

August 28, 2008

To
The Chief Executive Officers
All Primary (Urban) Co-operative Banks

Dear Sir / Madam,

Grievance Redressal Mechanism in banks

Please refer to our circular UBD. BPD. (PCB) No. 31/12.05.001/2006-07 dated March 9, 2007 advising urban co-operative banks to implement the recommendations of the Working Group that had been set up to formulate a scheme for ensuring reasonableness of bank charges.

One of the recommendations of the Working Group was that banks should have a robust grievance redressal structure and processes to ensure prompt in-house redressal of all their customer complaints. Urban Co-operative Banks are once again advised to ensure that a suitable mechanism exists for receiving and addressing complaints received from their customers with specific emphasis on resolving such complaints fairly and expeditiously regardless of the source of the complaints.

2. Banks are advised to:

- (i) Ensure that the complaint registers are kept at prominent place in their branches which would make it possible for the customers to enter their complaints.
- (ii) Have a system of acknowledging the complaints, where the complaints are received through letters / forms.
- (iii) Fix a time frame for resolving the complaints received at different levels.
- (iv) Prominently display at the branches, the names of the officials who can be contacted for redressal of complaints, together with their direct telephone number, fax number, complete address (not Post Box No.) and e-mail address etc. for proper and timely contact by the customers and for enhancing the effectiveness of the redressal machinery.

3. In the case of *scheduled* urban co-operative banks, where the complaints are not redressed within one month, the concerned branch / Head office of the bank should forward a copy of the same to the Nodal Officer concerned under the Banking Ombudsman scheme and keep him updated about the status of the complaint. This would enable the Nodal Officer to deal with any reference received from the Banking Ombudsman regarding the complaint more effectively. Further, it is also necessary that the customer is made aware of his rights to approach the Banking Ombudsman concerned in case he is not satisfied with the bank's response. As such, in the final

letter sent to the customer regarding redressal of the complaint, banks should indicate that the complainant can also approach the concerned Banking Ombudsman. The details of the concerned Banking Ombudsman should also be included in the letter.

4. Urban Co-operative Banks are also advised to give wide publicity to the establishment of the grievance redressal mechanism in their head office and all their branches and bring it to the notice of their customers.

Yours faithfully

(A. K. Khound)
Chief General Manager-in-Charge