On year-on year basis, the proportion of complaints lodged through electronic mode (Email and Online) has increased by 62%. This is one of the major factors for increase in number of complaints received during 2015-16.

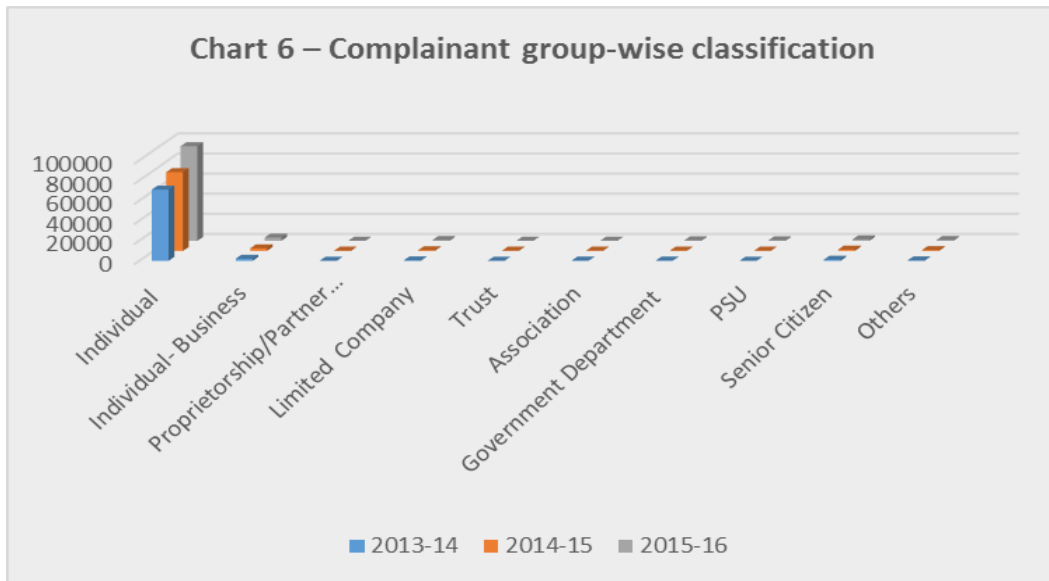
Complainant group-wise classification

2.6 The main target group of the BOS is individual bank customers. During the year 93.06% complaints were received from individual customers including senior citizens. Break-up of complaints received from various segments of society is given in Table 6 and Chart 6.

Table 6 – Complainant group-wise classification

	Complaints Received		
	2013-14	2014-15	2015-16
Individual	70913 (92.6%)	78353 (92%)	94186 (91.54%)
Individual- Business	2163 (2.87%)	2566 (3%)	3312 (3.22%)
Proprietorship/Partnership	151 (0.2%)	255 (0.3%)	310 (0.3%)
Limited Company	510 (0.7%)	699 (0.8%)	936 (0.91%)
Trust	184 (0.2%)	224 (0.3%)	288 (0.28%)
Association	297 (0.4%)	281 (0.3%)	316 (0.31%)
Government Department	287 (0.4%)	376 (0.4%)	561 (0.54%)
PSU	266 (0.3%)	234 (0.3%)	524 (0.51%)
Senior Citizen	1229 (1.6%)	1318 (1.55%)	1569 (1.52%)
Others	573 (0.73%)	825 (0.97%)	892 (0.87%)
Total	76573	85131	102894

(*Figures in bracket indicate %age to total complaints of respective years.)

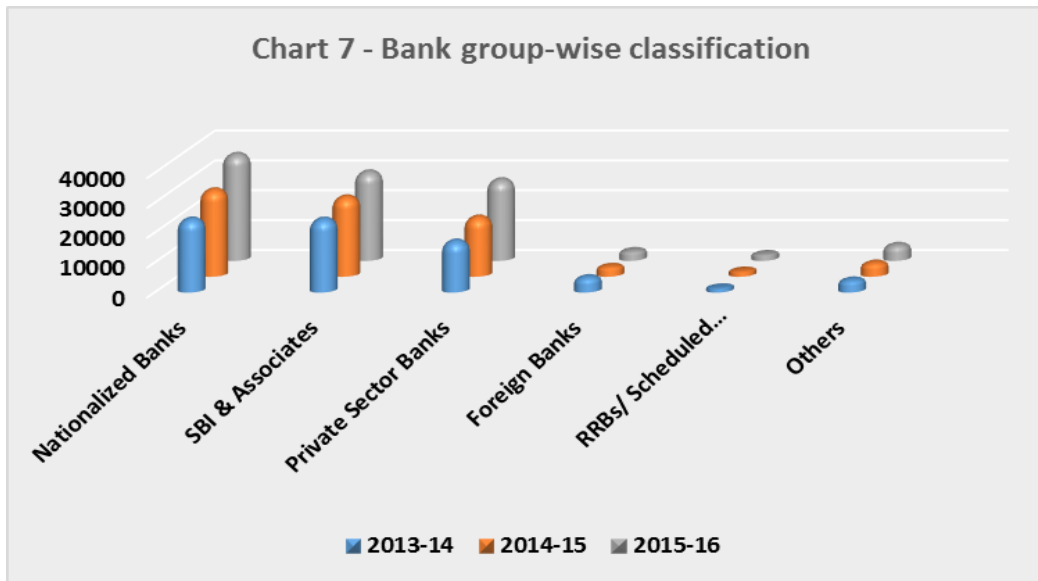


Bank group-wise classification

2.7 Classification of complaints received by OBOs based on bank group is indicated in Table 7 and Chart 7.

Table 7 - Bank group-wise classification

Bank Group	No of Complaints Received During			% change (Year-on-year)
	2013-14	2014-15	2015-16	
Nationalized Banks	24391 (32%)	28891 (34%)	35447 (35%)	22.7%
SBI & Associates	24367 (32%)	26529 (31%)	29585 (29%)	11.5%
Private Sector Banks	17030 (22%)	19773 (23%)	26931 (26%)	36.2%
Foreign Banks	5016 (6.5%)	3406 (4%)	3413 (3%)	0.2%
RRBs/ Scheduled Primary Urban Co-op. Banks	1590 (2%)	1966 (2%)	2293 (2%)	16.6%
Others	4179 (5.5%)	4566 (6%)	5225 (5%)	14.5%
Total	76573	85131	102894	



Public Sector Banks accounted for 64% of the total complaints out of which 29% complaints were against SBI & Associates group. Private Sector Banks accounted for 26% whereas Foreign Banks accounted for 3% of total complaints received. Regional Rural Banks and Scheduled Urban Co-operative Banks accounted for 2% of the complaints received. 5% of the complaints were received against other non-bank entities not covered under the BOS.

Year-on-year basis, compared to last year, complaints against Public Sector banks increased by 17% and against Private Sector banks by 36%. There was a marginal increase of 0.2% in complaints against Foreign banks.

The detailed bank-wise (Scheduled Commercial Banks) and complaint category-wise break-up of complaints received during the year 2015-16 is given at Annex V.

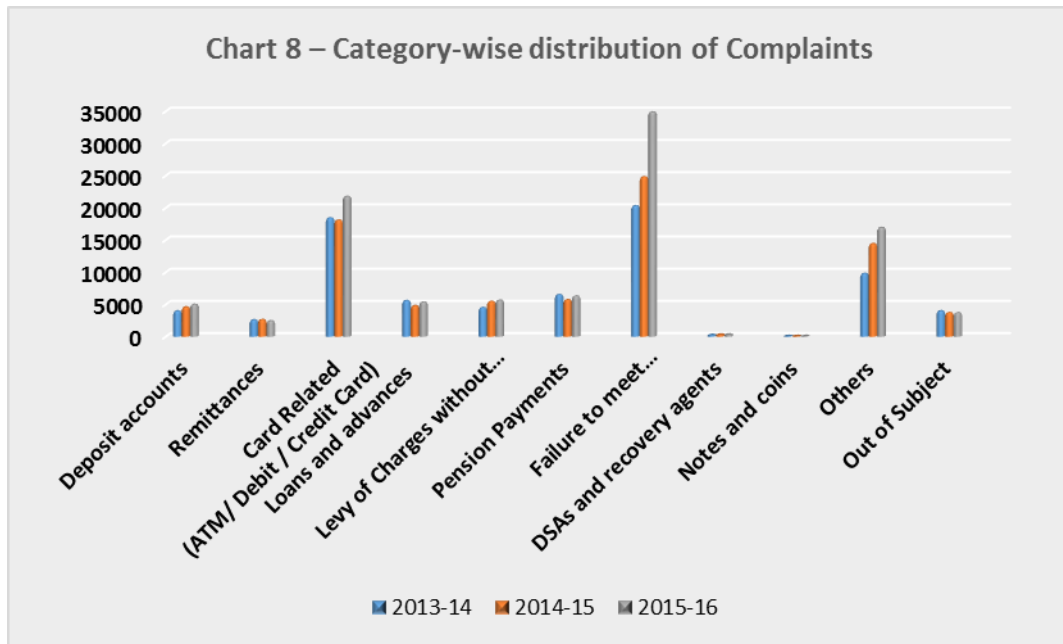
3. Nature of Complaints Handled

3.1 The BOS provides 27 grounds of complaints on which complaints can be lodged with the OBO. Complaints received under these grounds are clubbed into broad categories under the heads indicated in the table below. The Table 8 and Chart 8 indicate the proportion of complaints received under these major categories to the total complaints received during the last three years.

Table 8 – Category-wise distribution of complaints

(Figures in bracket indicate %age to total complaints of respective years)

	No of complaints received		
	2013-14	2014-15	2015-16
Deposit accounts	4032 (5.3%)	4661 (5.5%)	5046 (4.9%)
Remittances	2659 (3.5%)	2700 (3.2%)	2494 (2.4%)
ATM/ Debit Cards	10714 (14%)	10651 (12.5%)	13081 (12.7%)
Credit Cards	7760 (10%)	7472 (8.7%)	8740 (8.5%)
Loans and advances	5655 (7.4%)	4846 (5.7%)	5399 (5.3%)
Levy of Charges without prior notice	4547 (5.9%)	5510 (6.5%)	5705 (5.5%)
Pension Payments	6555 (8.5%)	5777 (6.8%)	6342 (6.2%)
Failure to meet commitments /Non observance of Fair Practice Code/BCSBI Codes	20368 (26.6%)	24850 (29.2%)	34928 (33.9%)
DSAs and recovery agents	295 (0.4%)	347 (0.4%)	357 (0.3%)
Notes and coins	63 (0.1%)	61 (0.1%)	63 (0.1%)
Others	9861 (12.9%)	14482 (17%)	16988 (16.5%)
Out of Subject	4064 (5.3%)	3774 (4.4%)	3751 (3.7%)
Total	76573	85131	102894



3.2 Failure to meet commitments /Non observance of fair practices code/BCSBI Codes with 33.9% of total complaints continued to remain the major category of complaints received in the year 2015-16. Banks need to give adequate attention on meeting the commitments made to customers and also impart appropriate training to their frontline staff on understanding Fair Practices Code and BCSBI Codes.

3.3 Card related complaints constituted 21.2% of the total complaints and was the second largest category of complaints. In percentage terms proportion of card related complaints to total complaints remained the same as that of last year but in absolute terms there was an increase of 3698 complaints during 2015-16.

Out of a total of 21821 card related complaints, 13081 complaints were pertaining to ATM/Debit Cards (12.7% of complaints received). Of these, 8259 complaints were regarding failed ATM withdrawal transactions involving short dispensation/non-dispensation of cash, including alleged fraudulent withdrawals from ATMs. Whereas, 8740 complaints were pertaining to credit cards operations (8.5% of complaints received). The main causes for credit card complaints were issue of unsolicited cards, sale of unsolicited insurance policies and recovery of premium along with card charges, charging of annual fees in spite of being offered as 'free' card, authorization of loans over phone, wrong billing, settlement offers conveyed telephonically, non-settlement of insurance claims after the demise of the card holder, exorbitant charges, inappropriate practices by recovery agents, wrong reporting of credit information by banks to Credit Information Companies etc.

3.4 5.3 % of the total complaints were pertaining to 'loans and advances'. The major issues for these complaints are non-sanction/delay in sanction of loans, charging of excessive rate of interest, non-return of title deeds, non-issuance of no due certificate, education loans, wrong/delayed reporting to CIBIL etc.

3.5 Complaints received on pension related issues constituted 6.2% of the total complaints. Major reasons for these complaints were delayed payments, errors in calculations, difficulties in converting the pension to family pension on demise of pensioner, non cooperation to the pensioners by the bank, etc.

3.6 'Levy of charges without prior notice' continued to be one of the major subsets of complaints. 5.5% Complaints were in this category. These were mainly regarding charges for non-maintenance of minimum balance, processing fees, pre-payment penalties, cheque collection charges, etc.

3.7 Complaints in the category of 'Deposit Accounts' constituted 4.9 % of complaints received. Delays in credit, non-credit of proceeds to parties accounts, non-payment of deposit or non-observance of the RBI directives, if any, applicable to rate of interest on deposits in savings, current or other account maintained with a bank, etc., were the major reasons for complaints in this category.

3.8 Non-payment or delay in payment of inward remittances, Non-payment or inordinate delay in the payment or collection of cheques, drafts, bills etc. were the major reasons for 2.4% complaints received under the category of 'Remittances'

3.9 Complaints in 'Others' category comprised of complaints on grounds other than those mentioned in foregoing paragraphs. These were non-adherence to prescribed working hours, delay in providing banking facilities, refusal/delay in accepting payment towards taxes as required by RBI/Government, refusal/delay in issuing/servicing or redemption of government securities, non-adherence to RBI directives, etc. These complaints constituted 16.5% of the total complaints.

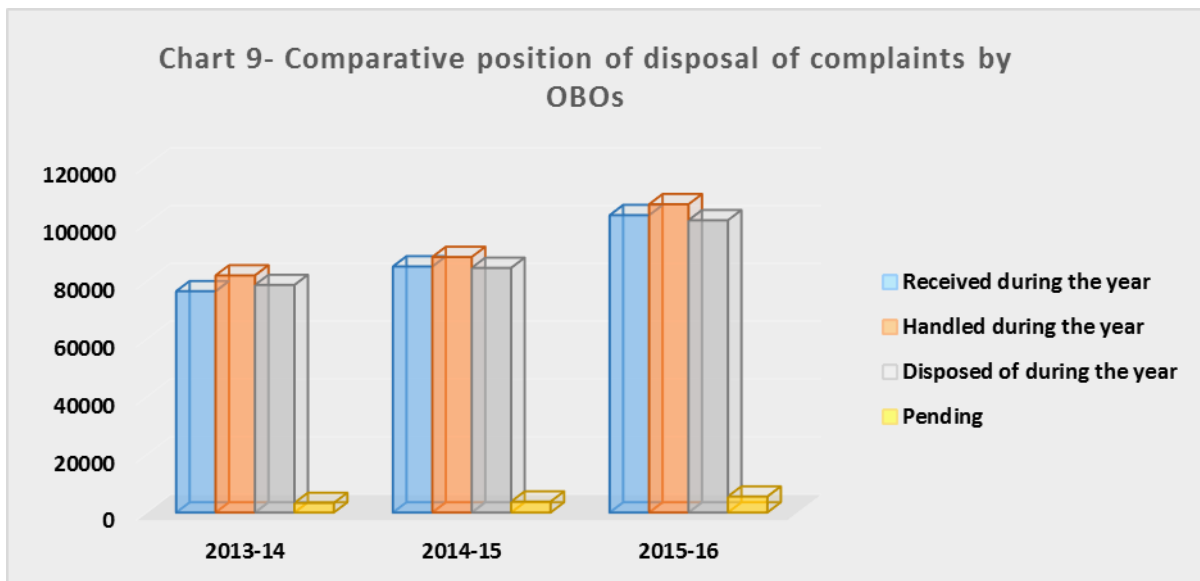
3.10 Complaints under the category 'Out of Subject' are complaints, which are not relating to the grounds of complaints specified in BOS. 3.7% of the complaints received during the year were in this category. Lack of awareness among the public about applicability of the BOS is the primary reason for such complaints.

4. Disposal of Complaints

4.1 During the year OBOs handled 106672, including 3778 pending complaints pertaining to last year. This is the highest number of complaints handled by the OBOs since introduction of the BOS. Number of complaints received also crossed 1 lakh for first time under the BO Scheme. Despite the significant increase in receipt of complaints, OBOs disposed 101148 (95%) of the complaints as on June 30, 2016. Table 9 and Chart 9 below indicate a comparative position of disposal of complaints by OBOs.

Table 9- Comparative position of disposal of complaints by OBOs

Number of complaints	Year		
	2013-14	2014-15	2015-16
Received during the year	76573	85131	102894
Brought forward from previous year	5479	3307	3778
Handled during the year	82052	88438	106672
Disposed of during the year	78745	84660	101148
Rate of Disposal (%)	96%	96%	95%
Carried forward to the next year	3307	3778	5524



OBO-wise position of complaints disposed during the year 2015-16 is indicated in Table 10 below:

Table 10 - OBO-wise position of complaints disposed during 2015-16

OBO	Complaints pending at the beginning of the Year	Complaints Received during the Year	Complaints handled	Complaints Disposed	Pending at the end of the year	Rate of Disposal (%)
Ahmedabad	0	5909	5909	5909	0	100.00%
Bengaluru	174	5119	5293	5162	131	97.53%
Bhopal	1078	5748	6826	6610	216	96.84%
Bhubaneswar	6	3050	3056	3048	8	99.74%
Chandigarh	63	4571	4634	4593	41	99.12%
Chennai	87	8645	8732	8616	116	98.67%
Guwahati	16	1328	1344	1307	37	97.25%
Hyderabad	122	5910	6032	5695	337	94.41%
Jaipur	5	4664	4669	4437	232	95.03%
Kanpur	589	9621	10210	8753	1457	85.73%
Kolkata	71	4846	4917	4639	278	94.35%
Mumbai	402	12333	12735	11848	887	93.03%
New Delhi	932	22554	23486	21902	1584	93.26%
Patna	125	5003	5128	5035	93	98.19%
Thiruvananthapuram	108	3593	3701	3594	107	97.11%
Total	3778	102894	106672	101148	5524	95%

Disposal of complaints - Maintainable / Non-Maintainable

4.2 The complaints received in the OBOs are classified in two categories viz. Maintainable and Non-Maintainable. The complaints which do not fall under the grounds of complaint specified in Clause 8 of the BOS and those complaints, where procedure for filing the complaint is not adhered to as laid down in Clause 9 of the BOS, are classified as 'Non-Maintainable' complaints. All other complaints are classified as 'Maintainable' complaints and are dealt in accordance with the provisions of the BOS 2006.

Non-Maintainable complaints are returned to the complainants stating the reason and requesting them to resubmit after following the procedure if these are within the specified grounds of complaints under Clause 8 of the BOS.

One of the reasons for high proportion of Non-Maintainable complaints received in OBOs is the high level of confidence exists amongst the common bank customers in the Scheme coupled with lack of awareness about provisions of the Scheme. General feeling among the informed public is that by sending a complaint to the bank with a copy marked to Banking Ombudsman, helps in quick resolution of complaint. This factor contributes to the receipt of a large number of First Resort Complaints in OBOs i.e. the complaints sent directly to the OBO without first approaching the bank-branch for resolution.

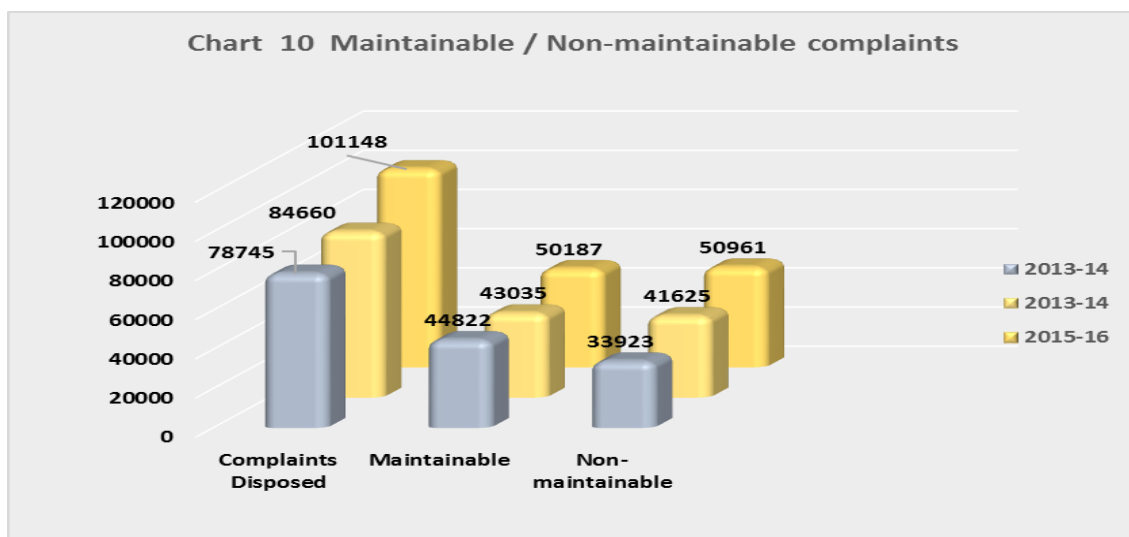
A study undertaken by RBI in the jurisdiction of OBO, New Delhi to ascertain the reasons for sudden spurt in the number of complaints has corroborated the fact that the people repose confidence in the BO Scheme. (Please see Box I - A study on spurt in complaints at the Office of Banking Ombudsman, New Delhi).

Table 11 and Chart 10 indicate the number of Maintainable and Non-Maintainable complaints disposed by all the OBOs during the last three years. Out of the total 101148 complaints disposed during the year, 50% complaints were Maintainable.

Table-11 Maintainable / Non-maintainable complaints

	2013-14	2014-15	2015-16
Complaints Disposed	78745	84660	101148
Maintainable	44822 (57%)	43035 (51%)	50187 (50%)
Non-maintainable	33923 (43%)	41625 (49%)	50961 (50%)

(* Figures in brackets indicate percentage to Complaints Disposed)



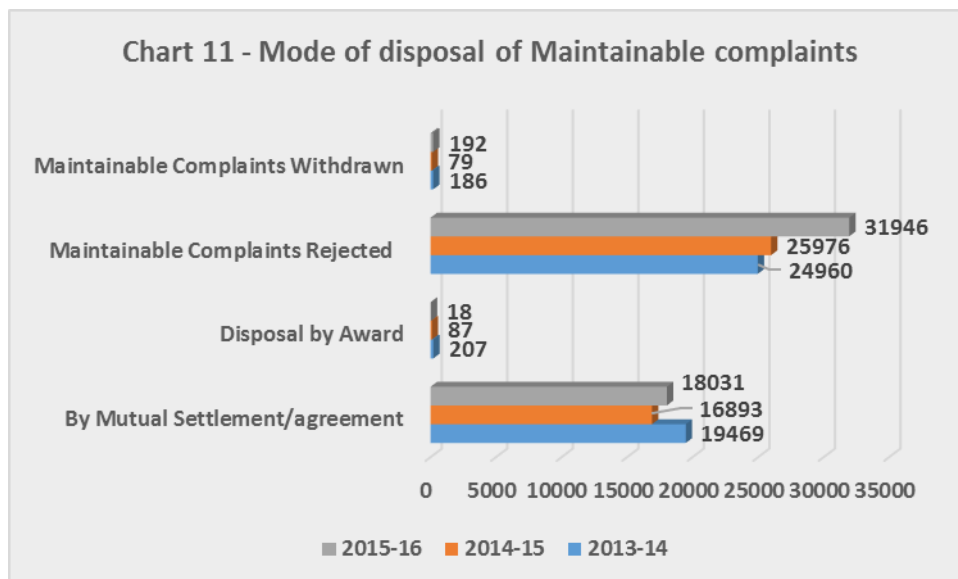
Mode of disposal of Maintainable complaints

4.3 The objective of the BOS is to facilitate amicable settlement of dispute by conciliation and mediation so that the relationship between the customer and the banker is maintained. The Scheme follows a non-disruptive mode of resolution of complaints to the extent possible. This results in less number of Awards issued by the Banking Ombudsman. In terms of Clause 7(2) of the BOS the BO shall facilitate resolution of complaints by settlement, by agreement or through conciliation and mediation between the bank and the aggrieved parties or by passing an Award in accordance with the Scheme. BO gives a decision or passes an Award when the mediation and conciliation efforts fail to arrive at resolution. Table 12 and Chart 11 below indicate the mode of disposal of Maintainable complaints.

