

Consumer Protection Framework - Key Aspects & Insights

- Concepts, Role of RBI
- RBI Integrated Ombudsman Scheme, 2021

Take Aways

Importance of customer service, consumer protection

Concepts, Role of RBI in consumer protection

Key elements of the Integrated Ombudsman Scheme
2021

Fair and
Responsible
Treatment

Prevention of
harm

Laws, regulations,
and institutional
arrangements that
safeguard
consumers in the
financial
marketplace.

support the
development
of financial
markets

Customers
receive
information
allowing to
make
informed
decisions

They are not
subject to
unfair or
deceptive
practices

Financial
Consumer
Protection

Definition
by OECD

Setting clear
rules of
conduct for
financial
firms

increase
consumer
trust in
financial
markets

They have
access to
recourse
mechanisms
to resolve
disputes.

Complementary
financial
literacy
initiatives

What is the difference between equal and fair treatment?



Equality Vs Fair Treatment

Why RBI Intervenes in Protecting Financial Consumers ?



**RBI Kehta Hai...
Jaankar Baniye,
Satark Rahiye!**

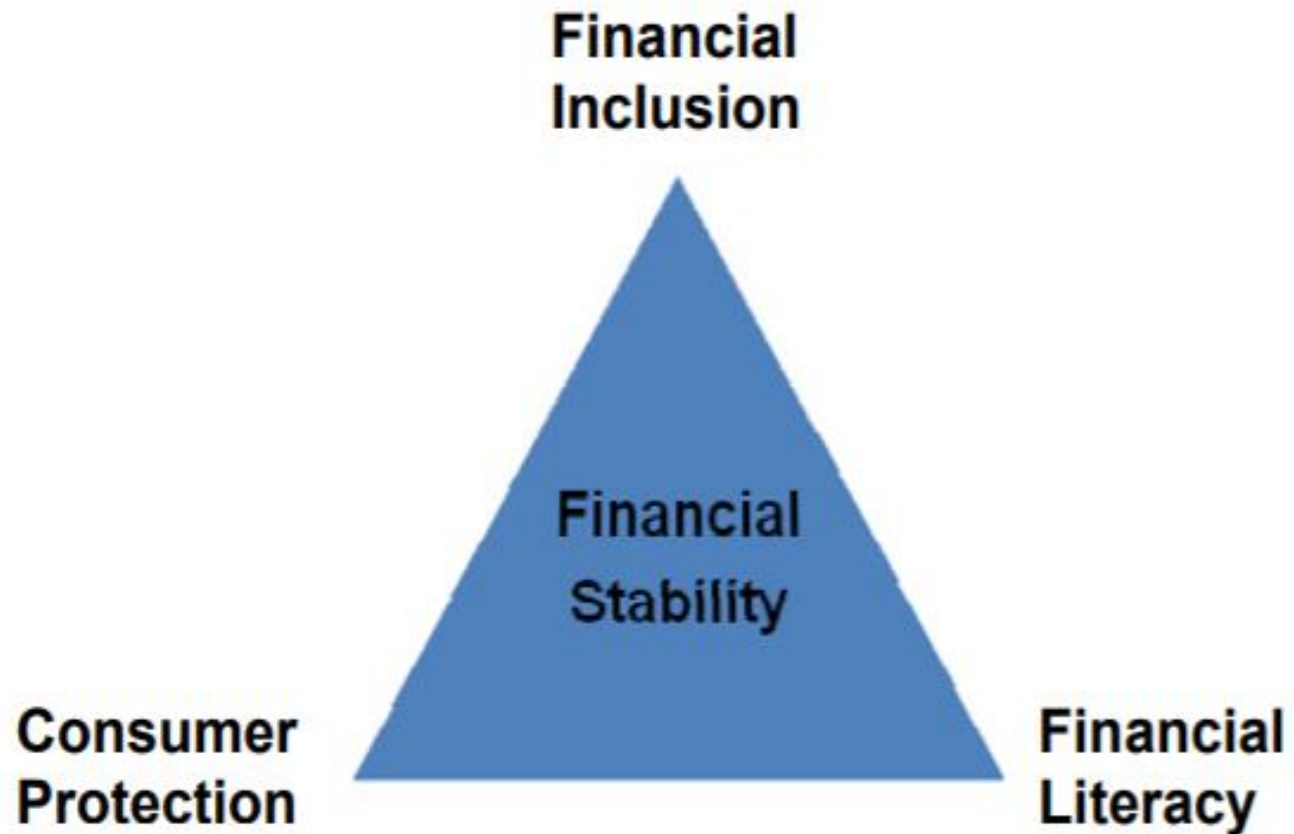
Core Purpose

Foster monetary and financial stability conducive to *sustainable economic growth* and to ensure the *development of an efficient and inclusive financial system*.

