



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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March 20, 2023

## RBI imposes monetary penalty on RBL Bank Limited

The Reserve Bank of India (RBI) has, by an order dated March 06, 2023 imposed a monetary penalty of ₹2,27,25,000.00 (Rupees Two crore twenty-seven lakh twenty-five thousand only) on RBL Bank Limited (the bank) for non-compliance with certain provisions of the directions issued by RBI on 'Internal Ombudsman Scheme, 2018', 'Fair Practices Code for Lenders', 'Credit Card Operations of Banks', 'Managing Risks and Code of Conduct in Outsourcing of Financial Services by banks' and 'Recovery Agents engaged by Banks'. This penalty has been imposed in exercise of powers vested in RBI under the provisions of section 47 A (1) (c) read with sections 46 (4) (i) of the Banking Regulation Act, 1949 (the Act).

This action is based on the deficiencies in regulatory compliance observed relating to the period FY 2018-19 to FY 2021-22 and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers.

### Background

An examination of a report based on certain complaints pertaining to the period FY 2020-21 and FY 2021-22, received against the recovery agents engaged by the bank and all related correspondences pertaining to the same revealed, *inter alia*, that the bank failed to (i) communicate the decision of its Internal Ombudsman (IO) properly, in certain cases (FY 2020-21), (ii) ensure that the recovery agents engaged by it as a part of its debt collection effort did not resort to intimidation or harassment of any kind (FY 2020-21 and FY 2021-22), (iii) ensure that recovery agents engaged by the bank either directly or through recovery agencies had completed training course for Direct Recovery Agents and obtained a certificate from Indian Institute of Banking & Finance (IIBF), before being onboarded (FY 2018-19 to FY 2021-22) (iv) ensure that pre-employment police verification was carried out for recovery agents engaged by it (FY 2018-19 to FY 2021-22) and (v) inform borrowers the details of the recovery agency, at the time of forwarding their cases to the recovery agency (FY 2020-21). In furtherance to the same, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for failure to comply with the directions issued by RBI, as stated therein.

After considering the bank's reply to the notice, oral submissions made during the personal hearing and additional submissions made by it, RBI came to the conclusion that the charge of non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty on the bank, to the extent of non-compliance with such directions.