Table 12 - Mode of disposal of Maintainable complaints

Disposal of Maintainable Complaints	2013-14	2014-15	2015-16
By Mutual Settlement/agreement	19469 (43.5%)	16893 (39.3%)	18031 (35.93%)
Disposal by Award	207 (0.5%)	87 (0.2%)	18 (0.04%)
Maintainable Complaints Rejected	24960 (55.6%)	25976 (60.3%)	31946 (63.65%)
Maintainable Complaints Withdrawn	186 (0.4%)	79 (0.2%)	192 (0.38%)
Total Maintainable complaints disposed	44822	43035	50187

(* Figures in brackets indicate percentage to Maintainable Complaints)



35.93% of the Maintainable complaints received during the year were resolved by mutual settlement. Awards were passed in less than 0.1% of the cases. 63.65% complaints were rejected whereas 0.38% complaints were withdrawn by the complainants.

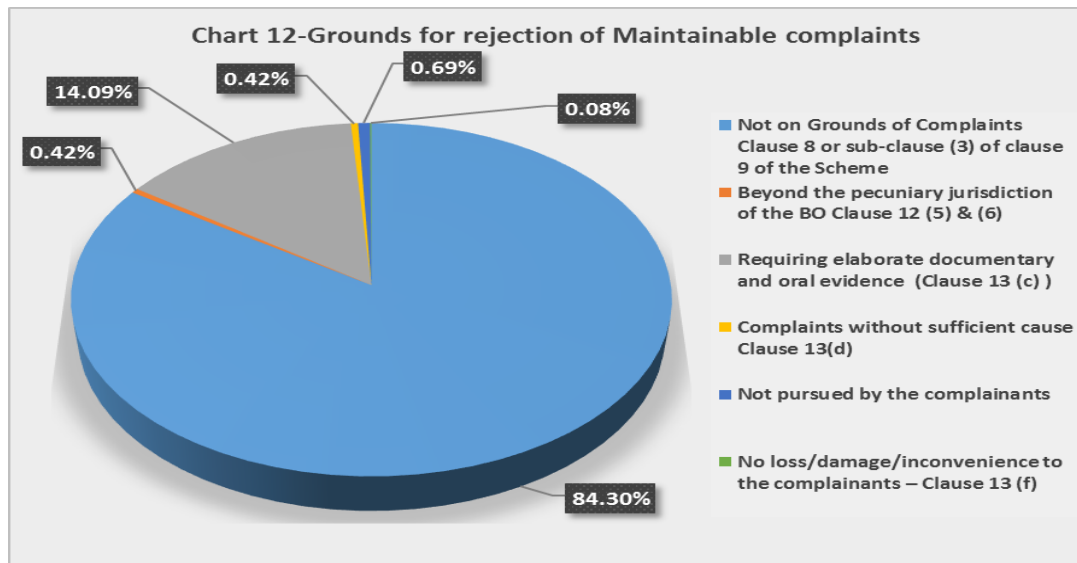
Grounds for rejection of Maintainable complaints

4.4 The grounds for rejection of Maintainable complaints and their proportion to total complaints received during the year are indicated in the Table 13 and Chart 12.

Table 13 - Grounds for rejection of Maintainable complaints

Sr. No.	Ground for Rejection	No of complaints rejected	% to Rejected Complaints	% to Total Complaints
1	Not in accordance with provisions of Sub-Clause (3) of clause 9 of the Scheme	26929	84.30%	26.17%
2	Beyond the pecuniary jurisdiction of the BO - Clause 12 (5) & (6)	135	0.42%	0.13%
3	Requiring elaborate documentary and oral evidence - Clause 13 (c)	4501	14.09%	4.37%
4	Complaints without sufficient cause - Clause 13(d)	136	0.42%	0.13%
5	Not pursued by the complainants	219	0.69%	0.21%
6	No loss/damage/inconvenience to the complainants – Clause 13 (f)	26	0.08%	0.03%
7	Total	31946		

(* Figures in brackets indicate percentage to Maintainable Complaints-Rejected)



Non-Maintainable complaints

4.5 Reasons for Non-Maintainable complaints and their proportion to total complaints received during the year are given in Table 14.

Table 14 – Non-Maintainable complaints

Sr. No.	Reasons	No of Complaints	% to Non-Maintainable complaints	% to Total complaints
1	Complaints out of ambit of Clause 8	6360	12.48%	6.18%
2	Complaints out of territorial jurisdiction of the BO as defined under Clause 7(1) and Clause 9 (1)	6459	12.67%	6.28%
3	Complaints against entities other than banks as defined under Clause 3 (5)	1712	3.36%	1.66%
4	Complaints not represented properly as indicated under Clause 9(2)	11430	22.43%	11.11%
5	Complaints where the complainant did not approach the bank first for redressal (First Resort Complaints) as required under Clause 9 (3) (a)	13571	26.63%	13.19%
6	Time barred complaints - Clause 9 (3) (b)	450	0.88%	0.44%
7	Complaints in respect of the same cause of action which was settled or dealt earlier- Clause 9 (3) (c)	8155	16.00%	7.93%
8	Complaints pertaining to same cause of action for which proceedings before any court, tribunal or arbitrator or any other forum is pending – Clause 9 (3) (d)	1125	2.21%	1.09%
9	Frivolous / vexatious complaints	26	0.05%	0.03%
10	Complaints where the period of limitation prescribed under the Indian Limitation Act, 1963 is expired – Clause 9 (3) (f)	198	0.39%	0.19%
11	Others - pertaining to policy and other miscellaneous issues not within the ambit of the BOS forwarded to regulatory departments of RBI/other regulators/institutions.	1475	2.89%	1.43%
	Total	50961		

4.6. First resort complaints: In terms of Clause 9 (3) (a) of the BOS, the complainant should first approach the concerned bank-branch for redress of his/her

grievance. If the bank does not reply within a month or the complainant is not satisfied with bank's reply, then he/she can approach the BO. When the complainant directly approaches the BO without approaching the bank, the complaint is treated as First Resort Complaint (FRC) and rejected by the BO. Such complaints are invariably sent by the OBO to concerned bank for suitable resolution. During the year, 13% of the complaints received were FRCs.

FRCs received through online BO complaint form placed on the website of RBI are forwarded online to the bank concerned. During the year, 12312 FRCs received through this mode were forwarded to the banks concerned. OBOs also use this online module to forward FRCs received in physical form to concerned banks. During the year OBOs forwarded 3140 FRCs to concerned banks through this module.

Maintainable and Non Maintainable Complaints - Bank wise

4.7 Table 15 below shows bank-wise distribution of Maintainable and Non-Maintainable complaints.

Table 15 – Maintainable and Non-Maintainable complaints - Bank wise

Bank Name	Total Disposed	Maintainable	Non-Maintainable
STATE BANK OF INDIA	25638	14598	11040
STATE BANK OF BIKANER AND JAIPUR	1197	852	345
STATE BANK OF HYDERABAD	744	555	189
STATE BANK OF MYSORE	361	237	124
STATE BANK OF PATIALA	767	425	342
STATE BANK OF TRAVANCORE	837	479	358
ALLAHABAD BANK	1168	541	627
ANDHRA BANK	1023	645	378
BANK OF BARODA	3701	1710	1991
BANK OF INDIA	3127	1644	1483
BANK OF MAHARASHTRA	647	334	313
CANARA BANK	3738	2060	1678
CENTRAL BANK OF INDIA	2262	1194	1068
CORPORATION BANK	790	400	390
DENA BANK	774	382	392
INDIAN BANK	1346	959	387
INDIAN OVERSEAS BANK	2313	1518	795
ORIENTAL BANK OF COMMERCE	1039	488	551
PUNJAB AND SIND BANK	539	228	311
PUNJAB NATIONAL BANK	4578	2232	2346

Banking Ombudsman Scheme 2006 - Annual Report 2015-16

SYNDICATE BANK	1193	612	581
UCO BANK	1370	761	609
UNION BANK OF INDIA	2249	1141	1108
UNITED BANK OF INDIA	701	428	273
VIJAYA BANK	481	259	222
BHARATIYA MAHILA BANK LTD.	9	8	1
IDBI BANK LIMITED	1410	746	664
CATHOLIC SYRIAN BANK LTD	78	46	32
CITY UNION BANK LIMITED	120	87	33
FEDERAL BANK LTD	376	232	144
JAMMU AND KASHMIR BANK LTD	168	43	125
KARNATAKA BANK LTD	145	74	71
KARUR VYSYA BANK LTD	238	165	73
LAKSHMI VILAS BANK LTD	167	112	55
NAINITAL BANK LTD	45	15	30
RATNAKAR BANK LTD	219	86	133
SOUTH INDIAN BANK LTD	191	115	76
TAMILNAD MERCANTILE BANK LTD	118	76	42
THE DHANALAKSHMI BANK LTD	72	38	34
AXIS BANK LIMITED	4861	2495	2366
BANDHAN BANK LIMITED	23	8	15
DCB BANK LIMITED	252	85	167
HDFC BANK LTD.	7547	3024	4523
ICICI BANK LIMITED	7708	3578	4130
IDFC BANK LIMITED	1	0	1
INDUSIND BANK LTD	1189	595	594
KOTAK MAHINDRA BANK LTD.	2287	1066	1221
YES BANK LTD.	481	205	276
AB BANK LIMITED	1	0	1
ABU DHABI COMMERCIAL BANK LTD	3	2	1
AMERICAN EXPRESS BANKING CORP.	155	63	92
ANTWERP DIAMOND BANK NV	2	0	2
A N Z BANKING GROUP LIMITED	2	1	1
BANK OF AMERICA N.T. AND S.A.	4	0	4
BANK OF NOVA SCOTIA	2	1	1
BARCLAYS BANK PLC	96	38	58
BNP PARIBAS	3	1	2
CALYON BANK	2	0	2

CITIBANK N.A	881	404	477
DBS BANK LTD.	11	4	7
DEUTSCHE BANK(ASIA)	89	36	53
HONGKONG & SHANGHAI BKG CORPN. LTD.	383	170	213
HSBC BANK OMAN S.A.O.G.	2	1	1
MASHREQ BANK PSC	2	0	2
ROYAL BANK OF SCOTLAND	175	52	123
SBERBANK	1	0	1
SONALI BANK	2	0	2
STANDARD CHARTERED BANK	1557	726	831
STATE BANK OF MAURITIUS LTD	2	1	1
THE BANK OF TOKYO-MITSUBISHI UFJ LTD	2	1	1
REGIONAL RURAL BANKS	1765	841	924
SCHEDULED CO-OP BANKS	470	254	216
OTHERS	5248	10	5238
TOTAL	101148	50187	50961

Maintainable and Non Maintainable Complaints - OBO wise

4.8 Table 16 below shows OBO-wise distribution of Maintainable and Non-Maintainable complaints.

Table 16 - Maintainable and Non Maintainable Complaints - OBO wise

OBO	Total Disposed	Maintainable	Non-Maintainable
AHMEDABAD	5909	2057	3852
BENGALURU	5165	3226	1939
BHOPAL	6611	4094	2517
BHUBANESWAR	3048	1159	1889
CHANDIGARH	4593	2682	1911
CHENNAI	8616	6430	2186
GUWAHATI	1308	924	384
HYDERABAD	5696	4522	1174
JAIPUR	4437	3228	1209
KANPUR	8753	3066	5687
KOLKATA	4640	2837	1803
MUMBAI	11845	5796	6049
NEW DELHI	21897	5290	16607
PATNA	5035	2815	2220
THIRUVANANTHAPURAM	3595	2061	1534
Total	101148	50187	50961

Awards Issued

4.9 During the year 18 Awards were issued by the OBOs against the banks. Out of these, ten Awards were implemented by the banks. In seven cases the banks have filed appeal before the Appellate Authority. One Award remained unimplemented as on June 30, 2016 as it was issued during the month of June 2016 and the time for implementation was not over. OBO-wise position of Awards issued during the year 2015-16 is indicated in Table 17.

Table 17 - OBO wise position of Awards issued during the year 2015-16

OBO	Awards Issued
Ahmedabad	1
Bengaluru	1
Bhopal	0
Bhubaneswar	0
Chandigarh	2
Chennai	0
Guwahati	1
Hyderabad	0
Jaipur	0
Kanpur	6
Kolkata	1
Mumbai	3
New Delhi	1
Patna	2
Thiruvananthapuram	0
Total	18

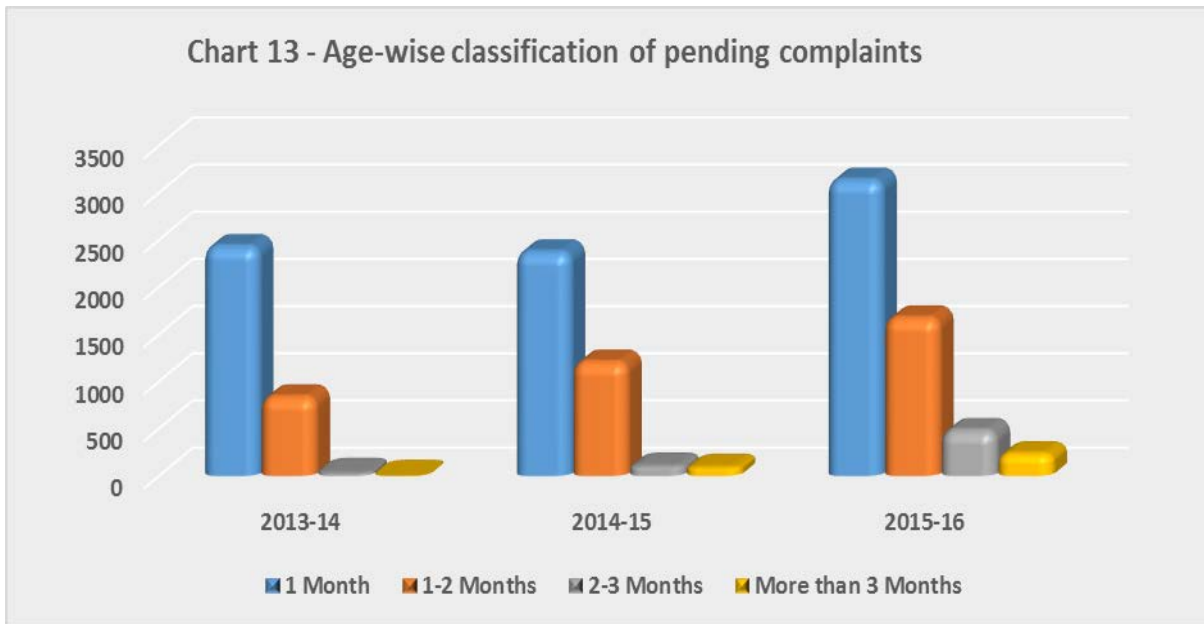
Age –wise classification of pending complaints

4.10 Table 18 and Chart 13 below indicate age-wise classification of pending complaints.

Table 18- Age-wise classification of pending complaints

Pending up to	June 30, 2014	June 30, 2015	June 30,2016
1 Month	2432 (3%)	2375 (2.69%)	3136 (2.94%)
1-2 Months	838 (1%)	1207 (1.36%)	1675 (1.57%)
2-3 Months	36 (0.04%)	105 (0.12%)	481 (0.45%)
More than 3 Months	1 (0.001%)	91 (0.1%)	232 (0.22%)
Total Pending	3307 (4%)	3778 (4%)	5524 (5%)
Complaints handled	82052	88438	106672

(Figures in bracket indicate %age to complaints handled during respective years)



OBOs disposed of 95% of the complaints handled during the year. At the end of the year, 5524 (5%) complaints were pending at all OBOs. Out of these, 2.94% complaints were pending for less than one month, 1.57% complaints were pending between one to two months, 0.45% complaints were pending between two to three months and only 0.2% complaints were pending beyond three months.

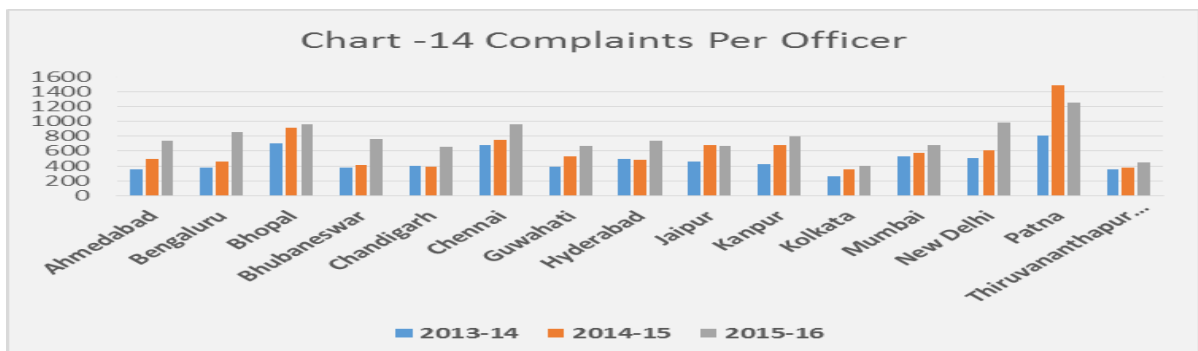
Compared to last year, there was 21% increase in complaints received during the year. First time since introduction of the BOS, the complaints figure crossed 1 lakh mark. Despite the significant increase in the volume of complaints received by OBOs, with concerted efforts OBOs disposed of 95% of the complaints.

Complaints per officer

4.11 During the year 2015-16 there were 134 desk officers handling the complaints received in all OBOs. On an average proportion of complaints per officer worked out to 768. Table 19 and Chart 14 below indicate complaints 'per officer' in respective OBOs.

Table 19 – Complaints per officer

Office	2013-14			2014-15			2015-16		
	No. of complaints received	No. of officers	No. of complaints per officer	No. of complaints received	No. of officers	No. of complaints per officer	No. of complaints received	No. of officers	No. of complaints per officer
Ahmedabad	4588	13	353	4965	10	497	5909	8	739
Bengaluru	4101	11	372	4610	10	461	5119	6	853
Bhopal	4907	7	701	5451	6	909	5748	6	958
Bhubaneswar	1498	4	374	2448	6	408	3050	4	763
Chandigarh	3162	8	395	3131	8	391	4571	7	653
Chennai	8775	13	675	8285	11	753	8645	9	961
Guwahati	770	2	385	1054	2	527	1328	2	664
Hyderabad	4477	9	497	4366	9	485	5910	8	739
Jaipur	4104	9	456	4088	6	681	4664	7	666
Kanpur	8389	20	419	8818	13	678	9621	12	802
Kolkata	4698	18	261	5277	15	352	4846	12	404
Mumbai	9965	19	524	10446	18	580	12333	18	685
New Delhi	11045	22	502	14712	24	613	22554	23	981
Patna	3253	4	813	4456	3	1485	5003	4	1251
Thiruvananthapuram	2841	8	355	3024	8	378	3593	8	449
All India	76573	167	459	85131	149	571	102894	134	768



5. Cost of Running the Scheme

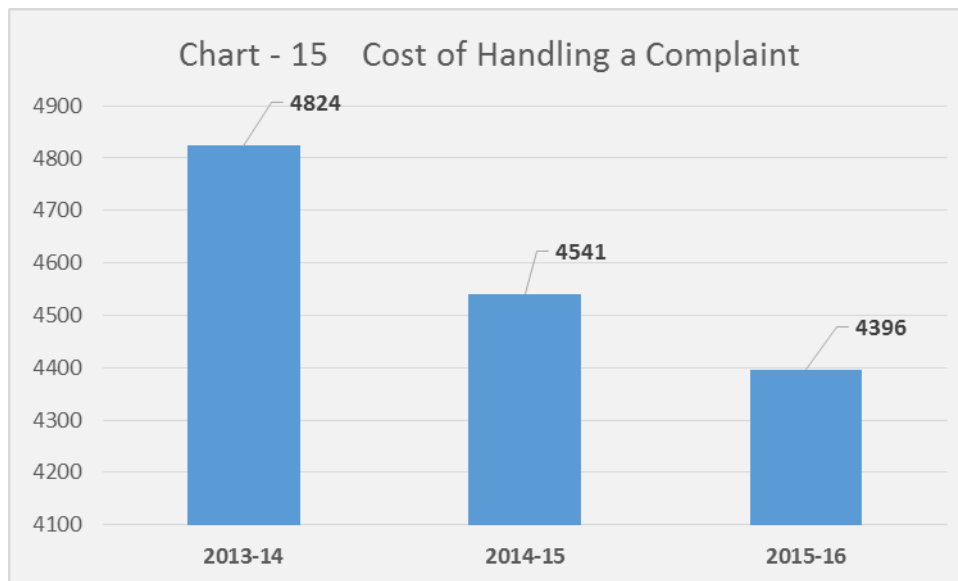
5.1 The expenditure incurred on running the BOS is fully borne by the RBI from the year 2006. This includes revenue expenditure and capital expenditure incurred on administration of the BOS. The revenue expenditure includes establishment items like salary and allowances of the staff attached to OBOs 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 furniture, electrical installations, computers/related equipment, telecommunication equipment and motor vehicle.

5.2 Average cost incurred for handling a complaint under the BOS 2006 is indicated in Table 20 and Chart 15.

Table 20 - Cost of handling a complaint

	2013-14	2014-15	2015-16
Total Cost (₹ Million)	369	387	452
Complaints Received	76573	85131	102894
Average Cost of handling a Complaint (₹)	4824	4541	4396

The aggregate cost of running the BOS has increased from ₹ 369 million in 2013-14 to ₹ 452 million in 2015-16. Though the volume of complaints increased by 34% during this period, the average cost of handling a complaint has witnessed a decline from ₹ 4824/- to ₹ 4396/-.



BO Office wise 'Per-Complaint Cost' for the year 2015-16 is given in Table 21

Table 21 - OBO wise 'Per-Complaint Cost' for the year 2015-16

OBO	Per Complaint Cost (₹)
Ahmedabad	5481
Bengaluru	4610
Bhopal	4567
Bhubaneswar	6000
Chandigarh	6355
Chennai	4354
Guwahati	7441
Hyderabad	4907
Jaipur	5879
Kanpur	4052
Kolkata	7911
Mumbai	3923
New Delhi	2070
Patna	3666
Thiruvananthapuram	7810

6. Appeals against the Decisions of the BOs

6.1 The BOS provides an option of appeal to both the parties in terms of Clause 14 of the BOS 2006. Any party aggrieved by an Award issued by the BO under clause 12 or rejection of a complaint for the reasons referred to in sub clauses (d) to (f) of clause 13, can prefer an appeal before the Appellate Authority designated under the Scheme within 30 days of the date of receipt of communication of Award or rejection of complaint. The Deputy Governor-in-Charge of the department of RBI administering the Scheme (Consumer Education and Protection Department) is the designated Appellate Authority. The secretarial assistance to the Appellate Authority is provided by the Consumer Education and Protection Department.

Position of appeal handled by the Appellate Authority during the year 2015-16 is given in Table 22 below.

Table 22 - Position of appeals

Particulars	No of Appeals
Appeals pending at the beginning	15
Appeals received during the year from Complainants	25
Appeals received during the year from Banks	9
Total appeals handled during the year	49
Appeal disposed during the year	46
Pending at the end of the year	3
Mode of Disposal	
Appeals remanded to the BO for review	0
Appeals withdrawn / settled	5
Appeals rejected	29
Appeals allowed	12
Appeals Disposed during the year	
In favour of customers	15
In favour of banks	29

6.2 During the year 34 appeals were received against the decisions of BOs. Including 15 appeals pending at the beginning of the year, the Appellate Authority handled 49 appeals during the year. The Appellate Authority disposed 46 appeals. In 15 cases the Appellate Authority's decision was in favour of customers whereas in

29 cases it was in favour of banks. Five appeals were withdrawn. The OBO wise position of appeals received during the year 2015-16 is given in Table 23.

