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Reserve Bank proposes changes in Banking Ombudsman Scheme to include customer complaints relating to credit cards

The Reserve Bank has today released a draft Banking Ombudsman Scheme 2002 (as amended upto June 2005) for public comments. The Reserve Bank has proposed to amend the Banking Ombudsman Scheme to widen its scope to reflect the present needs of the bank customers. With this in view, it has proposed to cover under the Banking Ombudsman Scheme the customer complaints relating to banks' credit card operations even when they are offered by their subsidiaries.

The proposed amendments also envisage appointment of nodal officers at regional/zonal offices of the banks for coordination between the bank and the Banking Ombudsman

The amendments to the Banking Ombudsman Scheme propose to include in the purview of the Banking Ombudsman Scheme, customer complaints, such as, delays in rendering customer service in payment or non-payment of inward remittances/execution of request for remittances, delays in issuing of demand drafts/pay orders/banker's cheques, delays in providing the facility promised in writing including those promised by direct selling agents, excluding the same related to loans and advances, levying charges without prior notice to the customer, disputes relating to levy of service charges and interest on dues and overdues in the operation of credit/debit cards, disputes relating to operations of ATM and ATM cards.

The amendments also propose to include other services rendered by banks, such as, non-acceptance of coins done without sufficient cause, delays arising at bank level in non-disbursement of pension, refusal or delay in accepting tax payments redemption of government bonds, forced closure of deposit account without due notice and sufficient reason and even non-adherence to the fair practice code as adopted by individual banks. The proposed amendments also provide for the customer to make a complaint in any other form than the one prescribed under the scheme. The earlier scheme required the customer to make a complaint in the prescribed format only.

The Reserve Bank had, in 2002, formulated the Banking Ombudsman Scheme to provide easy and inexpensive way for resolving disputes between the bank and its customer.

The amendments proposed will enable the Banking Ombudsman to deal with any complaint that the bank customer may have with regard to deficiency in banks

services, excepting those relating to provision of loan or credit by the banks wherein the commercial judgement of the banks is involved.

The Banking Ombudsman is a quasi judiciary authority with powers to resolve disputes between the bank and its customers through the process of conciliation or mediation or by issuance of an award as well as to resolve disputes between two banks by arbitration. The Banking Ombudsmen are appointed by the Reserve Bank of India. There are 15 Banking Ombudsman Offices covering the entire country and once the Banking Ombudsman gives the award and the complainant within a period of 15 days accepts the award in full and final settlement of his claim, the award will be binding on the bank against which it is issued unless it prefers to file for review of the award to the Review Authority resting with the Reserve Bank.

In the cases where the bank does not file for such review, the bank has to accept the award and intimate the compliance to the Banking Ombudsman within one month. In the event of the bank failing to implement the Award within the prescribed time limit, the complainant may also, if he so desires, approach the Review Authority with a prayer to pass an appropriate direction to the bank for immediate compliance of the Award.

In cases where the bank files a review application against the award and the Review Authority, however, upholds the award, the bank shall implement the same within a period of one month. On failure on the part of the bank to do so, the Reserve Bank may consider suitable steps to implement the decision of the Review Authority.

The draft Banking Ombudsman Scheme is available on the Reserve Bank of India's website (www.rbi.org.in). Views on the amendments, which have been given in bold, may please be sent to cgmincrpdc@rbi.org.in or gsrinivasan@rbi.org.in or may be faxed to 022-22658276/022-22658273 by July 16,2005.

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