

May 2, 2008

To

All Scheduled Commercial Banks
(excluding RRBs)

Dear Sir ,

Grievance Redressal Mechanism in banks

Please refer to our Circular DBOD.No.Leg BC. 60 /09.07.005/2006-07 dated February 22, 2007 wherein instructions were issued to banks regarding analysis and disclosure of complaints. In this connection, it may be mentioned that a proper analysis and disclosure of complaints would be possible only if there is an effective machinery for redressal of grievances in banks. Banks are therefore advised to ensure that a suitable mechanism exists for receiving and addressing complaints from its customers / constituents with specific emphasis on resolving such complaints fairly and expeditiously regardless of the source of the complaints.

2. Banks are also 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) Ensure that redressal of complaints emanating from rural areas and those relating to financial assistance to Priority Sector and Government's Poverty Alleviation Programmes also forms part of the above process.
- (v) 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. Further, in terms of our circular no. BC.60 dated February 22, 2007, banks are required to disclose the brief details regarding the number of complaints alongwith their financial results. This statement should include all the complaints received at the Head Office / Controlling Office level as also the complaints received at the branch level. However, where the complaints are redressed within the next working day, banks need not include the same in the statement of complaints. This is expected to serve as an incentive to the banks and their branches to redress the complaints within the next working day.

4. Where the complaints are not redressed within one month, the concerned branch / controlling office should forward a copy of the same to the concerned Nodal Officer under the Banking Ombudsman Scheme and keep him updated regarding 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 concerned Banking Ombudsman 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.

5. Banks are also advised to give wide publicity to the grievance redressal machinery through advertisements and also by placing them on their web sites.

Yours faithfully

(Prashant Saran)
Chief General Manager-in-Charge