Table 23 - OBO wise position of appeals received during the year 2015-16

OBO	No of Appeals
Ahmedabad	0
Bengaluru	2
Bhopal	0
Bhubaneswar	0
Chandigarh	3
Chennai	0
Guwahati	2
Hyderabad	0
Jaipur	0
Kanpur	0
Kolkata	0
Mumbai	25
New Delhi	1
Patna	0
Thiruvananthapuram	1
Total	34

Representations to review the complaints closed under non-appealable clauses of the BOS 2006

6.3 In terms of Clause 14 (1) of BOS 2006 complaints rejected by the BO under Clause 13 (a), (b) & (c) of the Scheme are non-appealable. Still, representations from the complainants to reopen complaints rejected under these non-appealable Clauses of the Scheme are being received in the Consumer Education and Protection Department, the Secretariat of the Appellate Authority. During the year 855 representations were received and disposed.

7. Complaints received through Centralised Public Grievance Redress and Monitoring System (CPGRAMS)

CPGRAMS is a web based application developed by the Department of Administrative Reforms and Public Grievances of Government of India empowering the citizens to lodge their complaints online and also enabling redress action within a prescribed time limit. Government Departments, banks are sub-ordinate offices under this system to receive and redress complaints forwarded through this portal. The Consumer Education and Protection Department, RBI is the Nodal Office for RBI. Fifteen OBOs are sub-ordinate offices. Comparative position of complaints handled by OBOs through this portal is given in Table 24 below.

Table 24 - Complaints received through CPGRAMS

OBO	2013-14	2014-15	2015-16
Ahmedabad	12	07	19
Bengaluru	14	06	16
Bhopal	5	02	17
Bhubaneswar	3	04	7
Chandigarh	9	14	6
Chennai	29	23	52
Guwahati	2	03	7
Hyderabad	13	07	11
Jaipur	2	01	9
Kanpur	24	23	31
Kolkata	22	13	14
Mumbai	40	21	37
New Delhi	72	48	79
Patna	8	05	6
Thiruvananthapuram	6	01	19
Total	261	178	330

8. Applications received under Right to Information Act, 2005

The Banking Ombudsmen have been designated as the Central Public Information Officers under the Right to Information Act 2005 to receive applications and furnish information relating to complaints handled by the OBOs. During the year 15 OBOs received 616 applications under RTI Act. Comparative position of RTI applications handled by OBOs is indicated in the Table 25.

Table 25 - Applications received by OBOs under RTI Act

OBO	2013-14	2014-15	2015-16
Ahmedabad	11	10	9
Bengaluru	11	11	19
Bhopal	13	11	34
Bhubaneswar	4	5	5
Chandigarh	21	22	31
Chennai	81	50	55
Guwahati	9	1	9
Hyderabad	40	22	20
Jaipur	51	52	51
Kanpur	131	112	137
Kolkata	28	19	14
Mumbai	62	32	59
New Delhi	90	60	94
Patna	31	35	63
Thiruvananthapuram	13	12	16
Total	596	454	616

9. Other Important Developments

9.1. Annual Conference of Banking Ombudsmen 2016

9.1(i) The Annual Conference of Banking Ombudsmen was held at Thiruvananthapuram on February 15 and 16, 2016. Dr. Raghuram G. Rajan, Governor, RBI inaugurated the Conference. The Conference was attended by Managing Directors and Senior Executives of major Commercial Banks, Indian Banks' Association, Banking Codes and Standards Board of India, Banking Ombudsmen and heads of concerned regulatory and supervisory departments of the Reserve Bank.

9.1(ii) The Governor urged the banks to provide customers with comfortable environment when they access banking services so that they get a feeling that they are not 'excluded' from the banking fold. He also dwelt on the suitability aspects and the importance of educating the customers while selling Third Party Products so that they do not make sub-optimal choices and cautioned the banks that the Reserve Bank might even consider regulatory action against banks if they continue the mis-selling of products. The Governor urged the banks and Banking Ombudsmen that when in doubt they should tilt the balance of power in favour of customers. The Governor suggested that the banks may use of their product publicity campaigns to disseminate the cautionary messages of common interests such as fictitious offers of money, security aspects of card payments, internet banking, features of genuine currency notes etc.

9.1 (iii) Shri S.S. Mundra, Deputy Governor, RBI in his address explained the four basic principles of bank regulation as creating diversified environment, enhancing customer choice, financial inclusion and banking that is ethically right. He mentioned that today, with rapid developments in technology, account number portability could be within the realms of possibility which could hugely empower a bank customer to move away from a bank if he/she was dissatisfied with the quality of its services. Shri Mundra also pointed out that the Reserve Bank was reviewing its Banking Ombudsman Scheme to enlarge the areas covered by it and to reduce the urban bias.

9.1 (iv) Shri U. S. Paliwal, Executive Director in his welcome address stressed upon the need for a root cause analysis of complaints by banks so as to initiate prompt corrective action.

9.2 Principal Nodal Officers Conference

9.2 (i) The Conference of Principal Nodal Officers of banks of Scheduled Commercial Banks for the half year ended June 2015 was convened on three days. On September 08, 09 and 10, 2015 at RBI Mumbai. Principal Nodal Officers of major Scheduled Commercial Banks, representatives from IBA, BCSBI, heads of regulatory and supervisory departments of RBI and Banking Ombudsmen of Mumbai, New Delhi, Chennai, Kanpur participated in the Conference.

9.2 (ii) In his keynote address Shri U. S. Paliwal, Executive Director, RBI highlighted the importance given by RBI to consumer protection and stressed upon various important aspects viz. the appointment of CCSO (Internal Ombudsman) in banks and the possible impact on the volume of complaints handled by OBOs, timely submission by banks of the information called for by OBOs to ensure expeditious resolution of complaints, training of frontline staff, consumer education and awareness, root cause analysis of complaints, special attention to complaints of senior citizens, pensioners, widows, ATM operations and security issues associated with it.

9.2 (iii) Crucial customer service issues discussed during the deliberations in the meetings were relating to credit/debit cards, accessibility of ATMs to person with disabilities, levy of charges for sending SMS alerts on actual usage basis, switchover charges for home loans, mis-selling of third party investment products, non-sanction/delay in sanction of loans especially education loan, safe deposit lockers, KYC compliance, settlement of claims of deceased deposit accounts, nomination of accounts.

9.3 Annual Conference of International Network of Financial Services Ombudsman Schemes (INFO) 2015 :

The International Network of Financial Services Ombudsman Schemes (the INFO Network) is a worldwide association of 56 financial services dispute resolution schemes from 36 jurisdictions. India is represented by the Banking Ombudsman Scheme on INFO. Every year, INFO organizes the Conference of its member

Schemes. The conference provides an excellent opportunity to exchange expertise in financial services and opportunities for professional development and networking. This year, the INFO 2015 was organized in Helsinki from the 13th to 16th of September 2015. The theme of the conference was 'Solving problems – building trust'. The topics covered were Guidelines to Manage Crises, How to Navigate Potentially Tricky Stakeholder Relationships, Cross Border Issues and New Inventions and Advances in Digital Technology.

9.4 Regional Conferences of Banking Ombudsmen

Regional Conferences of Banking Ombudsmen of respective zones were organized by nodal OBOs during the year. Important systemic issues were discussed at these conferences. Meetings with the Controllers and Nodal Officers of major banks of the region were also organized on this occasion where various customer service issues of topical interests were discussed and regulatory concerns were flagged for action by banks.

9.5 Awareness and Consumer Education

The OBOs continued their efforts to reach out to the members of public within their jurisdiction to increase awareness about the Banking Ombudsman Scheme, 2006. This was done through advertisements in electronic media as also direct interaction with members of public in outreach programmes, awareness campaigns, Town Hall Events etc. Advertisement campaigns were undertaken in local, Hindi and English languages and designed to reach the maximum number of people, especially in rural areas. Major initiatives taken by the OBOs are given below.

- **Ahmedabad:**

Town Hall Events were organized at Surat and Rajkot which was attended by customers, including pensioners and senior citizens where the participants were briefed on Banking Ombudsman Scheme, grounds and procedure of filing complaint, jurisdiction and powers of BO, customer service aspects relating to deposit accounts, loan accounts, nomination facilities; reporting of credit information to CIBIL etc. The participants were advised to be extra vigilant / alert while using their credit/debit cards for transactions at ATMs as also during online transactions.

The office also conducted Customer Awareness Programmes at Bhuj and Gandhidham in Kutch District.

A recorded interview in the form of question–answer session was telecast on Doordarshan wherein salient features of BOS, 2006 were explained by Banking Ombudsman. Similar programme was broadcasted on All India Radio. One-liner message in Gujarati about the Scheme was scrolled at 33 Doordarshan Relay Centres of Gujarat for 40 days. An audio clip in Hindi on the Scheme was broadcasted on AIR / FM Radio stations in Gujarat for 97 days.

- **Bengaluru:** Three outreach programmes were conducted at Sakleshpur and Belur in Hassan District, and at Chikkaballapur, in Chikkaballapur District. These programmes were well attended and received by customers of banks and members of public. Local media was involved in publicity efforts, prior to the event and subsequently as well. Besides, explaining the salient features of Banking Ombudsman Scheme to the customers, on-the-spot redressal of complaints and distribution of pamphlets were also done.
- **Bhopal:** One grievance redressal awareness programme on Banking Ombudsman Scheme was held each at Indore and Raipur respectively. The participants were briefed about the salient features of the Banking Ombudsman Scheme and also initiatives taken by the Reserve Bank of India for improving customer service. Publicity material of the Banking Ombudsman Scheme was distributed. Advertisements on Banking Ombudsman Scheme were published in leading local newspapers of MP and Chhattisgarh. 'Jingles' on the Banking Ombudsman Scheme, were broadcast on All India Radio (AIR) in M.P. and Chhattisgarh. AIR aired an interview with the Banking Ombudsman on the implementation of Banking Ombudsman Scheme
- **Bhubaneswar:** Advertisements for popularizing the Banking Ombudsman Scheme were published in the press and were telecast on DD Orisa channel in Orisa language during the live broadcast of Rath Yatra. Public awareness camps were organized at different rural/ semi-urban areas at sub-district level in the State to spread awareness about the Banking Ombudsman Scheme. The OBO also participated in a Town Hall Meeting organized by a nationalized bank at Bhubaneswar.

- **Chandigarh:** During the year the OBO organised four Town Hall events, five outreach programmes and six awareness programmes. Advertisement of the Banking Ombudsman Scheme was broadcast on All India Radio. The Banking Ombudsman participated in a program “Radio Jingle” broadcast by the All India Radio, where the objectives of Banking Ombudsman Scheme and the role of Banking Ombudsman were explained. The Banking Ombudsman attended an outreach programme at Ropar, Punjab and answered a number of queries regarding pensions, changing of rate of interest on loans, non- release of title deed papers after repayment of loans, ATM frauds, poor customer service, etc.
- **Chennai:** The OBO organised six awareness programmes at Gudiyatam, Andaman, Kodumudi, Kovilpatti, Mayiladuthurai and Kothagiri in co-ordination with the lead banks of the respective districts. In these programmes, the animation CD on Banking Ombudsman Scheme was displayed to the audience and pamphlets on salient features of the Banking Ombudsman Scheme were distributed. Various queries raised regarding banking services were clarified. The OBO utilized the services of Post Offices who have a wide reach in these areas and bilingual pamphlets containing the details of Banking Ombudsman Scheme were delivered to individual households in these areas through Department of Post and also through Meghdoot Post Cards, where a snapshot of the Banking Ombudsman Scheme was printed in the post cards and sold through the Sub-Post Offices in these areas. The effect of distribution of these cards has created awareness among the public resulting in the increase of complaints. The OBO actively participated in Chennai Trade Fair / outreach activities carried out by RBI.
- **Guwahati:** The OBO issued advertisements about the Banking Ombudsman Scheme and its functioning in English, Hindi, Bengali, Assamese and local languages in National level, State level and Local newspapers in all the seven States under its jurisdiction. A Weekly published a detailed interview of the Banking Ombudsman. A live phone in programme with Banking Ombudsman, Guwahati was aired on All India Radio. Many queries from listeners were answered during the programme. A spot advertisement on Banking Ombudsman Scheme was telecast on TV on DD1 and DD13 Northeast. OBO conducted

awareness programmes on Banking Ombudsman Scheme in all the 7 States under its territorial jurisdiction:

- **Hyderabad:** RBI Hyderabad set up a pavilion 'Numaish 2016' in 77th annual industrial exhibition of twin cities of Hyderabad and Secunderabad. Officers from OBO handled queries from public and distributed literature on Banking Ombudsman Scheme. Office took an active part in outreach initiatives launched by RBI Hyderabad. A Town Hall event was organized at Warangal.
- **Jaipur:** Town Hall events were organised at Chittorgarh, Nimbahera, village Nikumb, Amthala and Oria for spreading awareness about the Banking Ombudsman Scheme amongst the general public. Many grievances were redressed on the spot while in some other instances, the process of redressal was initiated. The precautions to be taken with regard to ATM transactions and lottery promises were also explained.
- **Kanpur:** OBO organized a Town Hall Event at Mughalsarai aiming to create awareness among the public about BOS, security aspects of banking especially use of ATM /Debit card, net banking, fund transfers, avenues available to bank customers for redressal of grievances, education loans security features of currency notes, etc. The event was conducted in Hindi which is the local language. OBO organized customer education/awareness campaigns in different areas of Uttar Pradesh and Uttarakhand. A large number of villagers, school, college students, bank customers, bank officials of public and private sector banks, representatives from Pensioners' Association, Depositors' Association, etc. were involved in these programmes. These events were arranged mainly in rural and semi urban areas. BO also conducted on-site resolution of complaints during these campaigns.
- **Kolkata:** The OBO organised various programmes for spreading and enhancing customer awareness about the BOS among the members of public. The OBO sensitised the bank customers about the Dos and Don'ts on the various financial products (Credit Card, Business loan, Personal loan, Insurance policies) and services like internet banking, ATM services, mobile banking, Loans & Advances, Term Deposits, pension, etc. The outreach programmes were generally conducted in rural, urban and semi-urban areas in close co-ordination with the stake holders, including the Banks, Bank customers and members of general

public who attended these programmes, shared their experiences, and received clarifications to their queries. On-the-spot redressal of grievances wherever possible was also done in these programmes. Advertisements about the Scheme were published in major newspapers in Bengali, Hindi and English.

- **Mumbai:** Awareness Programmes were organized at Panaji-Goa and Palghar-Maharashtra. Local bankers, customers and senior citizens' associations participated in these programmes. A meeting was also held with the local bankers wherein the Banking Ombudsman impressed upon them the need to provide good customer service. The Banking Ombudsman arranged for spot resolution of complaints during these programmes. A Town Hall event was organized at Kolhapur which was attended by about 800 customers and the local representatives of several banks.
- **New Delhi:** The OBO organised three outreach programmes in the state of Jammu and Kashmir. Banks were advised to take steps to educate their customers on an ongoing basis about their financial products, use of ATM/internet banking etc., and various precautions to be taken while using their products with a view to reduce/minimize generation of complaints. In addition to the above, the office participated in town hall / outreach events/ customer meets conducted by various other departments of the RBI.
- **Patna:** The OBO organized seven awareness programmes on BOS including one Town Hall Event at Hazaribagh (Jharkhand), Jagdishpur (Ara-Bihar), Ratu (Ranchi-Jharkhand), Rampura Village (Darbhanga-Bihar), Danapur Cantt (Patna-Bihar), Ramgarh (Jharkhand) and Darbhanga (Bihar). Apart from explaining the features of the Banking Ombudsman Scheme, the participants were encouraged to share their experiences in the use of banking products. Office also ensured that most of the queries and complaints/problems raised during such programmes were addressed satisfactorily on the spot. OBO participated in the financial literacy and awareness programme conducted by RBI, Patna during Rajgir Mahotsav at Rajgir where information regarding BOS was disseminated amongst the public through distribution, displays & posters. The office also participated in Sonapur Mela to spread awareness about the Banking Ombudsmen Scheme.

- **Thiruvananthapuram:** A Town Hall event and outreach/awareness programmes were held at Erattayar, Kanthalloor-Marayoor in Idukki District, Ambalapuzha Taluk in Alappuzha District, Perumkadavila in Thiruvananthapuram District. The highlights of the BOS, customer protection, customer awareness and counselling were effectively conveyed and queries from audience were replied in these programmes. 'On the spot' redressal of complaints was also done by the BO. Town Hall event was organised at Haripad, Alappuzha District. The Heads of major banks in Haripad Taluk, customers of various banks, Defense personnel, Pensioners and general public participated in large number. The BO participated in a live awareness programme on Doordarshan and answered questions raised by the viewers in the phone-in programme. The BO undertook incognito visits to some bank branches. Banks were advised to rectify the deficiencies observed during these visits. OBO participated in customer service meetings conducted by branches of various banks at different locations of Kerala with the objective of gauging the customer service rendered by banks to its customers.

9.6 Press Meetings

The OBOs arranged meetings with local media and shared the information on number and nature of complaints handled / resolved and significant / exemplary cases handled during the year.

9.7 Meetings with Nodal Officers of Banks

OBOs conducted periodical meetings with Nodal Officers of the banks under their jurisdiction and discussed the systemic issues and corrective measures to be taken. Information on various developments in consumer protection and initiatives of RBI was shared with the bankers.

9.8 Skill building

In their endeavour to keep the staff update with latest developments in banking in addition to In-house training workshops, OBOs arranged training programmes for their staff in coordination with external institutions like IDRBT, NPCI, etc. OBOs also deputed their staff to the training programmes conducted by the Zonal Training Centre, RBI, New Delhi and Reserve Bank Staff College, Chennai.

10. Consumer Protection and Awareness Initiatives by Reserve Bank of India

10.1 On account of fast increasing customer base in banks predominantly by new and vulnerable class of the society and introduction of technology based banking products, consumer protection and awareness has assumed crucial role for the RBI. Over the years through policy interventions and oversight, RBI has ensured that the interests of the customers are safeguarded. With increasing instances of common public falling prey to fictitious offers of money, RBI has focused on spreading awareness about such offers of money among members of public. Some of the important initiatives taken by RBI during the year are given in the following paras.

10.2 Sale of third party products by banks - Incognito visits to assess customer service

In view of the increasing complaints of mis-selling / forced selling of insurance products / mutual fund products by banks, RBI through its regional offices carried out incognito visits to bank branches involved in selling of such products. These visits were specifically undertaken to branches in semi-urban and rural areas across the country to assess the issues relating to mis-selling prevalent in those areas. Following are some of the major findings of these visits:

- No due diligence about the needs and capabilities of customers
- Overlooking suitability and appropriateness of the product to the customers
- Targets and incentives driven sales
- Debiting insurance premium to the loan account of the customer without consent.
- Not conveying the availability of other products to customers.
- Cross sale of TPP made mandatory as a part of the product terms and conditions
- Not giving their customers the option to avail products from other agencies.

10.3 Review of the Banking Ombudsman Scheme

10.3(i) A comprehensive review of the Banking Ombudsman Scheme 2006 was undertaken by RBI during the year. The aspects considered in this review of are:

- a. Increasing pecuniary jurisdiction of the award passed by the BO
- b. Increasing the ceiling on the amount of an Award
- c. Compensation for loss of time, expenses, harassment and mental anguish (as applicable in Credit Card Complaints)
- d. Inclusion of a few additional grounds of complaint under the Scheme
- e. Rationalization of the clauses provided for rejection of complaint by BO and enlarging the scope of appealable clauses under the Scheme
- f. Rationalization of the Clause 11 of the Scheme – Settlement of Complaint by Agreement

10.3 (ii) Full-fledged implementation of amended Banking Ombudsman Scheme will be undertaken in the year 2016-17. Towards expanding the reach of the OBOs in rural and semi-urban areas as also for rationalising the jurisdiction of some existing offices, new OBOs are being opened at Ranchi, Raipur, Jammu and Dehradun and an additional BO is being posted at New Delhi.

10.4 Enhancing Consumer Awareness

10.4.(i) **Meeting with select banks:** A meeting with representatives of IBA and Principal Nodal Officers of select banks was convened on February 24, 2016 by Consumer Education and Protection Department of RBI to discuss the measures to enhance awareness among customers about fictitious offers of money, ATM frauds, precautionary measures to be taken; and concerns regarding mis-selling of Third Party Products. Using product advertisements issued by banks as a medium to caution the public about fictitious offers of money, use of ATM kiosk/enclosures to display of informative messages about use of ATM/Debit cards, precautions to be taken while selling of third party products by banks were the major issues discussed.

10.4.(ii) **Messages to be incorporated along with product advertisements of banks:** The aspect of creating awareness amongst public about safe banking and fictitious offers of money made in the name of public authorities including RBI was recently reviewed in consultation with IBA and Principal Nodal Officers of major Commercial banks. It was decided that banks will insert small messages on this aspect in all the promotional advertisements issued by them for their own products and services. Some of the banks have inserted these cautionary messages in their advertisements.

10.4.(iii) **Advertisement campaign on fictitious mails on FM Radio:** In the backdrop of a large number of complaints on fictitious offers of money, a month-long awareness campaign in All-India Radio/FM Radios was undertaken to sensitise and caution the public not to fall prey to such offers made in the name of the Reserve Bank or any other public authority.

10.4.(iv) **Publicity in the bank branches cautioning public against placing deposits in dubious schemes:** In its bid to making the public beware of such dubious schemes and in promoting financial literacy and awareness among the general public on safe and secured investments, RBI felt that the wide branch network of commercial banks could significantly supplement the RBI's efforts. Accordingly RBI has advised banks to consider designing suitable posters or pamphlets or flyers or notices containing precautionary messages and wherever feasible display or distribute such messages in the bank branches (in the official language of the state) to enable easy notice by the customers. RBI has also advised banks to consider places like Automated Teller Machines or Business Correspondent Points where such messages could get wider visibility.

10.5 Standardisation of commonly used forms in banks

In the backdrop of many requests to standardise commonly used forms by bank customers, a Committee consisting representatives of regulatory departments of RBI and IBA has been constituted to identify commonly used forms and to standardise them for use across banks. The Committee has identified the forms and the formats have since been finalised. IBA will be shortly circulating the standardized formats to member banks for implementation.

10.6 ATMs to be made accessible to persons with disabilities - Certification by MD/CEO and CCSO

In view of complaints regarding significant lapses by banks in implementation of RBI instructions on 'ATMs to be made accessible to persons with disabilities and availability of magnifying glasses in the branches', RBI has advised banks to undertake remedial steps on an urgent basis and furnish a certificate in a specified format under the joint signature of MD/CEO and Chief Customer Service Officer (CCSO-Internal Ombudsman) of the banks which have been mandated to appoint CCSO, stating that they have complied with RBI directions regarding facilities to be provided for disabled customers at the ATMs.

10.7 First Conference of Consumer Education & Protection Cells

10.7.(i) The first conference of In-charges of the Consumer Education & Protection Cells of Regional Offices of RBI was held at the College of Agricultural Banking, Pune on April 13, 2016. The Conference was inaugurated by Shri U. S. Paliwal, Executive Director, RBI. In his inaugural address the Executive Director touched upon various issues of concerns of the consumers and ways to educate and protect them. He urged CEPCs to undertake root cause analysis of complaints to identify systemic issues for prompt corrective action. He highlighted the importance of financial education and literacy in protecting the vulnerable class of bank customers being exploited by unscrupulous elements.

10.7.(ii) The Conference provided an opportunity for the In-charges of CEP Cells to share their experiences and also put forth suggestions and views on operational and other aspects of functioning of CEPCs.

10.8 Conference of the Principal Code Compliance Officers in the banks

The Conference of the Principal Code Compliance Officers of banks was organized by BCSBI in Mumbai on May 23, 2016. Shri S. S. Mundra, Deputy Governor, inaugurated the Conference. Deputy Governor highlighted the role played by the Nodal Officers of banks in making the grievance redressal process under the Banking Ombudsman Scheme seamless by ensuring expeditious response from the banks' side after proper examination and due attempt at resolution. He insisted that the Nodal Officers must also undertake a root cause analysis to ensure that similar complaints do not arise again. He urged the banks to enhance present level of BCSBI Code compliance and appropriately fulfill their commitments to their customers laid out in the Codes.

