



**भारतीय रिज़र्व बैंक**  
RESERVE BANK OF INDIA

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## **Annual Report of Banking Ombudsman Scheme 2009-10 Highlights Effective Redressal of Customer Grievances**

The Reserve Bank of India, today, released the [Annual Report of the Banking Ombudsman Scheme for the year 2009-2010](#). The Banking Ombudsman Scheme was established by the Reserve Bank in 1995 to provide speedy solutions to the grievances faced by bank customers.

The *Report* indicates an increase in customers' awareness of the Scheme resulting in an increase in the absolute number of complaints received in BO Offices. What more, the number of complaints from rural areas also increased. In addition, the increase in the number of online complaints, coupled with the increase in ATM/credit card related complaints during 2009-10 were indicative of the increasing use of technology by customers for availing banking services as also for seeking redressal of their grievances. Banking Ombudsman offices effectively addressed 94 per cent of the total complaints received (compared to 87 per cent in the previous year). Further, based on the feedback received from banking ombudsmen, the Reserve Bank took many proactive customer-centric initiatives during the year.

### **Highlights of the Report**

#### *Number of Complaints*

- During 2009-10, the Banking Ombudsmen (BO) received 79, 266 complaints, recording an increase of 15 per cent from 69,117 complaints received in 2008-09. The rate of increase, however, dropped significantly – from 44 per cent in 2008-2009 to 15 per cent in 2009-2010. The number of complaints increased mainly due to awareness campaigns carried out by the Banking Ombudsmen (BOs) and various proactive measures taken by the Reserve Bank.
- BO offices at Chennai accounted for maximum receipt of complaints (16.10 per cent), followed by New Delhi at 15.20 per cent, Mumbai at 13.7 per cent and Kanpur 9.9 per cent.
- The average number of complaints received per BO office increased to 5,284 during 2009-2010 as against 4,608 complaints received during 2008-09. Chennai BO office alone received as many as 12,727 complaints, followed by BO, New Delhi (12,045), Mumbai (10,058) and Kanpur (7,832).
- The number of complaints from rural and metropolitan areas increased during the year 2009-10. Complaints received from metropolitan areas constituted 34 per cent of total complaints, followed by rural areas at 32 per cent, urban areas at 20 per cent and semi urban areas at 14 per cent. This was mainly due to the awareness efforts undertaken by the Banking Ombudsmen as well as the Reserve Bank through personal/ village visits, media campaign, etc.

### *Nature of Complaints*

- *Credit cards* related complaints at 24 per cent of the total complaints formed a significant proportion followed by complaints relating to 'Failure to meet commitments made' (non adherence to fair practices code as adopted by banks) at 15 per cent. Complaints related to *loans and advances* at 8 per cent, *remittance* related complaints (7 per cent), *deposits* related complaints (5 per cent), *pension* related complaints (6 per cent).

### *Disposal*

- During 2009-10, Banking Ombudsmen disposed off 94 per cent of the total complaints received (87 per cent in the previous year). Out of 5363 complaints pending as on June 30, 2010, only five per cent (242) complaints were pending for more than three months as against seven per cent in the previous year.
- While the cost of running the Scheme through 15 offices of BO in the country at Rs.19.74 crore recorded an increase of 29 per cent over the previous year, the average cost per complaint remained at Rs. 2368 - the same level as that of the last year. This was due to increase in the number of complaints received/dealt with.

### **Two-way Process**

Using the feedback received from BOs, the Reserve Bank took many proactive customer-centric initiatives. Some illustrations:

- Agency banks were directed to pay compensation at Bank rate + 2 per cent penalty for delay in payment of pension dues.
- Banks were advised to pay compensation of Rs. 100 per day to the complainants for delay in resolving complaints in respect of failed ATM transactions.
- Banks were advised to display their contact details, such as, telephone numbers of help desk/contact person for lodging of ATM related complaints at all ATM locations.
- Effective April 1, 2010, payment of interest on savings bank deposits was made to be paid on a daily product basis.
- Banks were advised to issue no-due certificates in all cases resolved through Banking Ombudsmen's intervention within a week of reaching such settlement and also suitably modify records of Credit Information Bureau of India Limited (CIBIL).
- Banks were advised to issue loan statements to borrowers every year.
- The Reserve Bank issued a comprehensive master circular on customer service on July 1, 2010.
- Booklets on FAQs on Housing Loan and Cheque Collection Policy were published.
- Banks were advised to review their customer service / customer care aspects and submit a detailed memorandum to their Board of Directors, once every six months and initiate prompt corrective action wherever service quality / skill gaps were noticed.

**Background**

The Reserve Bank introduced the Banking Ombudsman Scheme (BOS) in India on June 14, 1995 to provide an expeditious and inexpensive forum to bank customers for resolution of their complaints relating to deficiency in banking services provided by commercial banks, regional rural banks and scheduled primary co-operative banks. There are 15 offices of Banking Ombudsman (OBOs), spread across the country. The feedback gathered in the course of administering the BOS has been used by RBI to modify the Scheme in 2002, 2006, 2007 and 2009, to include, among other things, customer complaints on new areas such as credit card complaints, internet banking, deficiencies in providing the promised services by both bank and its sales agents (DSAs), levying service charges without prior notice to the customers, non-adherence to the Fair Practices Code adopted by individual banks, etc. From a total of 11, when the BO Scheme was started in 1995, today, the BO Scheme provides for 27 grounds of complaints / deficiencies in bank services. RBI operates the BOS, free of cost, so as to make it accessible to all. In order to increase its effectiveness and utility, BOS is today fully staffed and funded by RBI.

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