

The Banking Ombudsman Scheme, 2002

After review of the Banking Ombudsman Scheme, 1995 the Reserve Bank of India has now decided to introduce the Banking Ombudsman Scheme, 2002 with wider coverage and enlarged authority/functions to the Ombudsman. The new scheme will come into effect from today i.e. June 14, 2002.

The Banking Ombudsman Scheme, 1995 was formulated by the Reserve Bank of India to provide an expeditious redressal grievance mechanism to bank customers. The Banking Ombudsman Scheme which became operational in June 1995, provided an institutional and legal framework to bank customers to resolve all their complaints relating to provision of banking services and other specified matters. The Banking Ombudsman attempted to resolve the customer complaints by settlement through agreement, recommendation for settlement and/or by passing an Award. The scheme covered all commercial banks and scheduled primary co-operative banks.

At present, 15 Offices of Banking Ombudsman cover the entire country. The need to revise and widen the extent and scope of the authority and functions of the Banking Ombudsman was under the consideration of the Reserve Bank. The new Banking Ombudsman Scheme, 2002 will cover all the regional rural banks in addition to all commercial banks and scheduled primary co-operative banks.

The Banking Ombudsman Scheme, 2002 additionally provides for the institution of a "Reviewing Authority" to review the Ombudsman's Award. A bank against whom an Award has been passed, may with the approval of the chief executive, file an application to the Deputy Governor-in-charge of Rural Planning and Credit Department (RPCD) of the Reserve Bank of India to seek a review of the Award. The bank can request for such a review only when the Award appears to be patently in conflict with the bank's instructions and/or the law and practice relating to banking.

The scheme has been revised to enable the Banking Ombudsman to function as an Arbitrator on references to him of disputes either between banks and their customers or between two banks. The value of the subject matter of individual disputes under arbitration will not exceed Rs.10 lakhs.

The adjudication of pending complaints and execution of the awards already passed before coming into being of the Banking Ombudsman Scheme, 2002 will continue to be governed by the provisions of the Banking Ombudsman Scheme, 1995.

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