Annex - I

Name, Address and Area of Operation of Banking Ombudsmen

Centre	Name & Address of the Office of Banking Ombudsman	Area of Operation
Ahmedabad	Shri Sunil T. S. Nair C/o Reserve Bank of India La Gajjar Chambers, Ashram Road, Ahmedabad-380 009 STD Code: 079 Tel.No.26582357/26586718,Fax No.26583325 Email	Gujarat, Union Territories of Dadra and Nagar Haveli, Daman and Diu
Bengaluru	Ms C.R. Samyuktha C/o Reserve Bank of India 10/3/8, Nrupathunga Road Bengaluru -560 001 STD Code: 080 Tel.No.22210771/22275629, Fax No.22244047 Email	Karnataka
Bhopal	Shri P. K. Arora C/o Reserve Bank of India Hoshangabad Road, Post Box No.32, Bhopal-462 011 STD Code: 0755 Tel.No.2573772/2573776, Fax No.2573779 Email	Madhya Pradesh and Chhattisgarh
Bhubaneswar	Shri S Behera C/o Reserve Bank of India Pt. Jawaharlal Nehru Marg Bhubaneswar-751 001 STD Code: 0674 Tel.No.2396207/2396008, Fax No. 2393906 Email	Odisha
Chandigarh	Shri J L Negi C/o Reserve Bank of India New Office Building Sector-17, Central Vista Chandigarh-160 017 STD Code: 0172 Tel.No.2721109/2721011, Fax No. 2721880 Email	Himachal Pradesh, Punjab, Union Territory of Chandigarh and Panchkula, Yamuna Nagar and Ambala Districts of Haryana.
Chennai	Shri S. Raja C/o Reserve Bank of India Fort Glacis, Chennai 600 001 STD Code: 044 Tel No.25399170/25395963/25399159 Fax No. 25395488 Email	Tamil Nadu, Union Territories of Puducherry (except Mahe Region) and Andaman and Nicobar Islands
Guwahati	Ms. Anindita Bhattacharya C/o Reserve Bank of India Station Road, Pan Bazar, Guwahati-781 001	Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura

Banking Ombudsman Scheme 2006 - Annual Report 2015-16

	<p>STD Code: 0361 Tel.No.2542556/2540445, Fax No. 2540445, Email</p>	
Hyderabad	<p>Smt Reeny Ajit C/o Reserve Bank of India 6-1-56, Secretariat Road Saifabad,Hyderabad-500 004 STD Code: 040 Tel.No.23210013/23243970, Fax No.23210014 Email</p>	Andhra Pradesh and Telangana
Jaipur	<p>Smt. Madhavi Sharma C/o Reserve Bank of India, Ram Bagh Circle, Tonk Road, Post Box No.12, Jaipur-302 004 STD Code: 0141 Tel.No.5107973/5101331, Fax No.0141-2562220 Email</p>	Rajasthan
Kanpur	<p>Smt. Supriya Pattanaik C/o Reserve Bank of India M.G. Road, Post Box No.82 Kanpur-208 001 STD Code: 0512 Tel.No.2306278/2303004, Fax No.2305938 Email</p>	Uttar Pradesh (excluding Districts of Ghaziabad and Gautam Buddha Nagar) and Uttarakhand
Kolkata	<p>Smt Reena Banerjee C/o Reserve Bank of India 15, Netaji Subhash Road Kolkata-700 001 STD Code: 033 Tel.No.22306222/22305580, Fax No.22305899 Email</p>	West Bengal and Sikkim
Mumbai	<p>Smt. Ranjana Sahajwala C/o Reserve Bank of India Garment House, Third Floor, Dr. Annie Besant Road, Worli, Mumbai-400 018 STD Code: 022 Tel.No.24924607/24960893, Fax No. 24960912 Email</p>	Maharashtra and Goa
New Delhi	<p>Shri R L Sharma C/o Reserve Bank of India Sansad Marg,New Delhi STD Code: 011 Tel.No.23725445/23710882, Fax No.23725218 Email</p>	Delhi, Jammu and Kashmir and Ghaziabad and Gautam Budh Nagar districts of Uttar Pradesh, Haryana (except Panchkula, Yamuna Nagar and Ambala Districts)
Patna	<p>Smt. Smita Chandramani C/o Reserve Bank of India, Patna-800 001 STD Code: 0612 Tel.No.2322569/2323734, Fax No.2320407 Email</p>	Bihar and Jharkhand

Banking Ombudsman Scheme 2006 - Annual Report 2015-16

Thiruvananthapuram	Smt. Uma Sankar C/o Reserve Bank of India Bakery Junction Thiruvananthapuram-695 033 STD Code: 0471 Tel.No.2332723/2323959, Fax No.2321625 Email	Kerala, Union Territory of Lakshadweep and Union Territory of Puducherry (only Mahe Region).
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Annex - II

Important Notifications Relating to Customer Service issued by the RBI in 2015-16

July 1, 2015	Master Circular on Customer Service in Banks - RBI/2015-16/59 DBR.No.Leg.BC.21/09.07.006/2015-16 . All Important instructions issued by the RBI in the area of customer service up to June 30, 2015 have been consolidated in the Master Circular. It has also been placed on the website of RBI. Banks have been advised to ensure that copies of the circular are available in all their branches so that the customers can peruse the same.
July 1, 2015	Master Circular – Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards/Combating of Financing of Terrorism (CFT)/Obligation of banks and financial institutions under PMLA, 2002- RBI/ 2015- 16/ 42- DBR. AML. BC. No.15 /14.01.001/2015-16 . This Master Circular is a consolidation of the instructions on Know Your Customer (KYC) norms /Anti-Money Laundering (AML) standards/Combating of Financing of Terrorism (CFT)/Obligation of banks and financial institutions under PMLA, 2002 issued up to June 30, 2015. The same has also been placed on the website of RBI.
July 1, 2015	Master Circular – Para-banking Activities – RBI/2015-16/30- DBR.No.FSD.BC.19/24.01.001/2015-16 . This Master Circular is a consolidation of the instructions/ guidelines issued to banks till June 30, 2015 on para-banking activities.
July 16, 2015	Alteration in the name of “The Ratnakar Bank Limited” to “RBL Bank Limited” in the Second Schedule to the RBI Act, 1934 - RBI/2015-16/125 DBR.No.Ret.BC 29/12.06.47A/2015-16 . The name of “The Ratnakar Bank Limited” has been changed to “RBL Bank Limited” in the Second Schedule to the Reserve Bank of India Act, 1934.
July 30, 2015	Extending Value Added Services through ATMs by Primary (Urban) Co-operative Banks (UCBs): RBI/2015-16/139 DCBR.CO.LS (PCB) Cir.No.2/ 07.01.000/2015-16 . UCBs will be permitted to offer services that can be offered via a standardized ATM machine like bill payments, account transfers etc. at their on-site/ off-site/ mobile ATMs. The UCBs may however ensure that there are enough technological safeguard in place for ensuring data security. Further, as per extant instructions, the products of other financial institutions will not be allowed to be marketed through ATMs.
August 27, 2015	Cash Withdrawal at Point-of-Sale (POS) - Enhanced limit at Tier III to VI Centres: RBI/2015-16/164 DPSS. CO.PD.No.449/02.14.003/ 2015-16 dated August 27, 2015 .- The limit for cash withdrawal at POS (for debit cards and open system prepaid cards issued by banks in India) has been enhanced from ₹1000/- to ₹ 2000/- per day in Tier III to VI centres with immediate effect. The per-day limit in Tier I and II centres remains unchanged.

	Customer charges, if any, levied on cash withdrawals shall not exceed 1% of the transaction amount at all centres irrespective of the limit of ₹ 1000 /- ₹ 2000/-.
August 27, 2015	Security and Risk Mitigation Measures for Card Present and Electronic Payment Transactions – Issuance of EMV Chip and PIN Cards: RBI/2015-16/163 DPSS.CO.PD. No. 448/02.14.003/2015-16 dated August 27, 2015 - Banks have been granted extension of time for issuance of EMV Chip and Pin cards as under: i) Cards issued under the Prime Minister Jan Dhan Yojana (PMJDY) / Basic Savings Bank Deposit Account (BSBDA) / other Government schemes - September 30, 2016; ii) All cards other than i) - January 31, 2017.
August 27, 2015	Detection of Counterfeit Notes: RBI/2015-16/162 (DCM (FNVD) No. 776/16.01.05/2015-16 dated August 27, 2015) : The procedure for detection of counterfeit notes has been reviewed and modified for bringing improvement in reporting of counterfeit notes and facilitating maintenance of records by banks. Some of the important modifications are as follows : i) Banknotes tendered over the counter should be examined for authenticity through machines and such of these determined as a counterfeit one, shall be stamped as "COUNTERFEIT NOTE" and impounded. ii) Each such impounded note shall be recorded under authentication, in a separate register. iii) An acknowledgement receipt in the specified format must be issued to the tenderer, after stamping the note. The receipt, in running serial numbers, should be authenticated by the cashier and tenderer. iv) No credit to customer's account is to be given for counterfeit notes, if any, in the tender received over the counter or at the back-office / currency chest. v) The instructions on compensation to banks at 25% of the notional value of counterfeit notes detected and reported and the system of lodging claims for compensation by Forged Note Vigilance Cell of banks stand withdrawn.
September 1, 2015	Changes in RTGS time window: RBI/2015-16/168 DPSS (CO) RTGS No.492/04.04.002/2015-16 dated September 1, 2015. - After announcement of bank holiday on second & fourth Saturdays from September 1, 2015, RTGS will not be operated on second and fourth Saturdays but would operate for full day on working Saturdays.
September 24, 2015	Banknotes with new numbering pattern and special features for visually impaired: RBI/2015-16/188 DCM(Plg) No.G-6/1128/10.01.24/2015-16 -Reserve Bank of India issued Banknotes in Mahatma Gandhi Series 2005 with a new numbering pattern and special features for the visually impaired in ₹ 100, 500 and 1000 denominations. In the new numbering pattern, the numerals in both the number panels of these denominations ascend in size from left to right, while the first three alphanumeric characters (prefix) remain constant in size. Printing the numerals in ascending size is a visible security feature in the banknotes so that the general public can easily distinguish a counterfeit note from a

	<p>genuine one.</p> <p>Special features for the visually impaired have been introduced in order to make it easier for them to identify banknotes, the size of the Identification Mark in ₹ 100, 500 & 1000 denominations has been increased by 50% and angular bleed lines - 4 lines in 2 blocks in ₹ 100, 5 lines in 3 blocks in ₹ 500 and 6 lines in 4 blocks in ₹ 1000 denominations, have been introduced.</p>
<p>October 22, 2015</p>	<p>Implementation of the Gold Monetisation Scheme, 2015 : RBI/ 2015-16/211 Master Direction No.DBR.IBD.No.45/23.67.003/2015-16 - October 22, 2015. RBI has issued a direction to all Scheduled Commercial Banks (excluding Regional Rural Banks) on implementation of the Gold Monetisation Scheme, 2015 notified by the Central Government. The Resident Indians (Individuals, HUF, Trusts including Mutual Funds/Exchange Traded Funds registered under SEBI (Mutual Fund) Regulations and Companies) can make deposits under the scheme. The minimum deposit at any one time shall be raw gold (bars, coins, jewellery excluding stones and other metals) equivalent to 30 grams of gold of 995 fineness. The designated banks will accept gold deposits under the Short Term (1-3 years) Bank Deposit (STBD) as well as Medium (5-7 years) and Long (12-15 years) Term Government Deposit Schemes. The opening of gold deposit accounts will be subject to the same rules with regard to customer identification as are applicable to any other deposit account. Complaints against designated banks regarding any discrepancy in issuance of receipts and deposit certificates, redemption of deposits, payment of interest will be handled first by the bank's grievance redress process and then by the Banking Ombudsman of RBI.</p>
<p>October 29, 2015</p>	<p>Amendment to Prevention of Money Laundering (Maintenance of Records) Rules, 2005 – Submitting 'Officially Valid Documents' - Change in name on account of marriage or otherwise : RBI/2015-16/213 DBR.AML.BC.No.46/14.01.001/2015-16 - October 29, 2015. In view of the difficulties faced by persons who change their name due to marriage or otherwise, in submitting an 'Officially Valid Document' (OVD) while opening a new bank account or during periodic updation exercise or incorporating the name change in the existing accounts, the Government, in consultation with the Reserve Bank has since amended the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 and inserted an explanation in the clause (d) of Rule 2. Sub rule (1) which reads as follows “ For the purpose of this clause, a document shall be deemed to be an “officially valid document” even if there is a change in the name subsequent to its issuance, provided it is supported by a marriage certificate issued by the State Government or a Gazette notification, indicating such a change of name”. Accordingly, RBI has advised all regulated entities to accept a copy of marriage certificate issued by the State Government or Gazette notification indicating change in name together with a certified copy of the 'officially valid document' in the existing name of the person while</p>

	establishing an account based relationship or while undergoing periodic updation exercise.
November 5 & 19, 2015	<p>Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934 : Following banks have been included in the Second Schedule to the Reserve Bank of India Act, 1934 :</p> <ol style="list-style-type: none"> 1. Apna Sahakari Bank Ltd : RBI/2015-16/237 DCBR CO.BPD.BC.no.7/16.05.000/2015-16 2. Korea Exchange Bank Co., Ltd: RBI/2015-16/227 DBR.No.Ret.BC.51/12.07.135A/ 2015-16 3. Bandhan Bank Limited: RBI/ 2015-16/ 224 DBR.No.Ret.BC.48/12.07.135A/ 2015-16 4. Industrial Bank of Korea: RBI/2015-16/ 223 DBR.No.Ret.BC.47/12.07.134A/2015-16 <p>The above banks have come within the ambit of the Banking Ombudsman Scheme, due to their inclusion in the Second Schedule to the Reserve Bank of India Act, 1934.</p>
November 5, 2015	<p>Alteration in the name of “Antwerp Diamond Bank N.V.” to “KBC Bank N.V.” in the Second Schedule to the RBI Act, 1934: RBI/2015-16/225 DBR.No.Ret.BC.49/12.06.118A/2015-16. - The name of “Antwerp Diamond Bank N.V.” has been changed to “KBC Bank N.V.” in the Second Schedule to the RBI Act, 1934</p>
November 5, 2015	<p>Exclusion of the name of “HSBC Bank Oman S.A.O.G.” from the Second Schedule to the Reserve Bank of India Act, 1934: RBI/2015-16/226 DBR.No.Ret.BC.50/12.07.071A/2015-16. - HSBC Bank Oman S.A.O.G has been excluded from the Second Schedule to the Reserve Bank of India Act, 1934.</p>
December 10, 2015.	<p>Inclusion of “IDFC Bank Limited” in the Second Schedule to the Reserve Bank of India Act, 1934: RBI/2015-16/266 DBR.No.Ret.BC.66/12.07.136A/2015-16.</p> <p>The “IDFC Bank Limited” has been included in the Second Schedule to the Reserve Bank of India Act, 1934.</p>
December 17, 2015	<p>Mobile Banking Transactions in India-Operative Guidelines for Banks-Customer Registration for Mobile Banking-Mobile Banking registration through ATMs: RBI/2015-16/269 DPSS. CO. PD.No./1265/02.23.001/2015-2016. - All the banks participating in NFS should carry out necessary changes in their respective ATM switches and enable the capability of customer registration for mobile banking at all their ATMs latest by March 31, 2016.</p>
December 23, 2015	<p>Withdrawal of all old series of Banknotes issued prior to 2005: RBI/2015-16/275 DCM (Plg) No.G-8/2331/10.27.00/2015-16. The date for exchanging the pre-2005 banknotes has been extended to June 30, 2016. However, from January 01, 2016, such facility will only be available at identified bank branches.</p>

January 12, 2016	Exclusion from the Second Schedule to the Reserve Bank of India Act, 1934: “UBS AG” has been excluded from the Second Schedule to the Reserve Bank of India Act, 1934: Notification DBR.IBD.No.7718/23.13.062/2015-16 dated January 12, 2016.
January 14, 2016	Direct Benefit Transfer (DBT) Scheme– Seeding of Aadhaar in Bank Accounts – Clarification: RBI/2015-16/289 FIDD.CO.LBS.BC.No.17/02.01.001/2015-16 . The RBI clarified that the use of Aadhaar Card and seeding of bank accounts with Aadhaar numbers is purely voluntary and it is not mandatory.
January 21, 2016	Acceptance of cheques bearing a date as per National Calendar (SakaSamvat) for payment: RBI/2015-16/297 DCBR.BPD.(PCB/RCB). Cir. No.9/12.05.001/2015-16 All Co-operative Banks have been advised to accept cheques bearing a date as per National Calendar (SakaSamvat) for payment, if otherwise found in order. Banks have also been advised to ascertain the Gregorian calendar date corresponding to the National Saka calendar to avoid payment of stale cheques.
February 11, 2016	Legal Guardianship Certificates issued under the Mental Health Act, 1987- DBR No Leg BC 78/09.07.005/2015-16 - In view of instances of banks insisting on guardianship certificate from all mentally ill persons, it was clarified that it is not mandatory for banks to insist on appointment of a guardian as a matter of routine from every person “who is in need of treatment by reason of any mental disorder”. It would be necessary for banks to seek appointment of a guardian only in such cases where they are convinced on their own or based on documentary evidence available, that the concerned person is mentally ill and is not able to enter into a valid and legally binding contract.
February 18, 2016	Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934 – “Vasai VikasSahakari Bank Ltd, Vasai Thane”: DCBR CO. BPD.BC.No.10/16.05.000/2015-16 . The “Vasai Vikas Sahakari Bank Ltd, Vasai Thane” has been included in the Second Schedule to the Reserve Bank of India Act, 1934.
February 25, 2016	Alteration in the name of “Bank Internasional Indonesia” to “PT Bank Maybank Indonesia TBK” in the Second Schedule to the RBI Act, 1934: DBR.No.Ret.BC.80/12.07.104A/2015-16 .
February 25, 2016	Inclusion of “National Bank of Abu Dhabi PJSC” in the Second Schedule to the Reserve Bank of India Act, 1934: RBI/2015-16/328 DBR.No.Ret.BC.79/12.07.138A/2015-16 . The “National Bank of Abu Dhabi PJSC” has been included in the Second Schedule to the Reserve Bank of India Act, 1934.

<p>March 10, 2016</p>	<p>Alteration in the name of “The Shamrao Vithal Co-operative Bank Limited” to “SVC Co-operative Bank Ltd.” in the second schedule to the RBI Act, 1934: DCBR.CO.LS.BC.No.11/07.01.000/2015-16 - The name of “The Shamrao Vithal Co-operative Bank Limited” has been changed to “SVC Co-operative Bank Ltd.” in the Second Schedule to the Reserve Bank of India Act, 1934.</p>
<p>March 17, 2016</p>	<p>Recovery of excess payments made to pensioners: DGBA.GAD.No.2960/45.01.001/2015-16 - Based on the large number of complaints received from pensioners stating that the recovery of excess/wrong pension payments are being made in a manner that is not in keeping with the extant guidelines, RBI has reiterated the extant instructions on a uniform procedure for recovery of excess pension payment:</p> <p>a. As soon as the excess/wrong payment made to a pensioner comes to the notice of the paying branch, the branch should adjust the same against the amount standing to the credit of the pensioner’s account to the extent possible including lump sum arrears payment.</p> <p>b. If the entire amount of over payment cannot be adjusted from the account, the pensioner may be asked to pay forthwith the balance amount of over payment.</p> <p>c. In case the pensioner expresses his inability to pay the amount, the same may be adjusted from the future pension payments to be made to the pensioners. For recovering the over-payment made to pensioner from his future pension payment in installments 1/3rd of net (pension + relief) payable each month may be recovered unless the pensioner concerned gives consent in writing to pay a higher installment amount.</p> <p>d. If the over payment cannot be recovered from the pensioner due to his death or discontinuance of pension then action has to be taken as per the letter of undertaking given by the pensioner under the scheme.</p> <p>e. The pensioner may also be advised about the details of overpayment/wrong payment and mode of its recovery.</p>
<p>March 23, 2016</p>	<p>Section 23 of Banking Regulation Act, 1949 (AACS) – Extending Value-Added Services through ATMs: DCBR.CO.BPD.BC.No.13/19.51.008/2015-16.- With a view to provide operational freedom to banks, Primary (Urban) Co-operative Banks and State Co-operative Banks have been permitted to offer all their products and services through the ATM channels, provided the technology permits the same and adequate checks are put in place to prevent the channel from being misused to perpetrate frauds on the banks / other genuine customers.</p>
<p>April 6, 2016</p>	<p>Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934 – ‘The Jalgaon Peoples Co-op Bank Ltd., Jalgaon’ has been included in the Second Schedule to the Reserve Bank of India Act, 1934 by Notification DCBR.CO.BPD.04/16.05.000/2015-16 dated April 6, 2016.</p>

<p>April 7, 2016</p>	<p>The name of the “Rabobank International (Cooperatieve Centrale Raiffeisen- Boerenleenbank B.A.” has been changed to “Cooperatieve Centrale Raiffeisen -Boerenleenbank B.A.” in the Second Schedule to the Reserve Bank of India Act, 1934: DBR.No.Ret.BC.87/12.07.131A/2015-16.</p>
<p>April 7, 2016</p>	<p>The name of “Korea Exchange Bank Co., Ltd” has been changed to “KEB Hana Bank” in the Second Schedule to the Reserve Bank of India Act, 1934 : DBR.No.Ret.BC.88/12.07.137A/2015-16.</p>
<p>May 26, 2016</p>	<p>ATMs - Security and Risk Mitigation Measures for Card Present (CP) Transactions: DPSS.CO.PD.No./2895/02.10.002/2015-2016. Banks and the White Label ATM operators are advised to ensure that all the existing ATMs installed/operated by them are enabled for processing of EMV Chip and PIN cards by September 30, 2017. All new ATMs shall necessarily be enabled for EMV Chip and PIN processing from inception. Banks shall also implement the above requirements at their micro-ATMs which are enabled to handle card-based payments.</p>
<p>June 2, 2016</p>	<p>Cyber Security Framework in Banks: DBS.CO/CSITE/BC.11/33.01.001/2015-16.- RBI has issued guidelines to banks on Cyber Security Framework. Under this framework banks are required to formulate a Board approved Cyber-security Policy which should be distinct from the broader IT policy / IS Security Policy of a bank. The Policy should cover the arrangement for continuous surveillance, IT architecture conducive to security, comprehensively address network and database security, ensure protection of customer information, provide for Cyber Crisis Management Plan, cyber security preparedness indicators, sharing of information on cyber-security incidents with RBI, supervisory reporting framework, cyber-security awareness among stakeholders / Top Management / Board.</p>
<p>June 16, 2016</p>	<p>Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934: DCBR.CO.BPD.BC.No.18/16.05.000/2015-16 – The name of ‘Rajarambapu Sahakari Bank Ltd., Peth, Sangli’ has been included in the Second Schedule to the Reserve Bank of India Act, 1934.</p>

Annex - III

Exemplary Cases dealt with by BO offices during 2015-16

A. ATM / DEBIT CARD

1. When a complainant tried to withdraw cash from ATM of other bank, the cash was not dispensed but his account got debited. Both the banks submitted the ATM related documents to BO and also certified that the disputed transaction was successful. The CCTV footage provided by ATM acquiring bank could not confirm that cash was withdrawn by the customer. On a scrutiny of the EJ log of the disputed transaction, it was observed that the said transaction indicated an error code and accordingly the bank was advised by OBO to give clarification for same. The acquiring bank checked details of the transaction and found that customer who had visited subsequently to the ATM to withdraw had received the cash. The bank recovered the amount from him and credited the disputed amount to the complainant's account.

2. The complainant had attempted to withdraw ₹10, 000/- from an ATM but the cash was not dispensed but his account got debited. Bank submitted that the ATM transaction was successful. No excess cash was found on the date of disputed transaction

During conciliation meeting bank officials submitted EJ Log Report and Switch Centre Report wherein the transaction was shown as successful. Further, they submitted a certificate showing no excess cash was found on the date of disputed transaction. However, it was observed from the CCTV footage provided by the bank that the complainant, after making balance enquiry tried to withdraw money from the ATM and left the ATM after 40 seconds. After he left, another person came and found the cash lying in the ATM. He took the cash and left the ATM Kiosk. After a short while the person who had found the cash came again in the booth with a police personnel. First they examined the slips which were lying on the ground. Thereafter, the person who had found the cash from ATM did a transaction of ₹ 500/- from his own account. From this very transaction the person who had found the cash could be identified as a customer of another bank. The bank official contacted this person and he admitted that he had found the cash lying unclaimed in the ATM and handed over the cash to the police personnel. The alacrity of the OBO, the concerned bank and police officials helped the complainant to get back his money.

B. CREDIT CARD

3. A complainant had applied for credit card from a bank. Though the bank had not delivered the card it was sending the account statement every month indicating the dues payable. CIBIL report also showed the complainant as a defaulter in respect of the said card.

The bank in its response stated that the customer had applied for credit card and the same was issued on January 29, 2015. Accordingly, joining fees along with applicable service tax were levied. As the customer did not make requisite payment, financial charges were also being levied every month. This was also getting reflected in the CIBIL report as an outstanding towards the card.

In a conciliation meeting BO asked the bank to clarify as to when customer had not received the card how the customer was being billed to make payment for same. The bank stated that they had investigated the matter and it appeared that the card could not be delivered to customer despite multiple attempts owing to residence/ office closed. As the response of bank was not convincing and the bank's action was unfair; the bank was advised to pay ₹ 10000/- as a compensation to the complainant and rectify the CIBIL record suitably.

4) One customer complained that five transactions amounting to total of ₹36,767/- were done on April 27, 2015 by using his credit card without his knowledge. He had further submitted that his chip based card was replaced by the bank in April 2014 and he never used it till the date of the disputed transaction.

The bank informed the customer that the insurance claim submitted by the bank for refund of disputed amount was rejected and hence he cannot be compensated. The customer approached OBO with a request to direct the bank to refund ₹36,767/- and waive penalty / late payment charges that were debited to his card account.

During the conciliation meeting the bank was advised to make payment subject to the complainant submitting a copy of FIR lodged with police authorities and also furnishing an indemnity to the bank giving them freedom to recover the amount if any complicity was proved on his part during course of investigation by the bank. On submission of necessary documents by the complainant, the bank paid ₹52,629.71, which included charges levied for non-payment of disputed amount.

5. The complainant who had applied for a Visa credit card with a photo was issued a card on April 17, 2001 without the photo. He complained to the bank. On May 2, 2001, he received a call allegedly from the bank and handed over the card to an official having the

bank's identity card. Later he received a bill for Rs 21,578/- towards card usage on the same day. The complainant reported the fraud to the bank and police authorities and did not make the payment relating to the fraudulent transactions.

The bank subsequently sold its Credit Card portfolio to ARC in 2010. The ARC started harassing the complainant for recovery quoting an outstanding of Rs 2,85,000/-. He therefore lodged a police complaint against the ARC and sent a letter to the bank. The bank advised him to address all the communication to ARC. In December 2011, the advocate of ARC advised him over phone to pay Rs 55,000/- in settlement of his dues.

On receipt of the complaint from the OBO, the bank retrieved the card application and noted that the complainant had applied for a non-photo card. Also, during the investigation by the Fraud Detection Team of the bank, the complainant had himself admitted that the card was handed over to the sales person on May 02, 2001 for the reason that he was not in receipt of the ATM PIN along with the card. As the disputed transaction had taken place on May 02, 2001, i.e. before the card was handed over to the bank personnel, the bank argued that it was liability of the complainant as he was in possession of the card which was active.

In a conciliation meeting bank was advised to furnish an offer that could be acceptable by the complainant. The bank proposed to settle the account for ₹ 5000/- which was accepted by the complainant.

C. DEPOSIT ACCOUNT

6. A customer holding a corporate salary account with a bank since 2005, complained that the bank had levied "Non Maintenance Charges" in his account. The bank stated that as there were no salary credits in the account since October 2008 and the customer had not maintained the minimum balance of ₹10,000/-, the applicable charges were levied.

On examining the bank account statement submitted by the complainant, it was observed that on March 09, 2013, the bank had recovered an amount of ₹9/- from his account and the status of the account was shown as "closed". Subsequently on credit of some amount in the account, the bank recovered Non Maintenance Charges and the account was closed on April 01, 2015. On seeking comments of the bank as to how a credit could hit an account when it was closed, the bank confirmed that due to an inadvertent omission, the said account continued to be operative. As the stand taken by the bank was not justified, it was advised to refund Non Maintenance Charges levied in the account.

7. The complainant submitted that he had placed FDs with bank held jointly with his brother under 'Either or Survivor' category. He stated that premature payment of his four FDRs was made to the first account holder on the basis of duplicate FDRs which were issued to the first applicant on his request on the ground that the originals were lost. However, the original FDRs remained in the possession of the second account holder (the complainant). Complainant stated that request letter for issuance of duplicate FDRs and Indemnity Bond were signed by the first account holder only. He, further, stated that when he sought a copy of the Indemnity Bond signed by the first account holder from the bank under RTI Act, bank refused to provide the same. During the conciliation meeting, bank admitted that lapses had taken place on part of the bank while issuing duplicate FDRs and making pre-mature payment of the same.

The bank, further, submitted that legal notice to the first account holder was issued and will be followed up by filing a court case. BO observed that pre-mature payment of the four disputed FDRs by bank to the first account holder on the basis of duplicate FDRs issued on the request of only one of the holders and on the basis of indemnity signed by only one of the account holders was not done in good faith and without proper due diligence. It was also not in consonance with banking norms & regulatory guidelines. Therefore, the bank was advised to pay 50% (his share) of the payment made on account of pre-mature redemption of FDRs by the first account holder along with compensation by way of interest for the delayed payment in terms of the existing guidelines and may recover the same from the perpetrator of the alleged fraud. The complainant was also advised to surrender the original FDRs lying in his custody.

8. A co-operative housing society maintaining savings account with a bank 'complained that its account was 'freezed' and an amount of ₹15000/- was also recovered from the account. The bank had advised the society to convert the savings account into current account. Even, though the society showed willingness to open the current account, the bank did not accede to the request.

The bank contented that as co-operative housing society cannot open savings bank account and the bank had asked them to open a current account. The bank was asked to give specific comments as to when the co-operative society had agreed to open a current account, why it was not acceded to and a hold was put on the account and ₹15000 recovered from the account. As the bank could not give any convincing reply it was directed to 'unfreeze' the account and re-credit ₹15000/- recovered, to its account.

9. The complainant had opened FCNR deposits with a bank along with her husband under "Either or Survivor" clause. Complainant's husband, one of the directors of a shipping company, was also a guarantor for the various credit facilities granted by the bank. As the company had failed to fetch sufficient business to carry out its commitments, bank had decided to exercise its right of general lien on the deposits and had exercised general lien on complainant's joint FD with E or S clause.

On a scrutiny of bank's reply it was observed that the complainant had no encumbrances and was rightly entitled to the deposit in her individual capacity and hence bank's action in creating a lien was not in order. BO directed the bank to release the lien on the deposit.

10. A bank was insisting on Succession Certificate for withdrawal of the amount of fixed deposit in the name of deceased husband, even though wife of the deceased depositor was nominee as per bank records. On taking up the case, the bank had stated that a dispute was pending before the Court between the legal heirs and the Succession Certificate was required based on the interim judgment of the Court. On a scrutiny of the judgement of the Court, BO observed that the bank could insist for succession certificate only if it was necessary for withdrawing the deposits as per banking rules. Further, the order of the Court was not intended to affect the procedural formalities of the bank for releasing fixed deposits. As there was no order from the competent Court restraining the bank from making the payment from the account of the deceased, BO directed the bank to make payment to the nominee in terms of extant regulatory instructions on this subject.

D. FAILURE TO MEET COMMITMENT

11. The complainant, a State Government entity alleged that it had placed fixed deposits of ₹ 8.10 crore for 90 days as per the bank's offer with 8.8% interest and 1% penalty for premature withdrawal. Due to exigency, FDs were foreclosed and the bank levied 2% penalty as penalty for premature closure. The bank justified its action of excess deduction of penalty by 1% saying that the rate of penalty was wrongly quoted in the offer document because of clerical error. Further the complainant also alleged that the bank had deducted TDS on the total amount, though TDS was not applicable.

The BO observed that the complainant, being a Government body, had asked for quotation from the bank before placing funds under FD and hence charging of penalty of 2% as against 1% quoted by it was a breach of trust by the bank. The bank was advised to re-

calculate the penalty for premature closure of FD at 1% and refund the excess amount deducted along with SB rate of interest from the date of deduction till the date of refund.

12. The bank had not remitted the premium to Insurance Company though the cheque issued by the complainant was debited to his account. As a result his policy had lapsed and the complainant could not get his claim of ₹ 1,61,151/- being expenditure incurred towards medical treatment. The bank had informed the customer that his insurance policy cannot be renewed as he had crossed eligibility criteria for age limit for issuance of the policy.

In a conciliation meeting the bank was advised to take up the matter with Insurance Company. Subsequently, the Insurance Company as a special case issued renewed policy in favour of the complainant. Further, as regards the expenditure incurred by complainant relating to medical treatment, the bank paid an amount of ₹1,38,400/- as against ₹1,61,151/- claimed by the complainant. The bank clarified that this amount was paid on the basis of calculation furnished by the Insurance Company and as per available documents with the complainant. The bank was also advised to pay interest as per their compensation policy for delay in settlement of claim to the complainant.

13. The complainant, director of three companies, had availed from the bank, Cash credit (CC) limits and term loans at floating rate of interest. As the bank could not sanction additional limits for expansion, the companies shifted the credit facilities to other bank. The bank charged foreclosure charges of 3% on the outstanding term loans and on the entire CC limits. The complainant alleged that the companies were not informed about levy of foreclosure charges at the time of sanction of loan and that no foreclosure charges should be levied in terms of extant RBI instructions.

The bank while agreeing that it had charged pre-payment charges of 3% plus service tax @12.36% on the CC limits and outstanding balance of Term loans as per the terms of sanction signed by these companies, informed that since the Directors were common and had also extended their personal guarantee in individual capacity to the credit facilities granted to the companies, they were orally informed at the time of closure about upward revision in pre-payment charges from the existing 2% to 3%, in case of takeover of the credit facility by any other bank or Financial Institution

It was observed from the complaint letters that the complainant was the authorized signatory/director of the three companies and had not availed the loan in individual capacity and hence the above mentioned RBI guidelines were not applicable. Further, as the

complainant had issued cheques to the bank as “pre-payment charges” indicated that he was aware of these charges. It was also observed from the sanction letters that there was a condition to levy 2% foreclosure charges on all outstanding credit facilities and not 3%. The bank had, however, based on their oral communication levied foreclosure charges of 3% on the outstanding term loans and the entire CC limit.

BO advised the bank to levy 2% foreclosure charges on the terms loans and on the outstanding CC limit as per the agreed terms and refund the excess charges levied with service tax and interest at SB rate from the date of debit to the date of reversal.

14. In a complaint about recovery of ₹ 1,012/- as non-home branch charges for cash withdrawal transactions undertaken by complainant from a particular branch, the complainant stated that he had given advance intimation of withdrawal of cash to his home branch. However, as the home branch was small in size, he was directed by the home branch to undertake the transaction from the particular non-home branch. The complainant, therefore contended that the transaction was undertaken at the non-home branch at the instance of the bank. On taking up the matter, the bank accepted that adequate cash was not available at the home branch and hence they directed the customer to withdraw the money from the non-home branch. The bank accordingly reversed the charges levied by them.

15. A partnership firm had sought refund of pre-payment charges with service tax and other incidental charges levied by the bank for takeover of their credit facilities by other bank. One of the conditions of the initial Credit Arrangement Letter was levy of penal interest at 2% on the sanctioned limits in case of a takeover by another bank / financial institution. The limits were further renewed subsequently for enhanced limits with a condition to levy pre-payment penalty of 2% on the entire facility in case of a takeover by another financial institution / bank. However, the firm had not accepted this as they intended to shift the limits to another bank, but continued to utilize the limits in the interim, even after the expiry of renewal date. Considering the usual time being taken for the renewal process the bank gave leeway to the firm for utilisation of limits. Eventually, when the other bank took over the credit facilities, the bank levied pre-payment charges of 2% with service tax and other incidental charges.

Perusal of the documents revealed that as the validity of initial sanction limit had expired the undertaking agreed upon in the first Credit Arrangement Letter also automatically expired. Further, the new Credit Arrangement Letter for enhanced limit had not been signed by the firm. The bank had, therefore, not adhered to the Guidelines on Fair Practices Code for

Lenders, which stipulates that the lender should convey to the borrower the credit limit along with the terms and conditions thereof and keep the borrower's acceptance of these terms and conditions, on record. The bank was, therefore, advised to refund the pre-payment charges with service tax and incidental charges recovered along with interest at SB rate from the date of levy of such charges till date of refund.

16. The complainant submitted that the bank had reduced the contracted interest rate on NRE Fixed Deposit from 9.75% to 9.25%. In response, the bank attributed this to a directive from RBI that the rate of interest offered should not exceed the rate of interest offered for domestic deposits. The complainants maintained that a Fixed Deposit being a legal contract, the bank was supposed to honour the same.

The bank, in its submission before the BO submitted that the complainant had placed various NRE deposits at an interest rate of 9.75% based on RBI circular dated Nov.29, 2013 which gave freedom to banks to offer higher ROI on incremental NRE deposits with maturity of 3 years and above without any ceiling. The bank admitted to have missed the fact that the above instructions were valid up to February 28, 2014 and that effective March 1, 2014 the interest rate ceiling was to revert to the position prior to August 14, 2013, i.e., interest rate offered by banks on NRE deposits could not exceed the interest on comparable domestic rupee deposits. Therefore, the offered interest rate of 9.75%, which was higher than that offered on comparable domestic deposits, was not in order. To correct the mistake, the bank advised the complainants to return the deposit receipts to the bank for necessary correction.

The Banking Ombudsman observed that in terms of Banking Law and Practices, fixed deposits are accepted for specific periods at specified interest rates as mutually agreed between the depositor and the banker at the time of opening the account. Since the interest rate on the deposit is contractual, it cannot be altered even if the interest rate fluctuates - upward or downward - during the period of the deposit. Therefore, even though the bank had erred in issuing FDRs at a higher rate of interest in violation of instructions of RBI, yet keeping in mind the principles of Practice and Law of Banking, the complainant could not be made to suffer because of bank's fault.

In view of the aforesaid, the bank was directed to reinstate the contracted rate or rectify its act of omission/inadvertence with mutual agreement with the complainant. As the complainants did not agree for any change in the contracted rate of interest, the bank paid interest at the contracted rate.

17. Complainant had availed an agricultural loan @ 7% and he was eligible for 3% interest subvention on repayment of loan within the stipulated time. The complainant made repayment but came to know that the interest charged by bank was @12% which was against the terms and conditions of loan agreement. On examining the complaint with documents and bank's comments, BO observed that the loan agreement for agricultural loan had indicated interest rate of 7%. However, the bank had charged 12% erroneously and failed to submit subsidy claim to Government. As the bank had made the mistake, BO observed that the borrower could not be held responsible. The BO directed the bank to pay the interest subsidy.

18. The complainant's father had availed an agricultural loan against jewellery, which was eligible for interest subsidy, provided the account was closed before completion of one year. Meanwhile, the borrower expired and his son approached the bank to close the account. He paid outstanding loan as directed by the bank and was advised by bank that he would be eligible for interest subsidy but the pledged ornaments would be released only on procurement of legal heirship certificate. Thereafter, he was told that the interest serviced by him would cover only the interest up to November 2013. By that time, the loan period exceeded one year and the customer was deprived of the subsidy. The facilities were finally liquidated on payment of additional interest.

On taking up the matter with the bank, BO observed that the bank had not followed principles of transparency and fairness as per the charter of customer rights / fair practice code by not revealing the correct amount to be paid for closure leading to deprivation of interest subsidy benefit to the customer. Therefore, the Banking Ombudsman directed the bank to pay the interest subsidy to the customer with SB interest up to the date of final payment, presuming the date of actual payment as deemed to be the correct date of closure of the loan.

19. The complainant had availed a home loan at 8.50% p.a., with reset every five years from the date of disbursement of first instalment. The complainant alleged that after lapse of first year, the rate of interest was changed to 9.50%, then 10%, and then to 12.20% without prior intimation. On taking up the complaint with the bank, it was observed that for loans above ₹ 5,00,000.00 and up to ₹ 20,00,000.00, interest was to be charged at 9.25% p.a. fixed with reset every five year. However, in the arrangement letter, the interest rate was erroneously indicated as 8.50% p.a. fixed for the first five years instead of 9.25%. BO observed violation of fair and transparent practices of lending by bank and directed the bank

to refund the difference amount between the amount of interest calculated at 9.25% and 8.5% as per arrangement letter for the period of first five years.

E. FRAUDS

20. The complainant reported that an a/c payee for ₹ 399/- was materially altered for ₹ 4,98,000/- and paid by the branch in cash to a fraudster over the counter. The bank in its reply stated that the cheque passing official who passed the cheque had verified it under UV lamp and since no alteration was observed, the payment was made in due course.

A conciliation meeting the cheque was verified under UV lamp and it was found that the alterations in the amount, payee's name were clearly visible. Even the a/c payee crossing on the left top corner of the cheque was also altered. The account profile as appeared in the account statement of the complainant showed that he had made payment to third parties by cheques only. BO observed that the bank had not made the payment diligently. The cheque being of high value, was paid in cash across the counter and the passing official had neither contacted the customer over phone to get the confirmation nor sought any identification proof. The bank was asked to make good the amount to the complainant.

21. The complainant alleged that an anonymous person who introduced himself as bank manager, asked for his ATM PIN and had made transactions amounting to ₹39,780/- from his account. The complainant immediately referred the incident to the branch in person and requested to freeze the account. The bank confirmed freezing of his account and gave him account statement showing a balance of ₹11,148/-. The complainant lodged a police complaint and as a follow up when he visited the branch and updated his passbook he found that ₹ 5,010/- were debited from his account subsequent to freezing of the account.

The bank submitted that these were online transactions made using valid card details and ATM PIN. The bank added that OTP will not be sent for these transactions as they were done through the bank's own payment gateway, which is a secured and no charge back facility is applicable for such transactions.

The BO observed that the transaction was done subsequent to the freezing of the account and hence it was bank's mistake in allowing the operations in the frozen account. The BO advised the bank to credit the disputed amount of ₹ 5,010/- which was withdrawn after freezing the account.

22. The complainant was having a balance of ₹ 93,637.88/- in his SB account when he went abroad. On return, when he withdrew ₹ 2,000/- from his account, he found that the balance in his account was only ₹ 8,047.88/-. There were many unauthorized withdrawals in the intervening period without any SMS alerts to his registered number. He lodged a complaint to the bank and as advised by the bank also lodged a police complaint.

The bank contended that all the transactions were successful and were routed through valid ATM card number and ATM PIN which were known only to the complainant and no chargeback facility was available for these transactions routed through payment gateway. The bank added that no OTP would be sent as the transactions were made using valid ATM card number and ATM PIN.

BO observed that the SMS alerts could have avoided further fraudulent transactions in the account. Due to this service deficiency, BO advised the bank to credit the disputed amount to the complainant.

23. An unsigned cancelled blank cheque sent by a complainant to insurance agent by post for foreclosing the insurance policy was not received by the agent but was used for fraudulent withdrawal of ₹ 4,98,200/- from the complainant's account by a person through his account with other bank. The complainant sought refund of the amount fraudulently withdrawn.

It was observed that the Complainant's bank had not exercised necessary due diligence in verifying the signature as there was a significant mismatch between the signature on the cheque and that available in the specimen signature card. The fact of signature mismatch was also corroborated by the handwriting expert employed by the bank. The Collecting bank had failed in ensuring due diligence while opening the account of the fraudster who (according to Police investigation) was an imposter, having stolen the identity papers of another person. The bank had not risk categorized the account. The bank had also ignored / not monitored the suspicious chain of high value transactions in his account, although the account was opened only three months earlier. The Collecting bank was able to mark a lien on an amount of ₹ 1,05,436/- lying to the credit of the fraudster's account.

The BO advised Complainant's bank to bear 70% of the net loss (₹.4,98,200/- less ₹.1,05,436/-) for its failure in verification of signature and negligence in paying a forged cheque. The Collecting bank was directed to pay 30% of the net loss for its gross negligence which enabled the fraudster to siphon off the funds and for violation of KYC norms. The complainant was advised to approach the Collecting Bank directly for release of balance funds lying in the fraudster's account, subject to fulfillment of due procedure.

24. The Managing Trustee of a Trust complained that his bank had allowed fraudulent transactions to the tune of ₹ 20.00 lakh through net banking, even though this facility was not opted for.

The bank submitted that the complainant had agreed for the “Net Banking activation” option in the Account Opening Form and the same was activated only after confirmation calls were made to the mobile number provided in the application form. Further, the trust account was opened in compliance with KYC norms and the account opening form was duly signed by the trustees. The bank stated that all the disputed transactions were carried out in the normal course of business and were duly authenticated by the complainant through confidential card details. Besides, SMS alerts were also sent in respect of all disputed transactions to the mobile number provided by the complainant, e-mail alerts were also sent to the e-mail address provided in the application form.

Perusal of the copy of Account Opening Form confirmed the fact that the complainant had opted for Net Banking facility. However, the mobile number mentioned in the Account Opening Form of both the trustees was that of their Finance Manager who had made the fraudulent withdrawals and that there was some cancellation in the mobile number column. The e-mail id mentioned was different from the official e-mail id of the Trust. The complainant denied bank's submission about confirmation calls and e-mail alerts. The complainant also stated that the mobile number and e-mail id mentioned in application form were not correct. It was established that the PIN for the Net Banking was delivered to a third party who was not authorized to receive it. The bank had also failed to monitor the operations in the account as the disputed transactions were not in line with the activities mentioned in the trust deed.

On the complainant's side, the main reason for the fraud was that the entire financial operations of the trust were carried out by the Finance Manager, without proper checks and balances. Further, the complaint was raised after a considerable lapse of time.

In view of the above, the BO ordered that the loss may be shared between the bank and the complainant in the ratio of 75: 25.

25. The complainant alleged that her SB Account was fraudulently debited to the tune of ₹ 7 lakh for various transactions and SMS alerts in respect of the disputed transactions were not received. She also stated that she had not registered for net banking.

It was observed that the transactions were done online. The bank submitted that there were 209 fraudulent transactions to the tune of ₹ 5,19,100/- of which four transactions of ₹ 2500/-

each had been refunded. The bank had not clarified the basis of their decision to refund four transactions. The bank had not been able to provide the original application / online log of the complainant for usage of internet banking. Although the bank said that it had sent SMS alerts for all the debit transactions, the complainant alleged that it was not her registered mobile number. Further, the bank had not taken any note of repetitive transactions which prima facie looked suspicious and should have alerted the customer. The bank had also failed to submit the necessary electronic log and report relating to the disputed transactions. In view of the above deficiencies, BO advised the bank to pay the entire disputed amount to the complainant.

26. The complainant stated that the deposit of ₹ 30,000/- made in the account of his business partner was not credited in the account. The complainant produced the original counterfoil of the slip as evidence of having deposited the amount. The bank initially stated that the matter was time barred. The bank also stated that the amount was deposited by the servant of the complainant who had been tutored and the details of the deposit could not be confirmed by the depositor. The bank was provided with the original counterfoil slip of having deposited the amount. Sequel to this, the bank confirmed that based on the findings of internal investigation they have refunded the amount to the complainant, recovering the same from one of their employees.

27. A Complainant had taken KCC loan of ₹ 20,000/- in 2012. The said limit was subsequently increased to ₹ 1 lakh in 2014, for which no formal letter was issued to the complainant. The complainant alleged that a sum of ₹ 79,000/- was fraudulently withdrawn from his KCC loan account on various dates. The complainant assured that he had neither signed any withdrawal slips nor done the disputed withdrawals and had learnt about this incident only on getting his loan account passbook updated. He further intimated that ₹ 4721/- was also debited to his saving bank account as interest charges for outstanding balance based on the disputed withdrawals.

The bank was initially asked to conduct investigation and submit investigation report. A conciliation meeting was called subsequently wherein relevant documents including the original withdrawal slips used to make the disputed cash withdrawals were produced by the bank for perusal. It was observed that the signature on the disputed withdrawal slips was clearly not tallying with specimen signature and SMS-alerts were also not delivered for disputed withdrawals and such withdrawals did not adhere to the normal pattern in the said account. After a considering the documents submitted and verbal submissions by the bank

personnel, BO concluded that the bank failed to process the disputed transactions in good faith and failed to do proper due diligence. It was suggested that disputed withdrawal slips could be sent to forensic lab for examination of authenticity, if bank deemed it essential. BO eventually advised the bank to refund the disputed amount to the complainant.

F. ONLINE FRAUDS

28. In a complaint about 13 online transactions, the complainant informed that the said transactions were not undertaken by him, neither had he received any SMS alert in respect of these transactions. The bank initially contended that the account holder might have compromised his CVV, expiry date on debit card and personal six digit 3D secure PIN number which are mandatory for effecting the online transactions. The bank reiterated that as the transactions were undertaken on the basis of information strictly personal to customer, it was, therefore, precluded from repudiating the transactions with the merchant. BO advised the bank to furnish their comments regarding non transmission of SMS alerts even though the mobile number of complainant was registered with the bank. The bank could not explain the lapse and decided to reverse the amount of the transactions as a service gesture.

29. The complainant's account was debited for ₹ 33464 through unauthorized online transactions. The complainant had never used his card for online transactions. There were a total of 10 transactions in his account from 11:30 PM to 00:30 AM the next day. The bank stated in its reply that all the transactions were secured transactions and proceeded using PIN and OTP. But, the bank could not submit the documents evidencing the OTP and SMS alerts provided to the customer. The bank was asked to refund the disputed amount to the complainant.

30. A Complainant complained about fraudulent POS transaction on his ATM card in Paris while he was physically present in India (the same was supported by his passport). The bank admitted that the disputed transactions had been done abroad (Paris) making use of complainant's ATM Card. The bank, further, submitted that two unsuccessful POS transactions attempts in India were also observed on the same day, which was declined due to insufficient balance. Bank's submissions were that, the transactions were successful and no irregularities were observed on bank's part. In the conciliation meeting bank was asked whether any limit was fixed for the international use on the card, whether OTP/SMS alert were delivered to the registered mobile number of the card holder in respect of disputed

transactions, whether Card was EMV Chip and PIN enabled, whether transaction pattern monitoring software was in place. Bank's response to these queries was found inadequate. The bank submitted that SMS log indicated that the SMS alerts were not delivered, the issued card was a magnetic stripe one and separate limit for international transactions was not set as per the regulatory instructions. Accordingly, the bank was advised to pay the disputed amount to the complainant within two working days.

31. A Complainant's savings account was debited by ₹ 30,000/- through unauthorized transactions. On approaching the bank he was assured that his ATM Card was disabled and new debit card was issued to him. The complainant was assured that no transactions could be carried out with old card. However his account was frozen by the bank, because of which he could not operate his account. As his daughter was getting married, he requested the bank to activate his account. The bank reactivated his old debit card, even though a new ATM card had been issued. Complainant subsequently realised that fraudulent transactions amounting to ₹ 2,88,360/- had been recorded in his SB account subsequent to freezing of his card.

BO observed that bank was at fault for removing the block on the old ATM card, despite the fact that the customer had stated in his letter that an unknown caller had taken the details on a false pretext and a new ATM card had already been issued. The old card should have remained hot listed. There was no need for the account to be frozen. It caused a lot of hardship to the customer by not giving him access to his funds for his daughter's marriage. The above failure of the bank led to unhindered fraudulent transactions causing loss to the account holder. The BO observed that the bank cannot absolve of its responsibility of enabling old debit card and advised the bank to compensate the complainant with disputed amount of ₹ 2,88,360/-.

32. In a complaint regarding fraudulent withdrawal of ₹90,500/- from complainant's account through internet banking the complainant alleged that no SMS alerts for such thirty two fraudulent transactions were sent to him. On examination, it was found that the bank had failed to put in place a mechanism for velocity check on the number of transactions effected per day/per beneficiary as per regulatory guidelines, wherein suspicious operations should be subjected to alert within the bank and to the customer. In view of the above, the BO advised the bank to refund the disputed amount to the customer.

G. LOANS AND ADVANCES

33. A bank had charged higher rate of interest than what was provided in the sanction letter issued to the complainant. A loan was sanctioned by the bank at floating rate of interest with ROI stipulated at 9.25% p.a. for the first five year. However as per the bank's then extant guidelines, fixed rate of interest was applicable to home loans up to ₹20 lakh only. Since the subject loan was above ₹ 20 lakh; applicable rate of interest, as on that date of sanction of the loan, was 9.50%. With the interest rate being floating, the ROI was bound to vary with change in the PLR from time to time. Hence, the bank pleaded that the stipulation of 9.25% for first five years was a discrepancy which had inadvertently mentioned in the sanction letter.

BO observed that the information regarding the applicable rate of interest was not conveyed correctly to the complainant and advised the bank to settle the issue as per their loan agreement (where the applicable rate of interest was fixed at 9.25%). The bank re-credited the excess amount of interest levied to the complainant's account.

34. The complainant alleged that the bank had debited loan processing charges despite agreeing for waiver of the same. Further the bank had also levied interest for late payment of processing fees. The complainant had submitted the documents for renewal of his overdraft limit one month in advance, but bank had not renewed his account even after six months.

The BO after hearing both the parties advised the bank to refund. 50% of processing fee, as the complainant continued to use facility though his account was not renewed by the bank. Further, the bank was also advised to refund interest levied for late payment of processing fees as there was a delay on part of the bank in processing complainant's renewal proposal.

35. The complainants (8 farmers) alleged that they have received less amount of insurance claim from the insurance company because of wrong reporting by their bank and hence claimed compensation as per their eligibility.

The bank submitted that the extent of crop loss varied from Gram-Panchayat to Gram-Panchayat and the Gram-Panchayat having less crop loss was wrongly shown against the complainants. The bank maintained that the error was unintentional. The premium was remitted by the branch based on the residential address of the farmers available in the system, which was different from the location of their cultivable land and this had resulted in wrong reporting of Gram Panchayat.

The bank submitted that it has taken up the matter with concerned authorities to consider the matter and for an early settlement and sought more time for resolution. However, the BO took a view that though the bank had taken up the matter, the complainant farmers cannot be allowed to suffer till the case was settled. BO advised the bank to compensate the complainants for the less amount settled, pending settlement of the claim by the insurance company / Government.

36. A complainant who had taken personal loan from a bank alleged that the bank officials obtained his signature hurriedly in the loan agreement because of which he could not read the terms and conditions of the agreement. Moreover, the bank had filled up last page of the agreement after he had signed it. The bank deliberately delayed giving him loan agreement despite having asked for. After receiving the loan agreement after one year, he realised that the rate of interest was fixed at 18.15% instead of the assured rate of 10.5%. The complainant was not allowed to part-payment of the loan. The cheque deposited by him towards payment of total loan dues was also returned with the reason "Account does not exist". Finally, when he was allowed to pre-pay the loan account fully, he was charged high foreclosure charges.

The BO observed that (a) the copy of the agreement was not given to the complainant in time, (b) rate of interest charged was high compared to the assurance given to the complainant and (3) delay in foreclosure of the account. BO advised the bank to charge interest at 14% on reducing balance basis from the date of disbursement and charge foreclosure charges at a lesser rate of 3%.

37. The complainant having a home loan account in a bank deposited a cheque for ₹ 6239/- as one-time fee for reduction in rate of interest as advised by bank officials. But, the bank did not account for the same and did not reduce the rate of interest. After three years, when the complainant came to know about it and asked for reduction in rate of interest with retrospective effect, the bank refused having received one-time fee towards reduction in rate of interest and advised him to deposit ₹ 5589/- again. The complainant again deposited ₹ 5589/- and the rate of interest was reduced from the date of deposit. However, when the complainant produced the evidence pertaining to the payment of ₹ 6239/- made three years ago as one-time fee for reduction in rate of interest and asked for effecting reduction in rate of interest with retrospective effect, the bank declined. The bank submitted that while depositing the cheque for ₹ 6239/-, the complainant had not submitted any mandate asking for reduction of interest and hence it was not extended. The BO concluded that the cheque

for ₹ 6239/- should not have been accepted without a mandate in this regard and hence the bank had acted in a negligent manner in not extending reduction in interest rate even after accepting the required amount. BO advised the bank to extend the benefit of reduction in interest rate with retrospective effect.

38. The complainant who was enjoying Cash Credit and Bank Guarantee (CC & BG) facility from the bank, alleged that the bank had levied charges of ₹10,53,400/- towards processing fees, service tax and Cess for renewal of the facility though he had not requested for renewal of the facility. As per the sanction letter the facility was valid till January 31, 2016. The bank submitted that the BG was valid till June 10, 2016 and as BG was part of original sanction letter, the bank had extended full facility till June 10, 2016. On February 16, 2016, the bank had received a letter from another bank for takeover of the facility. On takeover of loan facility by another bank, prepayment charges were debited to complainant's account as per terms of sanction letter.

The relevant documents submitted by both the parties were examined and it was observed that on February 16, 2016, the bank who was taking over the facility, had sent a letter to complainant's bank intimating the takeover of banking facilities of the company. Subsequently, the complainant's bank had sent a letter to the complainant requesting for submission of renewal proposal as the facility had already expired.

BO observed that the bank had extended the CC and the BG facility till June 10, 2016 for which no sanction / renewal letter was issued to the complainant but the bank had deducted prepayment charges/ processing fees along with Service Tax and Cess on takeover of the facility by other bank. The complainant had not submitted the proposal for renewal of the facility and if the bank had already extended the facility, a letter advising to submit the renewal proposal should have been sent to the customer. Considering these aspects, BO advised the bank to refund ₹10,53,400/- (charges levied) to the complainant along with compensation @ 8%.

H. MIS-SELLING OF THIRD PARTY PRODUCTS

39. A retired school teacher drawing a monthly pension of ₹ 21,000/- visited a bank to invest the gratuity amount in fixed deposits. However, he was misguided and sold an insurance product involving payment of annual premium of ₹ 7 lakh. Though he was told that the premium was to be paid initially only once, he received demand notice in the second year

and had to pay it with great difficulty by selling personal belongings. When he received the demand notice third time he approached the OBO.

In the conciliation meeting the bank agreed that the complainant was sold a third party product which was not suitable for him and hence it was in violation of commitment given under BCSBI Code. It was agreed upon both by the bank and the complainant that the amount contributed by the complainant be converted to respective fund values as on the date of conversion and placed as fixed deposits carrying interest rate of 8% on cumulative basis till maturity of the respective insurance policies. The bank was also directed to ensure that the maturity proceeds of the fixed deposits be credited to the customer's account on the date of maturity of the policies.

40. The complainant who wanted to invest in a fixed deposit scheme of a bank was persuaded to buy an insurance policy with maturity proceeds of ₹ 4.50 lakh after payment of annual premium of ₹ 25,000/- for 10 year. The bank later informed that the maturity amount would be ₹ 2.92 lakh. The exit route provided that the policy could be surrendered after payment of three yearly instalments and the surrender value would be ₹ 21,826/- only. The bank maintained that the complainant was explained in detail before selling the policy and a verification call was made to the customer where all details regarding the policy including the closure after three years were explained over telephone.

In the conciliation meeting the bank officials admitted that there could have been some misunderstanding on their part in explaining the details of the policy to the complainant. It was agreed upon by the complainant and the officials of the bank that the complainant would surrender the policy document for cancellation and the insurance premium paid by the complainant would be refunded without any interest to the complainant.

41. A Company was having a term loan and cash credit facility with a bank. Without informing the company the bank debited its account with ₹ 15 lakh towards a life insurance product. On account of this unauthorised debit, a few cheques issued by the company were dishonoured. As the bank did not resolve the complaint, the company approached the OBO. On taking up the matter with the BO the bank realised its mistake of debiting the company's account without obtaining a consent and mandate from the borrower and immediately initiated steps to resolve the complaint.

42. A complainant who wanted to invest funds in debt fund was mis-sold an insurance product with annual premium of ₹ 2 lakh. The bank demanded the second annual premium

and informed the complainant that in case, she fails to deposit the next installment, the amount of the first installment will be seized.

The bank submitted that the complainant had signed the document for issuance of the investment insurance product, however she decided to cancel the policy and sought refund of the amount. BO observed that though the bank had agreed to refund the amount, it was liable to compensate the complainant for the financial losses suffered for the time the amount was in the insurance product and yielded no returns. BO advised the bank to pay interest to the complainant at FD rate of interest.

I. PENSION

43. An 86 years old lady alleged that she was not paid the additional pension of 30% applicable after attaining 85 years of age. In fact, she was not even paid the eligible additional pension of 20% when she reached 80 years of age. The bank stated that the date of birth was not appearing in the Pension Payment Order and hence it was not possible to release additional amount applicable on attaining 80 and 85 years of age. The reply of the bank was not considered satisfactory since the complainant has been drawing family pension from the bank since the year 1994 and the date of birth of the complainant should be in the record of the bank. Moreover, the complainant had submitted an affidavit of her birthdate. The bank was advised to pay the eligible amount of pension including the arrears.

44. The complainant was not paid revised pension by the bank though the orders were issued four years ago. After repeated refusals by the bank the complainant approached the OBO. The bank had not released the pension since the Pension Payment Order (PPO) was lost. The bank had been insisting for a duplicate PPO. Moreover, for obtaining the duplicate PPO, the Sub Treasury Office had asked for an application by the complainant in person, who was 80 years old and was staying abroad.

The BO found the bank negligent as it had delayed in making payment of revised / arrear pension for more than four years and had made no efforts to take up the case with Sub-Treasury Office for obtaining duplicate PPO. The PPO was lost in the bank premises for which the complainant should not have been made to suffer. The bank was advised to pay revised pension along with arrears without further delay.

J. REMITTANCE

45. In RTGS funds transfer the amount was not credited to the beneficiary account with the disbursing branch of another bank. The Complainant stated that the disbursing branch had

credited the proceeds to a wrong account presumably due to incorrect account details furnished by the originating bank.

The originating bank stated that RTGS payment instructions form submitted across the counter by the remitter had clearly mentioned the account details. The bank also informed that the disbursing bank had frozen the account of the wrong beneficiary. The disbursing bank stated that the credit was afforded to the account number furnished by the originating bank.

The original counterfoil and carbon copy of the mandate form revealed that the remitter of the funds had correctly filled up the mandate form and the originating bank had wrongly furnished the beneficiary's account number to the disbursing bank branch. The disbursing bank admitted that the discrepancy in the account number and the name were not verified by them at the time of affording the credit to the account. The disbursing bank agreed to refund the money. The BO advised originating bank to make good the loss along with interest.

46. Complainant had given mandate to the bank to transfer ₹ 21,086/- to the beneficiary account with another bank through NEFT. He alleged that the bank had erroneously transferred ₹ 1,84,489/- instead of ₹ 21,086/- to some unintended beneficiary.

The bank admitted having erroneously effected NEFT for ₹ 1,84,489/- instead of ₹ 21,086/- to the credit of an unintended beneficiary. The bank had taken up with the beneficiary's bank for recovery of the amount. However the beneficiary continued to evade the branch's request to meet the branch officials to discuss the matter. The branch also filed a complaint with law enforcement authorities. The BO observed that the bank had erred by effecting payment to some unintended beneficiary. There was clear deficiency of service attributable to bank. The BO directed the bank to credit ₹1,84,489/- with applicable interest to the complainant's account.

47. A cheque deposited for collection by the complainant in the drop box of his bank was credited to the account of someone else with other bank. While the complainant failed to provide any documentary evidence in support of having dropped the cheque in the drop box, the bank averred that the relevant records proved that the disputed cheque was not dropped in its drop box. The collecting bank was advised to produce the disputed cheque for examination together with copies of AOF, KYC documents and account statement of the beneficiary. It was observed that the cheque had clearly visible material alteration in the name of the beneficiary. It was also seen that the name of the complainant's firm and account number was stamped on the reverse of the cheque which was ignored by the

collecting banker. Perusal of the account statement of the beneficiary revealed that the account had an average balance of ₹100 to 200 since its inception. The amount of the disputed cheque was the only large credit to the account which was subsequently withdrawn using ATM card.

As per the procedural guidelines of CTS, since the payment processing is done on the basis of images, the onus of due diligence lies with presenting bank, as *provided under explanation II to Section 131 of Negotiable Instruments Act*. Further, the banks are required to observe all precautions which a prudent banker does under normal circumstances by way of checking the apparent tenor of the instrument, physical feel of the instrument, any tampering visible to the naked eye with reasonable care, etc. as also, by way of enhanced due diligence, the banks are required to employ suitable risk management techniques like scrutiny of high value transactions, limit based checking by officials, new accounts alerts, etc. The presenting bank, in the instant case had failed to observe any of the above due diligence measures and was seen to be negligent in overlooking the material alterations which were visible to naked eyes. The bank had also failed to notice the stamp and account number of the intended beneficiary on the reverse of the cheque. Further, the bank had failed to monitor newly opened account. Taking overall facts and circumstances of the case, presenting bank was advised to pay the complainant the disputed amount.

48. The complainant had deposited a cheque with his bank for collection and had withdrawn the amount following the credit to his account. Subsequently, the bank informed the complainant about dishonour of the cheque and advised him to pay back the amount with SB interest as the cheque was bounced with a reason "Account closed". The complainant approached OBO stating that he was at no fault as the withdrawal was bonafide following the credit of cheque proceeds by the bank to his account. He also alleged that bank had been threatening him with legal notice, etc.

On taking up the matter with the bank it was observed that bank had not taken due precautions while crediting the proceeds. The cheque amount was credited to depositor's account on the same day the cheque was sent for collection. The dishonoured cheque was received by the bank after four days. Further, bank held the view that the customer presented the cheque with dishonest intention and intended to initiate legal action against the customer.

BO observed that while a prima facie lapse existed on the part of the bank in not ensuring actual collection and transfer of funds to his account, the lapse did not give the customer immunity to derive undue enrichment at the cost of bank's funds, which he had to remit back to the bank. The complainant was advised to take up the matter with the drawer of the

cheque under NI Act, 1881 as it was a case of cheating by the drawer. In view of the special circumstances of the case, bank was advised to take suitable steps to recover the amount in four instalments without charging any interest.

49. A cheque issued by the complainant was dishonoured even when sufficient balance was available in customer's account. Besides an amount of ₹.150/- was levied as cheque return charges one day prior to the dishonour of cheque. Customer filed a complaint with the bank but the bank did not reply even after several personal visits and communications. The presenting bank had given a reply that the disputed cheque was returned with reason "image not uploaded"

On taking up the matter with the bank it was observed that when the cheque was presented there was insufficient balance in the customer's account. Hence cheque return charges were debited. Again the same cheque was presented and was returned for technical reasons by the bank. On examination of the various reports furnished by the bank, it was observed that the bank had wrongly dishonoured the cheque subsequently when there was sufficient balance in the account, for technical reason which was beyond the control of customer and for this he was not accountable. Besides, it was noticed that though the complainant had been making representations to the bank time and again, the branch had not been prudent in sending satisfactory replies to him. It was ascertained that the bank's internal compensation policy did not cover deficiencies on account of wrongful dishonour of cheques and therefore, in consultation with the bank officials, a reasonable amount of compensation to the satisfaction of the complainant was decided to be paid to him.

50. A cheque issued by the complainant was dishonored by the bank with the reason "refer to drawer" though there was sufficient balance in his SB account. According to the bank, the cheque was issued by the complainant as donation to a church which was dishonored as the account was in 'inactive' status due to the absence of customer induced transaction over a period of more than six months. Thereafter, the petitioners had submitted a complaint before the BO seeking intervention, compensation and damages. The BO closed the complaint under Clause 13 (a) of Banking Ombudsman Scheme (BOS), 2006 since the petitioners were not able to quantify the exact amount of loss suffered. Then the petitioner approached the Hon'ble High Court. The Hon'ble High Court in its judgement directed BO to reconsider the matter again and to pass appropriate orders taking in to notice the fact that even if the petitioner does not prove 'special damages', general damages can be awarded."

As the customer being an aged person, expressed his inability to come to OBO, a *hearing through video conferencing between OBO, the complainant and the bank's representatives was arranged.*

Considering the fact that the account was not in an 'inactive state' (inoperative) as per existing RBI guidelines, it was held by the BO that the contention by the bank that the account was 'inactive' when the cheque was referred back did not hold substance, as there had been sufficient funds and the account was active on account of recent activities in the account.

Though BOS does not specifically cite compensation for damages such as "mental anguish" and "harassment" in cases other than in respect of credit cards, the High Court order implied that in spirit, where damages are 'real', though they may be physically intangible such as reputational loss, we may consider awarding compensation in such cases in the manner of "general damages".

Thus, in this case, it was felt that there was a case for general damages to the party on account of wrongful dishonour of his cheque when he had held sufficient balance in his account, leading to loss of face before his Church authorities. The complainant having suffered such humiliation which was material for general damages for compensation, as guided by the High Court the BO directed the bank to pay ₹ 50,000.00, being the amount of his original cheque and the compensation as per bank's internal compensation policy if any clause for wrongful dishonour of instruments and related compensation was provided for therein and if not, to take up the matter with the appropriate competent authority for incorporation of the said clause under advice to BO. The bank paid the compensation of ₹ 50000.00.

K. OTHERS

51. The complainant, a State Government entity alleged that a cheque deposited in its account was credited almost after 6 years. The complainant requested the bank to pay interest for the delayed period, which was not acceded to. Rather the bank contended that there was no prompt follow-up by the complainant who raked up the issue after a lapse of 6 years. The BO observed that the bank's failure to carry out the mandate given by its customer was a deficiency in service under clause 8(1) (a) of Banking Ombudsman Scheme, 2006. The bank can not absolve itself of its responsibilities for the fact that it was not informed to the complainant about non-credit of the amount. Since the money was parked with the bank for the entire period, the bank was advised to compensate the complainant by paying interest at SB rate.

52. The complainant alleged that ₹13,586/- were deducted from his account without any reason. The bank in its initial comments stated ₹13,586/- were recovered from complainant's savings bank account on the instructions of their internal inspection team during the course of the audit as this account fell under the ineligible savings bank account category. The amount recovered pertained to interest paid to account since last inspection. The bank had further advised the complainant to close the said saving banks account and open a new current account for non-individual category. BO observed that even if the account fell under ineligible account category, the bank should have continued to pay interest till the customer was duly notified. Moreover, the bank took its own time to recognize that the account fell under ineligible category. The bank was asked to refund the disputed amount to the complainant.

53. A complainant, who had not operated his account since last 25 years, wanted to re-operate his account and also wanted the bank to pay interest on unclaimed balance for the entire period. The bank had informed him that as per their extant guidelines, records pertaining to accounts inoperative for more than ten years were not required to be maintained by them. The complainant then approached the OBO. The BO observed that even though ledger sheets etc. were destroyed, the bank should have kept some record of what they had done with the balances in such inoperative accounts. The bank was further advised to search their records again or pay the complainant the last balance available in the complainant's passbook along with interest for the entire period. Finally, the bank was able to trace the records of the complainant. The complainant was advised to submit fresh KYC documents and claim the balance in his inoperative account. The unclaimed balance in the complainant's account was ₹ 3449.75. The bank on submission of fresh KYC documents by the complainant subsequently paid ₹ 10868 including the interest of ₹ 7418.50.

54. A complainant claimed that his account was debited on several occasions against certain cheque numbers which had not been issued by him.

The bank stated that it followed a practice in which the customers used to call up the branch officials over the phone and advise them the details of cheques being issued by him to his customers with same bank. Basis this instructions the bank used to debit his account and credit the amounts thereof to the desired beneficiary accounts with the bank and in the evening or latest by next morning, the customer used to deposit such cheques with the branch. Till such time, the bank used to keep a voucher to be replaced by the cheque later. As per this practice, the disputed transactions were also carried out, however, the branch

officials forgot to collect the cheques from complainant at the end of the day/next day and keep them on record.

This was viewed as a serious lapse on the part of the bank involving non-adherence to prudent banking practices. The bank was advised to resolve the complaint. The bank reversed the disputed debit entries.

55. The complainant tried to book air tickets with his credit card for which 1393.50 GBP (₹1,40,609.77) were debited from his account but the transaction failed and the same amount (1393.50 GBP) was reversed on the same day. However, when the complainant checked his online statement, he found out that out of ₹1,40,609.77, only ₹1,26,270.54 were credited back. Amount of ₹14,339.23 was deducted from his credit card for a transaction which was not successful. The bank submitted that whenever a transaction is made in a currency other than INR, its conversion to INR takes place on the settlement date which may not be the same as the transaction date. If the transaction is not in USD, the conversion will be made through USD by converting the charged amount into USD and then by converting the USD into INR. The conversion rate from USD to INR is at the rate provided by VISA, Master Card or AmEx, as the case may be, on the settlement date, increased by a Currency Conversion Factor assessment (which was 3.50% at the time) on such transactions. The bank agreed to reverse the mark-up fee it had charged amounting to ₹10,736.09 as per BO's instructions. The remaining amount was taken as conversion charges by VISA over which the bank had no control. The complainant agreed to the resolution.

56. The complainant reported that despite nomination in her favour and submission of all required documents to the bank, the PPF payment from her husband's account was not being released to her by the bank. The bank submitted that this account was transferred from other branch in 1991 and that they had no physical record (Account Opening Form, Nomination etc.) relating to this account available with them. While renewing the a/c, the bank did not obtain account opening form / nomination and KYC documents etc. In the conciliation meeting the complainant showed a pass book in which a nomination was registered. She also submitted documents which were stated to be submitted to the bank. Bank stated that the nomination registered in passbook was of some other person which got printed wrongly in complainant's passbook.

After hearing and examining the documents / reply submitted by the bank, BO observed that bank did not have any document / record relating to this account which continued even after 15 years and the bank never took any action to inform the complainant's husband regarding nomination or submission of fresh KYC documents. This was a severe deficiency on the part

of the bank and depositor cannot be made to suffer on this count. The bank was advised to settle the claim on the basis of documents furnished by the complainant considering her as the nominee as bank was not able to provide any document to prove that the account was opened / renewed without nomination.

57. Army Office reported that death insurance claim in respect of one soldier was not settled by the bank due to late receipt of postmortem report and lack of awareness of the widow of the deceased. The bank submitted that the claim could not be processed because in terms of bank's internal circular, death claims have to be made within 60 days of death of the account holder along with relevant documents such as copy of FIR, postmortem report and death certificate etc. Hence, the case was rejected.

On perusal of documents, it was found that the death certificate was issued much after the date of death after recovery of the dead body. The soldier had died under extraordinary conditions and the death certificate could not have been issued till the dead body was recovered. The claimant was at no fault in delayed submission of death claim. The bank was advised to take a humanitarian view considering the merit of the claim and accept the death claim application afresh and ensure settlement thereof.

58. A credit in USD received by the bank from the complainant's employer was credited to his account after conversion in INR after 10 days from the receipt. The complainant claimed compensation of ₹ 10,000/- of the loss suffered due to change in rupee rate. The Bank in its reply submitted that the delay was due to bank holidays, bank's strike and annual closing and since there were justified reasons for the delay in credit, it was unable to provide any relief to the complainant.

After going through the documents and submissions by both the parties, BO observed that the bank strike can not be an acceptable reason to justify the delay. The customers should not be made to bear any loss on account of such a situation. The bank was advised to pay the difference on account of conversion rate.

59. The complainant, an 88 years old pensioner, was requesting the bank to exempt him from submitting the life certificate in person as he was unable to face the arduous journey to the branch. On taking up the matter by the BO, the bank informed that as per Government of India guidelines with regard to obtaining life certificates of pensioners, the complainant's Aadhar Card number and life certificate were updated in the pension package and he was exempted from making a personal appearance at the branch. BO directed the bank to pay ₹ 500/- as compensation for deficiency in customer service.

60. The complainant had purchased a prepaid Forex card from the bank before visit to US. In midst of the stay abroad, the complainant received a mail from the bank that the prepaid Forex card would be blocked from a specific date. The complainant was also directed to indicate the option whether she was returning to India by a specific date and if she was not returning to India by that date, whether she would require new card on her international address.

The complainant informed the bank that she would not be arriving in India by the given date and provided her overseas address. The bank sent the card on given address; however, she was unable to use the same as it was not functioning. All her efforts at getting the card activated failed, as a result of which she not only suffered harassment but also had to spend substantial amount for her needs as well as transportation. She also stated that by not being able to use the funds available in her pre-paid card (USD 5000/-), she had suffered loss of interest for 45 days. The complainant alleged that the new card was a co-branded card with another bank for which she had not given her consent. Thus, the respondent bank had breached her privacy by sharing her credentials with another bank. The bank, in its submissions, stated that it had sent email to the complainant when it decided to discontinue its Forex Prepaid card. Further, the complainant had opted for a new card. As the option was exercised by the complainant herself, there was no breach of privacy. They added that the previous Forex Prepaid card was active for complainant's use till the new card was dispatched.

While perusing the documents submitted, BO observed that the bank had not given an option to the complainant to opt or not, for a co-branded card. She was merely asked whether she was returning to India by a specific date and if not, new co-branded card would be issued to her. Further, replacing the Forex prepaid card with another co-branded card in the midst of the complainant's visit and the fact that the card was not functioning, did cause a lot of inconvenience / harassment, loss of time and money. Since the bank could not justify its claim that the new card was issued with the complainant's consent, the bank was advised to pay ₹1 lakh as compensation.

61. The complainant alleged that the bank without her authorization / request pre-closed her FDRs and other accounts and transferred the proceeds to her husband's account.

The bank submitted that they had taken the action as per the authority letter duly signed by the complainant authorising her husband to operate her accounts. The bank furnished a copy of authority letter in support of its submission.

The bank was advised to furnish original authority letter, details of funds transferred from the complainant's accounts along with details of beneficiaries and a photocopy of complainant's signature as available in the bank's records. On perusal of the authority letter and other case papers, BO observed that (i) complainant's signature did not tally with her signature as available in the bank's records, (ii) her signature on the authority letter was not verified by any branch official, (iii) the letter neither mentioned the name of the beneficiary nor did it carry his/her signature, (iv) the purported authority letter, being a form of general power of authority, should have been obtained on a stamp paper. Besides, the debit vouchers on the basis of which the complainant's accounts had been debited, did not have her signature. As the bank was found deficient on all the above counts, it was advised to pay the disputed amount along with applicable FD rate of interest.

62. The complainant stated that she had deposited a cheque of ₹ 1.00 lakh drawn on another branch of the same bank into her account and received message on her mobile that the amount was credited to her account on the same day. However, after about half an hour, she received another message that her account was debited with the same amount. On enquiry, it was revealed that the drawer of the cheque had stopped payment of the cheque. She alleged that the drawer of the cheque had colluded with the bank's officials and withdrew money from her account illegally. The bank's submission was that immediately after the proceeds of the cheque got credited to the complainant's account, bank's another branch received a letter from the drawer that the said cheque was not issued by him and someone had misused old unused cheque. Hence, the bank's branch had reversed the entry. The bank furnished a copy of the drawer's letter in support of its submission.

BO observed that the drawer had neither disputed the genuineness of the cheque nor the signature on it. He had also not reported loss/ theft of his cheque book or its leaves to the bank prior to debit of the disputed cheque. Since the cheque in question was paid before receipt of stop payment instructions from the drawer, the bank was not justified in restoring funds to his account and debiting the complainant's account without authorisation. Accordingly, the bank was advised to restore the funds in the complainant's account as per the apparent tenor of the cheque.

63. Complainant's father had a NRE fixed deposit of ₹45.00 lakh with a bank for a tenure of one year. After his death, the legal heirs (his 3 daughters including the complainant) approached the bank to claim the amount in the FD Account. The branch manager advised them to produce legal heirship certificate, etc., to claim the amount of deposit as no nomination was made by the deceased depositor. As per RBI instructions, no interest is

payable on NRE Fixed deposit, if the account is held for less than a period of 12 months. However, according to the complainant, the bank manager had informed them that they would get the interest even if the FD was closed prematurely. After submitting all the required documents by the legal heirs, the bank prematurely closed the FDs and credited the amount to the accounts of the legal heirs without informing them about the total amount they would be receiving. The complainant's allegation was that when they received the proceeds they realised that no interest was paid and therefore lost around ₹.4.00 lakh. The bank did not respond to the complaint.

On taking up the matter with the bank, BO found that the bank had not incorporated any clause in the original account opening form of the NRE fixed deposit to the effect that, in the event of death of the depositor, premature withdrawal of the FD will be allowed. Also no specific mandate was obtained from the depositor during his life regarding payment of deposit before maturity. Hence the bank, by allowing premature withdrawal of FD after the death of the depositor, had violated regulatory instructions. Further, it was also observed that the bank had not issued any letter to the legal heirs of the depositor at the time of the refund of the proceeds of FD, stating that they would be foregoing the interest amount if the FD was prematurely withdrawn before one year, thereby not allowing the legal heirs to make an informed choice/decision in the matter of premature withdrawal and thus resulting in loss to the legal heir.

BO directed the bank to pay interest at savings bank rate of interest for the deposit amount from the date of deposit to the date till it was placed with the bank and also without charging any penalty for premature withdrawal.

Annex - IV

IMPORTANT DECISIONS OF APPELLATE AUTHORITY

1. The complainant had availed a home loan of small amount from the bank and the loan was partially disbursed. The complainant was repaying the EMIs fixed by the bank as per the repayment scheduled towards the full amount of loan sanctioned (though the loan was partially disbursed) regularly for some time but could not repay the same further due to certain difficulties. The bank had restructured the loan subsequently and reset the EMI with a reduction of EMI amount from a particular date. After resetting of (reduction) of EMI, the complainant had been repaying the EMIs on a regular basis. The bank after a few years from the rescheduling of the loan, classified the loan account as Non-performing Asset based on the original repayment schedule (pre-rescheduling) and assigned the account to ARCIL. The Banking Ombudsman (BO) after examination of the complaint passed an award directing the bank to refrain from taking any action under SARFAESI and to pay a compensation of ₹1.00 lakh for harassment and mental agony. The bank appealed against the decision of BO stating that the complaint was time-barred, the BO should not have entertained the complaint as the recovery action such as SARFAESI does not fall under the purview of BO Scheme, and the BO has erred in directing the bank to compensate for harassment and mental agony.

The Appellate Authority (AA) observed that notwithstanding the right of recovery available to the bank under various statutes/provisions of law, given the merits of the case, the bank's action was unfair and amounted to non-adherence to the Fair Practices Code as adopted by the bank and was against the normal banking practices. As there is no provision under BO Scheme to compensate the customer for harassment and mental agony, the AA partially allowed the appeal and modified the award directing the bank to take necessary action in the light of the above observation.

2. A firm which availed fund based working capital credit facilities in the form of Secured Overdraft (SOD) and non-fund based facilities in the form of Bank Guarantee (BG) with bank 'A' decided to shift their facilities to bank 'B' on the due date of renewal. Accordingly, it did not apply for renewal of facilities with bank 'A' and approached the bank 'B' for the same. The bank 'B' sanctioned the facilities and informed the bank 'A' in writing, well before the renewal date, about its intention of taking over the facilities and to furnish the balances for the same.

The bank 'A' perhaps with a view to retain the client failed to provide the balances to the bank 'B' on time but provided the same only after a few days of the validity period / renewal date. Immediately on receipt of the letter from bank 'A', the bank 'B' provided the balances in the SOD and provided the counter guarantee to bank 'A' for the bank guarantees provided by it for the client. For a few days the SOD and BG facilities were used by the client, the bank 'A' levied renewal processing charges/fees by debiting the SOD account well before the renewal date and also charged foreclosure charges stating that the facilities were used beyond the validity period and closed before the next validity period and the charges are levied as per the terms and conditions of the agreement. On account of these charges, two ECS payments to be made from the accounts were dishonoured.

On taking up the matter with the bank 'A' for reversal of entire charges, the client received only the reversal of renewal charges/fees debited and some concessions in the amount of foreclosure charges. Aggrieved by the bank's refusal to reverse the entire charges the complainant lodged a complaint with a Banking Ombudsman (BO). The BO dealt with the complaint and decided that the complaint was made without any sufficient cause.

On the appeal preferred by the complainant, the AA observed that the bank's action i.e. the manner in which the charges were debited for foreclosure of the working capital facilities was unfair and the amount charged was exorbitant. Though the covenants envisaged such charges, in the instant case, the AA observed that the bank 'A' had also taken time to provide confirmation about the balances to the bank 'B' and the rationale provided for such charges made by bank 'A' viz., the bank 'B' had taken time to provide counter guarantee for the non-funded facility, the customer had utilised the OD facility for six days etc., were not justifiable. The AA allowed the appeal, set aside the decision of the BO, and directed the bank to refund the amount of foreclosure charges.

3. A firm which availed credit facilities from the bank 'A' decided to shift the working capital credit facilities to bank 'B'. At the time of transferring the facilities to bank 'B' the bank 'A' levied foreclosure charges and also penalty for non-perfection of securities mortgaged/assigned to them by the client. The client took up the matter with bank 'A' stating that they have shifted the facilities to bank 'B' as the bank 'A' has neither allowed the client to secure additional facilities from bank 'B' nor facilitated the required charge to be made on the securities mortgaged for the additional facilities sanctioned by bank 'B' and hence on account of this they had decided to shift the entire facilities to bank 'B'. Further, the request for redemption of mutual funds assigned with the bank 'A' was also acted upon late, which

resulted in some losses. The charges levied should be reversed and the bank should compensate the losses made on account of late redemption of mutual funds.

The bank 'A' reversed the foreclosure charges and did not agree for the compensation for losses on account of delayed redemption of mutual funds mentioning the reasons for time taken nor agreed for reversal of penalty charged for non-perfection of securities. The BO has examined the complaint and found that the complaint was made without any sufficient cause. In the appeal preferred before the AA, the AA observed that the bank 'A's action of imposing the penalty on non-perfection of securities while closing the banking relationships, when the securities mortgaged are required to be released, was not in order. The bank 'A' may be provided an opportunity to resolve the matter to the satisfaction of the complainant, as the penalty imposed on non-perfection of securities when there was no security mortgaged to the bank 'A' on account of closure of the facilities. The bank 'A' resolved the issue in satisfaction of the complainant.

4. The complainant had availed a Housing Loan in the year 2005 from a bank for a period of 120 months with a repayment condition of 120 Equated Monthly Installments (EMI). He *inter alia* alleged that bank failed to adhere to the sanction terms, increased the rate of interest of the loan without informing him and without his consent and changed the loan from fixed rate to floating rate though the loan was sanctioned with fixed rate of interest. The bank advised him that the loan was sanctioned under floating rate of interest which was to be repaid in 150 installments. Subsequently, at the request of the complainant the repayment period was reduced to 120 months and the EMIs were increased. The bank also stated that due to revision in BPLR the interest rate was revised, which was known to the complainant from the interest certificate was provided to him every year. The bank also advised him to liquidate the loan before June 2015 by paying the outstanding in the account. The complainant approached the BO for resolution of the matter. The BO on examination closed the complaint under Clause 13(d) of BO Scheme (Complaint made without sufficient cause).

The Complainant preferred an appeal to the Appellate Authority (AA) *inter alia* stating that the word 'floating' was added in the sanction letter with ink by the bank later, which was also not countersigned by both the parties, the postdated cheques given by him for the EMIs were deposited in a single day on a few occasions, which in turn had increased the interest burden and the bank had neither increased the EMI nor informed him about the same as he had communicated to the bank at the time of sanction that he wanted only 120 months repayment terms. The AA observed that the housing loan though contracted as a floating rate loan, the repayment terms provided in the sanction letter indicated that the loan was for

a fixed period with fixed amount of monthly installments. The sanction letter was vague, ambiguous with incongruities and did not have the enabling clause where that the amount of EMIs will be increased or term will be increased in case the interest rate increases. The bank had also on some occasions during the term of the loan bunched the post dated cheques of EMIs and presented it for clearing. This resulted in increase of interest debited to your account. The AA directed the bank to refund the excess interest levied on account of delayed presentation of EMI cheques by the bank and to amicably resolve the outstanding loan amount with the borrower due to the incongruities in the sanctioned terms and conditions.

5. The complainant, an SB account holder informed the bank about some unauthorized transactions done through ATM withdrawals when he was out of station. He got his debit card blocked over phone. The disputed transactions were done at his bank's ATM and other bank's ATM. In terms of the advice provided by the bank he lodged an FIR with police. He alleged that the bank failed to refund the disputed amount, though the bank could conclude that these were fraudulent transactions.

The complainant made a complaint with the BO. The bank submitted to the BO stating that from the video clipping it can be seen that one person had withdrawn money using multiple cards. The bank could not consider the claim, as the withdrawal of money through ATM is permitted only if correct PIN is typed, the PIN might have been compromised somewhere by the complainant and therefore it is not liable to refund the money to him. The BO observed that in terms of Para 9(i) of RBI Master Circular dated July 1, 2014 on Credit Card, Debit Card and Rupee Denominated Cobranded Prepaid Card operations of banks, "the security of the debit card shall be the responsibility of the bank and the losses incurred by any party on account of breach of security or failure of the security mechanism shall be borne by the bank". Since the card credentials were admitted to have been skimmed, it was a failure of the security mechanism of the bank. The bank was therefore advised by the OBO to pay the disputed amount to the complainant.

The bank preferred an appeal before the AA against the decision of the BO. In the appeal, besides its submission to BO, the bank stated that the complainant has not used his card in any of its own ATMs in the last three months and hence the bank is not party to the skimming fraud. The AA observed that the bank has clearly established the matter as fraud, the customer had not made any such grievance in the past and the bank did not furnish adequate grounds to show either of the extreme negligence or culpability on the part of the complainant. The AA observed that the bank should have compensated the customer

immediately on recognition of the fraud based on the extant regulatory instructions in place. The AA hence did not consider the appeal preferred and upheld the decision of BO to credit the disputed amount to the complainant's account. In addition, the bank was directed to pay a sum of ₹ 5,000/- also to the complainant for the avoidable delay and harassment caused to him.

6. A complainant alleged that the staff member of a bank who had facilitated the account opening for him and his family members committed fraud by not opening one of the accounts and also had opened other accounts with less amount of cash deposit. The staff had provided the counterfoil with seal of the bank to the complainant that indicated the amount that was to be placed as deposits. However, the actual deposits were placed for the amount less than the amount indicated. He was discouraged by the bank from filing a written complaint as the staff member was involved in some other frauds and promised that the matter would be settled in due course. As the bank failed to resolve the matter complainant lodged a complaint. The bank rejected the complaint stating that the complainant did not approach the bank on time, the cash received seal is not affixed in the counterfoil, etc.

The complainant approached the BO for resolution. BO examined the reference and observed that the complainant didn't pursue his complaint with due diligence with the bank, as the matter was two years old.

The complainant in his appeal to the AA stated that the bank failed to provide resolution, it discouraged him to file a written complaint and it didn't inform him to file a police complaint. The AA on examination of the submissions made in the appeal and other facts brought out in the case observed that the fraud was committed by a staff of the bank, who had committed other similar frauds. The bank had also accepted that the same staff member was involved in such frauds and the handwriting in deposit slips, counterfoils, etc. submitted by the complainant matched with his signature. Hence, the bank should have acted timely and could have taken remedial action in the matter.

The AA also observed that there were gross deficiencies on the part of the bank in account opening, payment of cheques etc., in addition to the bank's acceptance of the fact of fraud committed by their staff. The AA allowed the appeal directing the bank to make good the loss suffered by the complainant (with applicable interest), subject to his filing of a Complaint/FIR with the Police authorities and submitting a copy of the same to the bank.

7. A complainant alleged that he withdrew only ₹ 20,000/- from an ATM kiosk which had two ATM machines. Since the first ATM in the kiosk didn't work he withdrew the money from the

second ATM. His account was debited twice and hence he lodged the complaint with the bank's helpline (call centre). As per the bank's guidance he stated that he visited the police station for lodging a complaint/FIR, but the police refused to accept the complaint. The bank did not accede to his request mentioning that the complainant was negligent and left the live session of first ATM machine without cancelling it which enabled the fraudster to withdraw the amount.

To the complaint filed with BO, the OBO examined the matter along with the CCTV footage. It was revealed from the CCTV footage that out of the two men in the Kiosk, one took the live session and withdrew the cash without inserting any other card. The BO directed the bank to settle the disputed amount as there were no security guard available in the ATM kiosk and the first ATM did not shut the live session immediately.

In the appeal preferred by the bank, the AA stated that the complainant was grossly negligent in moving to another ATM machine without cancelling the live session. The bank's security arrangements were in place as per the guidelines provided by the industry body and there was no apparent deficiency on the part of the bank. The AA allowed the appeal and set aside the award passed by the BO.

8. A complainant who was a senior citizen alleged that he tried to withdraw some amount from an ATM kiosk which has two ATM machines. Since the first ATM in the kiosk didn't work he moved to the second ATM in the kiosk. The second machine was also having some problem in dispensing the cash. At that time a young entered in the ATM and performed some transactions in the ATM and left. Sequel to this the complainant tried to withdraw cash but couldn't succeed. The next day when he tried to withdraw some amount from the ATM, he could not do so as the account showed insufficient balance. The bank examined the case and did not agree to refund the amount as the complainant was negligent in allowing the third party to operate the ATM without cancelling the live session.

The BO examined the matter along with the CCTV footage. It was revealed from the CCTV footage that a young person entered the Kiosk ATM and took the live session of the complainant and withdrew the cash. The BO directed the bank to settle the disputed amount as there were no security guard available in the ATM kiosk and the ATM did not shut the live session.

In the appeal preferred by the bank, the AA stated that the complainant was grossly negligent in allowing the live session open and providing access to another person before cancelling the live session. The bank's security arrangements were in place as per the

guidelines provided by the industry body and there was no deficiency on the part of the bank. The AA allowed the appeal and set aside the award passed by the BO.

9. A complainant alleged that he lost ₹20.00 lakh which he paid to a representative of a reputed medical college by DDs to secure admission for his ward. The DDs were encashed by the representative (fraudster) by opening accounts in a bank in the name of the medical college. He alleged that the bank had opened an account without adhering to the KYC guidelines issued by RBI, which has resulted into fraud and hence the bank was liable to refund the amount to him. The bank did not heed to his request

The complainant approached the BO for resolution. BO examined the reference in detail and observed that the bank did not exercise the minimum care while sourcing the account, it did not adhere to the KYC guidelines nor monitored the transactions in the newly opened account. The documents obtained in support of the KYC and operation of the account revealed that the bank had serious lapses. The bank failed to adhere to the BCSBI Codes and hence BO directed the bank to pay remaining amount to the complainant.

The bank preferred an appeal to the AA. Considering the complaint being a fraud committed by a person posing as a representative of the medical college (which is outside the purview of the BO Scheme) and various aspects such as misrepresentation, pending police investigations etc., the AA allowed the appeal preferred by the bank and set aside the award of the Banking Ombudsman.

Notwithstanding the above, the AA also observed that there were serious lapses on the part of the bank in adhering to the KYC guidelines at the time of opening accounts in the name of the medical institute and also lack of monitoring of the transactions in the newly opened current account. The shortcomings in the internal systems and procedures had facilitated the fraud and caused financial loss to the complainant. There were other complaints of similar nature against the bank of accounts opened in the name of the same college. He directed the bank to take necessary steps to plug loopholes in the systems, specifically the account opening and operating process to ensure that such incidents do not recur and also to furnish the course of action initiated in the matter within a month.

10. A complainant had availed housing loan from a bank. The house i.e. primary security mortgaged was required to be insured by the borrower in terms of the agreement and the bank at its discretion (though not obligatory), can also insure the property in case the borrower failed to secure insurance, by debiting the insurance premium amount to housing loan account. The property was insured for three years with one Insurance company at the

time of release of the loan. On expiry of the policy, neither the borrower renewed the policy nor did the bank take efforts to get the property insured. After a passage of few years, on account of some adverse remarks in the internal audit and inspection, the bank secured the insurance from its allied partner for a much longer period vis-a-vis the term of the loan by debiting the savings bank account of the borrower (complainant) towards the insurance premium amount.

The complainant alleged that the bank neither informed him about the lapse of the insurance policy nor advised him to renew the insurance, instead the bank secured the insurance for much longer period with an enhanced amount of premium as compared to the required amount. In the complaint before BO, he alleged that the bank had debited the savings bank account for the premium amount without his prior permission and requested the BO to order the bank to refund the amount. BO observed that the bank had acted as per terms and conditions of the loan agreement and closed the complaint under clause 13(d) of BOS, 2006.

In the appeal preferred before the Appellate Authority the complainant reiterated his submissions made before the BO. The Appellate Authority observed that the borrower was required to keep the mortgaged property insured as per the terms and conditions and the bank had the discretion to keep the property insured in case borrower fails to do so. The bank had though acted in terms of the agreement, the period of insurance was much more than the duration of loan, which resulted in increased amount of premium debited to the complainant's account. Hence, the appeal was partially allowed and a direction was given to the bank to refund the excess amount of the premium i.e. for the period exceeding the duration of the loan, along with the applicable Savings Bank rate of interest.

11. A complainant alleged that within three days, large amount was fraudulently withdrawn from his saving account through on-line withdrawals and based on his complaint only a small portion of the total amount was credited back to his account. In his complaint, the complainant sought for refund of the money withdrawn from his account citing that he had never used internet banking nor on-line transactions and no alerts on withdrawals were provided to him through SMS by the bank even though it is mandated to do so as per the RBI instructions. The information furnished by the bank indicated that there were about 52 online transactions undertaken through Mobiwik, PayTM and others for recharge of mobiles and purchase of various services. Such transactions would be possible only through 3D secure password which is known only to the complainant and the 3D secure password was also created when the disputed transactions were made.

The bank contended that it had not sent any SMS alerts for the transactions, as it was not required when there was an additional factor authentication of 3D secure password. The complainant would have compromised the security credentials such as card details, passwords etc. Though the bank initially agreed for a settlement in the conciliation meeting arranged by the BO between the complainant and the bank, it later retracted due to disapproval of the same by their Head Office. The BO passed the Award directing the bank to credit the disputed amount. The bank preferred an appeal before the Appellate Authority reiterating the same contentions.

The Appellate Authority observed that:-

- The bank did not adhere to the regulatory instructions issued by RBI
- The bank had failed to send SMS alerts to the complainant for the 52 online transactions.
- The bank could not provide any appropriate evidence to validate that the complainant had compromised his account/ password particulars.
- The bank had gone back on a settlement arrived at in the presence of the BO.
- The complainant, a senior citizen, was put to severe avoidable inconvenience which led him to endure the loss of funds for more than a year.

Hence, the Appellate Authority rejected the bank's appeal and upheld the decision of BO with minor modifications directing the bank to refund the disputed amount (net) with applicable interest to the complainant along with a sum of ₹ 5000/- for the inconvenience caused to the complainant by the bank.

12. The parents, the co-applicants of the deceased borrower, in their complaint to BO stated that the bank had offered a home loan with an option of loan 'without life insurance' cover and 'with life insurance' cover. The borrower had opted for 'with life insurance' cover and the bank had accordingly sanctioned the loan. Subsequent to the sanction and before the disbursement of the loan, the borrower has requested for reduction of loan amount. As requested by the borrower, the loan amount was reduced and it was disbursed. The bank did not ensure the insurance cover for borrower and failed to settle the matter after the demise of the borrower stating that the bank did not receive the proposal form for insurance from the borrower and the whole amount was disbursed to the builder at the request of the borrower. Hence, there was no deficiency on its part and attributed the deficiency to the negligence and lack of diligence on the part of the borrower.

BO, on examination of the matter observed that the bank did not receive any request from the borrower for funding of the life insurance policy nor did he make any payment to the

insurance company towards the premium and closed the complaint under clause 13(d) of BOS 2006.

Complainants, who were the co-applicants to the loan, preferred an appeal before the Appellate Authority stating that the bank had failed to provide insurance cover in terms of the loan sanction letter and the insurance was supposedly provided to cover the home loan dues in case of death of the borrower. The bank also refused to accept their responsibility and declined to close the loan account.

The Appellate Authority on examination of all the available facts, correspondence, records and the clarifications provided by the bank, observed that the borrower had availed the loan with insurance cover. The bank was required to pay the premium as per the arrangement envisaged. The borrower had filled up the Health Declaration Form of the insurance company, duly signed it and the applicable premium based on his age was also close to the amount of loan mentioned in the sanction letter as loan amount with insurance policy. The bank did not have any documents to evidence the fact that it had fulfilled its responsibility nor has any proper arrangement to spell out the duties and responsibilities of both the bank and the borrower. No correspondence was made with the borrower advising him to submit the insurance proposal. It was thus clearly evident that the bank had failed in its responsibility to secure the insurance cover as per the sanction arrangement.

The Appellate Authority hence allowed the appeal, set aside the BO's decision and directed the bank to reconsider the case as if the life insurance policy was in place and settle the matter if other aspects (EMIs, documents) were in order.

13. The complainant deposited a cheque, he had received in his favour to the bank for affording credit to his account. The credit to be afforded was in the form of an account transfer, as the cheque was drawn on his home branch. The bank reportedly due to CBS-link failure could not provide credit to his account on the day. He stated in his complaint that the proceeds of cheque deposited were transferred to his account with a gap of one day, which resulted in rejection of a clearing cheque and the reason being insufficient funds. The bank had not only failed to provide credit for the cheque presented but returned the cheque and also debited cheque return charges. BO has examined the matter and observed that the bank had clarified the matter and the customer was required to maintain sufficient balance in his account. BO closed the complaint under clause 13(d) of BOS, 2006 (complaint made without any sufficient cause).

On the appeal preferred to the Appellate Authority, the Appellate Authority observed that:-

- The bank had accepted the account transfer cheque but did not afford credit to the customer account on time. If the CBS link was not working on the particular day, bank either should have returned the cheque or should have made some alternate arrangements. The bank failed to take appropriate action on time.
- The bank's contention of the aspect that the complainant didn't file a complaint to the bank before approaching the Banking Ombudsman does not hold good as the complainant had filed a complaint to the bank
- The bank could have settled the matter with appropriate resolution in view of the fact that the customer didn't raise any such complaints earlier and there was an apparent deficiency in the service on the part of the bank.

The Appellate Authority allowed the appeal and directed the bank to refund the cheque return charges debited to the customer's account and also to pay an amount ₹ 1000/- for avoidable inconvenience caused to the complainant.

14. The complainant had availed the smart travel prepaid card facility of US Dollar for his overseas travel to USA. The card was not working and hence he could not do any transactions during his overseas visit. He contacted the bank's office in New York, USA in this regard but could not get any assistance. When he contacted the bank in India over phone for assistance, he came to know that the travel card scheme has already been discontinued and a letter of intimation on the same was sent by post to him to his residence in India advising to use the balance before a stipulated time.

On his arrival to India, the complainant surrendered the card and made a request to the bank seeking suitable compensation for the inconvenience caused to him and expenses incurred by him on account of this. The bank had reviewed the matter and credited the card balance amount along with interest and difference in the exchange rate. The complaint submitted to BO was closed under clause 13(d) of BOS, 2006 (without any sufficient cause), as the BO observed that bank had refunded the balance amount of the card along with interest and the difference in exchange rate.

The complainant preferred an appeal for adequate compensation for the loss. When the matter was taken up with the bank seeking their comments with regard to the efforts made by the bank to communicate the withdrawal of the pre-paid card facility, reasons for not providing compensation when there were attributable lapses on the part of bank, etc., the bank in the interregnum had provided the compensation of ₹ 10,000/- as sought by the

complainant and resolved the matter to the satisfaction of the complainant. The Appellate Authority observed that the bank should have resolved the matter at the initial stage.

15. A non-CTS cheque deposited by the complainant for clearing in his bank on a Saturday was not presented for clearing by the bank on the subsequent Monday, which was the day of clearing for non-CTS cheques. The cheque was collected only after 10 days. As a result of the delayed clearing, a few cheques issued by the complainant towards payment of utility bills around four days subsequent to the date of deposit of the non-CTS cheques were returned by the bank with the reason "insufficient funds". The bank had also charged cheque return charges. The complainant's request for refund of cheque return charges was rejected by the bank.

The complaint lodged by the complainant to the Banking Ombudsman was dealt with and closed under clause 13(d) of BOS, 2006 (without sufficient clause) based on the reasons provided by the bank such as i) the complainant deposited the cheque in the branch after the cheques were sent to their clearing hub on Saturday, ii) the said cheque was sent to their service branch on Monday, and iii) the service branch did not send the cheque for clearing on Monday as they received the cheque from the branch after the cheques were already sent for clearing to RBI. The service branch had immediately sent the cheque to RBI for clearing on next Tuesday (the Monday was a public holiday) and the cheque was credited to complainant's account on Wednesday. Hence, there was no inordinate delay on the part of the bank in clearing the non-CTS cheque.

In the appeal preferred by the complainant, he sought for the reversal of cheque return charges stating that the bank failed to adhere to the RBI's instructions on clearing of non-CTS cheques and only on account of the bank's delay, his other cheques were returned. The Appellate Authority observed that the bank had delayed the presentation of the cheque for clearing even though the customer had deposited the cheque well in advance. The bank also had failed to present the cheque on the subsequent week without adhering to the extant regulatory guidelines issued by RBI, which *inter alia* states that in case of a public holiday, the presentation of cheque should be done on the previous working day. As the bank had neither adhered to the regulatory guidelines on non-CTS cheques clearing nor resolved the genuine grievance when brought to its notice, the Appellate Authority allowed the appeal and directed the bank to refund the cheque return charges and also pay a compensation of ₹ 500/- to the complainant towards the inconvenience caused to him on account of the lapses on the part of the bank.

DISCLAIMER

The Reserve Bank of India does not vouch the correctness, propriety or legality of orders and awards passed by Banking Ombudsmen. The object of placing this compendium is merely for the purpose of dissemination of information on the working of the Banking Ombudsman Scheme and the same shall not be treated as an authoritative report on the orders and awards passed by Banking Ombudsmen and the Reserve Bank of India shall not be responsible or liable to any person for any error in its preparation.

ANNEX V - STATEMENT OF COMPLAINTS RECEIVED BY THE OFFICES OF THE BANKING OMBUDSMAN (2015-16)

BANK NAME	TOTAL NUMBER OF COMPLAINTS RECEIVED	COMPLAINTS PER 1000 ACCTS		COMPLAINTS PER BR.ANCH	COMPLAINTS-CATEGORYWISE											
		OTHER THAN CREDIT / DEBIT CARD	CREDIT / DEBIT CARD		DEPOSIT ACCOUNT	REMITTANCE	LOANS & ADVANCES	ATM/ DEBIT / CREDIT CARDS	LEVY OF CHARGES WITHOUT PRIOR NOTICE	PENSION	FAILURE ON COMMITMENTS MADE, BCSBI CODE	NON OBSERVANCE OF FAIR PRACTICES CODE	NOTES AND COINS	NON-ADHERENCE TO INSTRUCTIONS ON DSA & RECOVERY AGENTS	OUT OF SUBJECT	OTHERS
SCHEDULED COMMERCIAL BANKS	95376	0.05	0.03	0.82	4751	2423	5061	21518	5553	6297	10558	22309	58	344	1714	14790
PUBLIC SECTOR BANKS	65032	0.04	0.02	0.70	3222	1756	3540	12758	2955	6273	7683	16275	46	75	1412	9037
STATE BANK GROUP																
STATE BANK OF INDIA	25611	0.06	0.03	1.47	1172	628	1142	5839	1212	3178	2924	5971	12	42	494	2997
STATE BANK OF BIKANER AND JAIPUR	1267	0.06	0.02	0.88	85	21	42	194	81	211	322	63	0	0	5	243
STATE BANK OF HYDERABAD	777	0.03	0.01	0.4	31	38	39	169	26	50	72	167	2	0	44	139
STATE BANK OF MYSORE	351	0.03	0.01	0.32	19	15	28	46	18	26	55	61	2	1	8	72
STATE BANK OF PATIALA	760	0.05	0.02	0.54	41	14	26	150	15	92	23	248	2	1	6	142
STATE BANK OF TRAVANCORE	819	0.04	0.01	0.68	23	41	57	143	52	62	38	365	1	1	8	28
TOTAL (STATE BANK GROUP)	29585	0.06	0.03	1.20	1371	757	1334	6541	1404	3619	3434	6875	19	45	565	3621
NATIONALISED BANKS																
ALLAHABAD BANK	1218	0.03	0.01	0.36	49	34	65	120	57	115	165	431	0	2	36	144
ANDHRA BANK	1051	0.02	0.01	0.36	59	26	65	254	34	55	126	161	0	0	102	169
BANK OF BARODA	3916	0.05	0.02	0.71	271	121	167	719	165	180	435	1185	4	3	80	586
BANK OF INDIA	3210	0.04	0.02	0.62	162	104	158	594	113	338	421	759	5	3	124	429
BANK OF MAHARASHTRA	652	0.02	0.01	0.33	15	9	21	85	24	31	192	195	0	0	8	72
CANARA BANK	3838	0.04	0.02	0.65	195	124	258	588	158	310	417	1063	1	0	55	669
CENTRAL BANK OF INDIA	2295	0.04	0.02	0.47	108	50	151	342	88	216	315	632	1	5	66	321
CORPORATION BANK	804	0.02	0.02	0.32	38	12	58	211	50	5	87	184	1	1	3	154

Banking Ombudsman Scheme 2006 - Annual Report 2015-16

DENA BANK	784	0.03	0.01	0.43	37	10	38	74	54	70	91	289	0	0	20	101
INDIAN BANK	1369	0.03	0.01	0.52	153	42	304	200	26	82	120	290	2	1	14	135
INDIAN OVERSEAS BANK	2376	0.06	0.03	0.67	133	104	238	435	100	91	356	593	4	1	29	292
ORIENTAL BANK OF COMMERCE	1080	0.03	0.03	0.44	49	34	49	292	25	31	89	261	2	0	11	237
PUNJAB AND SIND BANK	554	0.06	0.03	0.37	24	11	24	64	9	33	35	206	0	0	23	125
PUNJAB NATIONAL BANK	4735	0.04	0.02	0.69	170	97	187	1138	129	576	417	1070	3	3	113	832
SYNDICATE BANK	1225	0.03	0.01	0.31	74	29	93	129	44	142	112	332	0	1	26	243
UCO BANK	1406	0.05	0.02	0.45	74	62	80	148	76	148	230	367	0	5	28	188
UNION BANK OF INDIA	2249	0.04	0.02	0.52	97	48	121	363	101	139	273	740	1	1	57	308
UNITED BANK OF INDIA	733	0.02	0.01	0.36	38	29	39	104	78	69	142	139	1	2	28	64
VIJAYA BANK	489	0.03	0.01	0.25	22	15	42	58	27	23	96	113	0	0	5	88
TOTAL (NATIONALISED BANKS)	33984	0.04	0.02	0.51	1768	961	2158	5918	1358	2654	4119	9010	25	28	828	5157
OTHER PUBLIC SECTOR BANKS																
BHARTIYA MAHILA BANK	10	-	0.00	0.10	0	0	5	1	2	0	1	0	0	0	0	1
IDBI BANK LIMITED	1453	0.09	0.03	0.71	83	38	43	298	191	0	129	390	2	2	19	258
TOTAL (OTHER PUBLIC SECTOR BANKS)	1463	0.09	0.03	0.68	83	38	48	299	193	0	130	390	2	2	19	259
OLD PRIVATE SECTOR BANK																
CATHOLIC SYRIAN BANK LTD	80	0.04	0.00	0.18	10	3	9	4	12	0	3	28	0	0	0	11
CITY UNION BANK LIMITED	124	0.03	0.01	0.23	17	2	13	13	13	0	16	33	0	0	2	15
FEDERAL BANK LTD	387	0.04	0.02	0.30	13	12	29	77	29	0	31	147	0	0	4	45

Banking Ombudsman Scheme 2006 - Annual Report 2015-16

JAMMU&KASHMIR BANK LTD	168	0.01	0.01	0.19	14	2	10	35	3	1	2	14	0	0	2	85
KARNATAKA BANK LTD	140	0.01	0.01	0.19	12	6	13	17	3	0	18	21	1	0	4	45
KARUR VYSYA BANK LTD	242	0.03	0.01	0.34	14	12	16	43	21	0	22	73	0	0	11	30
LAKSHMI VILAS BANK LTD	166	0.06	0.02	0.34	29	1	21	16	9	1	11	49	0	0	0	29
NAINITAL BANK LTD	45	0.05	0.00	0.35	3	0	1	4	1	0	2	13	0	0	2	19
RATNAKAR BANK LTD	224	0.08	0.18	1.08	16	1	7	117	7	0	5	13	0	1	0	57
SOUTH INDIAN BANK LTD	195	0.02	0.01	0.23	19	12	19	33	15	0	11	51	0	0	1	34
TAMILNAD MERCANTILE BANK LTD	122	0.03	0.01	0.24	14	9	17	9	10	0	9	37	0	0	1	16
THE DHANALAKSHMI BANK LTD	71	0.02	0.00	0.24	11	3	5	3	11	0	0	26	0	0	1	11
TOTAL (OLD PRIVATE SECTOR BANKS)	1964	0.03	0.02	0.28	172	63	160	371	134	2	130	505	1	1	28	397
NEW PRIVATE SECTOR BANKS																
AXIS BANK LIMITED	4966	0.13	0.08	1.66	227	160	233	1453	497	6	523	903	2	24	60	878
BANDHAN BANK	26	-	0.00	0.04	1	1	0	7	1	0	8	4	1	0	1	2
DEVELOPMENT CREDIT BANK LTD.	263	0.29	0.08	1.15	12	7	40	27	19	0	22	57	0	0	3	76
HDFC BANK LTD.	7709	0.13	0.08	1.68	322	115	341	2414	715	4	743	1487	1	107	89	1371
ICICI BANK LIMITED	7897	0.11	0.06	1.77	438	186	390	2144	620	4	784	1567	5	54	72	1633
IDFC BANK	2	-	0.00	0.03	0	0	0	0	0	0	0	0	0	0	0	2
INDUSIND BANK LTD	1214	0.16	0.08	1.18	65	27	72	258	127	0	136	292	0	12	13	212
KOTAK MAHINDRA	2394	2.49	0.10	1.69	125	47	145	476	264	0	201	606	2	35	14	479

Banking Ombudsman Scheme 2006 - Annual Report 2015-16

BANK LTD.																
YES BANK LTD.	496	0.23	0.12	0.58	45	19	5	146	29	0	32	95	0	0	1	124
TOTAL (NEW PRIVATE SECTOR BANKS)	24967	0.14	0.07	1.53	1235	562	1226	6925	2272	14	2449	5011	11	232	253	4777
FOREIGN BANKS																
AB Bank Ltd.	1	2.04	0.00	1.00	0	0	0	0	0	0	0	1	0	0	0	0
Abu Dhabi Commercial Bank	2	0.20	0.00	1.00	0	0	0	0	0	0	2	0	0	0	0	0
American Express Banking Corp.	156	0.07	0.11	78.00	4	2	1	99	4	2	7	17	0	0	0	20
Antwerp Diamond Bank NV	2	8.20	0.00	0.00	0	0	0	1	0	0	0	1	0	0	0	0
Australia and New Zealand Banking Group Ltd.	2	3.80	0.00	1.00	0	0	0	0	1	0	1	0	0	0	0	0
BNP Paribas	3	0.57	0.00	0.33	1	0	0	0	1	0	0	1	0	0	0	0
Bank International Indonesia	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Bank of America National Asson.	4	0.34	0.00	0.00	0	0	0	0	0	0	0	1	0	0	0	3
Bank of Bahrain & Kuwait B.S.C.	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Bank of Ceylon	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Bank of Nova Scotia	2	0.28	0.00	0.67	1	0	0	0	0	0	1	0	0	0	0	0
Barclays Bank PLC	95	5.50	11.89	10.56	0	0	9	41	2	0	8	18	0	3	1	13
Calyon Bank	2	-	0.00	0.00	0	0	0	1	0	0	0	0	0	0	0	1
ChinatrustCom.Bank	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Citibank N.A.	890	0.11	0.1	16.79	38	16	35	412	43	0	72	117	0	0	3	154
Commonwealth Bank of Australia	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Credit Agricole Corpn.& Investmnt	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Credit Suisse AG	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0

Banking Ombudsman Scheme 2006 - Annual Report 2015-16

DBS Bank Ltd.	13	0.53	0.00	1.08	1	0	0	0	4	0	3	3	0	0	0	2
Deutsche Bank	90	0.50	0.07	5.00	5	2	8	7	12	0	15	13	0	0	0	28
First Rand Bank	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
HSBC Ltd.	403	0.17	0.14	8.06	24	9	22	131	12	0	37	91	0	3	5	69
Industrial and Commercial Bank of China	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
JPMorgan Chase Bank National Association	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
JSC VTB Bank	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Krung Thai Bank Public Co. Ltd.	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Mashreqbank PSC	2	7.19	0.00	2.00	0	0	0	0	1	0	0	0	0	1	0	0
Mizuho Corporate Bank Ltd.	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
National Australia Bank	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Rabobank International	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Sber Bank	1	6.67	0.00	1.00	0	1	0	0	0	0	0	0	0	0	0	0
Shinhan Bank	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Societe Generale	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Sonali Bank	2	0.34	0.00	1.00	0	0	0	1	0	0	0	0	0	0	0	1
Standard Chartered Bank	1558	0.59	0.4	15.43	42	11	57	702	103	5	135	219	0	28	10	246
State Bank of Mauritius Ltd.	2	0.82	0.00	0.50	0	0	0	0	0	0	1	1	0	0	0	0
Sumitomo Mitsui Banking Corp.	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
The Bank of Tokyo-Mitsubishi UFJ Ltd.	2	0.33	0.00	0.40	0	0	0	0	0	0	0	0	0	0	0	2
The Royal Bank of Scotland N V	181	0.62	0.67	18.1	6	1	3	69	9	1	14	35	0	1	2	40
UBS AG	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0

Banking Ombudsman Scheme 2006 - Annual Report 2015-16

United Overseas Bank Ltd.	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
WestPac Banking Corporation	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Woori Bank	0	-	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL (FOREIGN BANKS)	3413	0.22	0.18	10.18	122	42	135	1464	192	8	296	518	0	36	21	579
Primary Urban Co-operative Banks	474	-	-	-	86	3	47	39	18	0	13	82	0	2	3	181
RRBs	1819	-	-	-	84	32	165	108	61	7	336	656	2	2	100	266
OTHERS	5225	-	-	-	126	35	126	157	73	39	281	694	3	9	1934	1748
TOTAL	102894	-	-	-	5046	2494	5399	21821	5705	6342	11188	23740	63	357	3751	16988

Abbreviations

AA	- Appellate Authority	MSME	- Micro Small and Medium Enterprises
ARC	- Asset Reconstruction Company	NEFT	- National Electronic Fund Transfer
ATM	- Automated Teller Machine	NPA	- Non Performing Asset
BCSBI	- Banking Codes and Standards Board of India	NPCI	- National Payment Corporation of India
BPLR	- Benchmark Prime Lending Rate	OBO	- Office of the Banking Ombudsman
BO	- Banking Ombudsman	OD	- Overdraft
BOS	- Banking Ombudsman Scheme	PAN	- Permanent Account Number
CCTV	- Closed Circuit Television	PDC	- Post Dated Cheque
CEPD	- Consumer Education and Protection Department	PPO	- Pension Payment Order
CIBIL	- Credit Information Bureau of India Limited	POS	- Point of Sale
DSA	- Direct Sales Agent	PSU	- Public Sector Undertaking
ECS	- Electronic Clearing Service	RBI	- Reserve Bank of India
EDC	- Electronic Data Capture	RTI	- Right to Information
EMI	- Equated Monthly Installments	SB	- Savings Bank
FD	- Fixed Deposit	SB-NRO	- Savings Bank – Non Resident Ordinary
FDR	- Fixed Deposit Receipt	SBI	- State Bank of India
FIR	- First Information Report	SMS	- Short Message Service
IBA	- Indian Banks Association	SWIFT	- Society for Worldwide Interbank Financial Telecommunication
KYC	- Know Your Customer	TDS	- Tax Deducted at Source