To regulate markets and institutions under its ambit *to ensure financial system stability and consumer protection*;

**What are the components of the Trinity to
make financial stability?**

Trinity to make Financial Stability Possible



Financial inclusion and financial consumer protection, together with financial education, are essential ingredients for supporting the financial resilience and wellbeing of individuals, families and communities.

Banking Consumer Protection – Is there any Mandate for RBI?

- Power to frame Policy (Bank Advances) (S.21 BR Act)
- In Public Interest
- In the interest of Depositors
- In the interest of Banking Policy
- Power to give Directions (S.35-A BR Act)
- Power to give Advice (S.36 BR Act)

Consumer Protection – Whom to Approach?

- Civil Courts
- Consumer Courts
 - (a) District Consumer Forum
 - (b) State Consumer Commission
 - (c) National Consumer Commission

Consumer Protection – Whom to Approach?-

Contd.

- Bank concerned for redressing the grievance (IGR)
- Reserve Bank of India as Regulator of Banks
- Banking Ombudsman (AGR)

Customer Grievance Redressal and Protection Framework

@ REs

- Internal Grievance Redressal
- Internal Ombudsman

@ RBI

- Integrated Ombudsman
- CEPD/CEPCs

Grievance Redress Mechanism in RBI

Grievance Redress Mechanism in RBI

Top Management



CEPD, CO

Ombudsman

Complaints under Integrated Ombudsman Scheme related to banks, NBFCs, PPI Issuers and CICs

CEPC

Complaints outside the purview of Integrated Ombudsman Scheme



Convergence of the three ombudsman schemes into an integrated ombudsman scheme



Setting up a Centralised Receipt and Processing Centre (CRPC) and moving towards a 'One Nation – One Ombudsman' approach



Inclusion of REs not presently covered under the ombudsman schemes in a phased manner



Including a definition of 'deficiency in customer service' and incorporating a detailed 'negative' or 'exclusions' list for rejection of a complaint



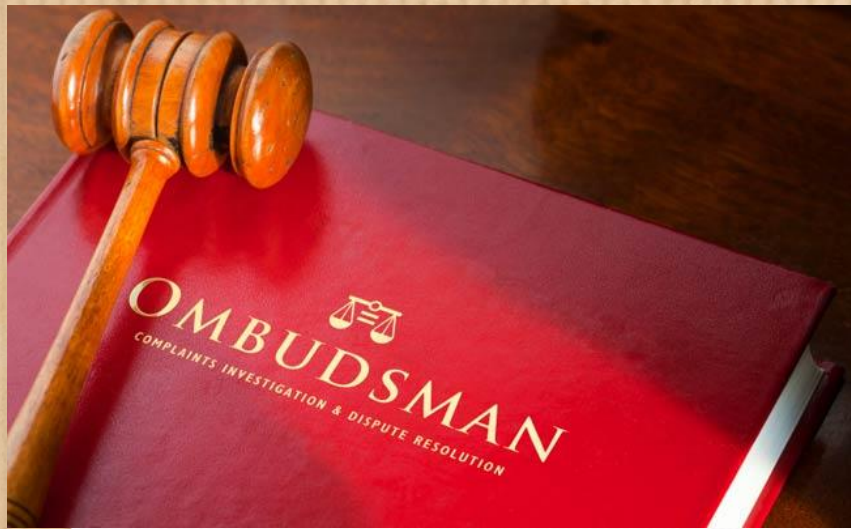
Delegation of power for the closure of complaints – Deputy Ombudsman



Updating CMS for incorporating the recommendations accepted for implementation.

Jurisdictions Dissolved





Features of the Integrated Ombudsman Scheme, 2021

- Cost free Alternate Dispute Resolution Mechanism, fully funded and staffed by RBI
- CEPD, CO oversees the implementation of RBIOS
- Grounds of complaint reduced to service deficiency.
- Max. pecuniary Award (consequential loss)- Rs. 20 lakh, Compensation - mental harassment - Rs. 1 lakh.
- CGMs/GMs of RBI appointed as Ombudsman
- **Quasi judicial** character
- Appeal Mechanism available

**Banking
Ombudsman
Scheme**

**Scheduled
Commercial
Banks and
RRBs**

Scheduled UCBs

**Ombudsman
for NBFCs**

**All deposit
taking
Companies**

**NBFCs having an asset
size of more than 100
crores with a customer
interface**

**Ombudsman
Scheme for
Digital
Transactions**

**All authorized
Non-bank PPI
Issuers**

**non-scheduled UCBs
having deposits more than
Rs. 50 Crore**

**Credit Information
Companies**



Ombudsman – Mechanism for Settling of Disputes

- Settlement by Agreement / Facilitation
- Settlement by Conciliation
- Settlement by passing of Award
- Award shall be a speaking order with directions for specific performance and compensation
- Appeal against Award can be made by the RE and the complainant

**Non-Maintainable Complaints
(Clause 10(1))**

Commercial judgement of a RE

Dispute not directly addressed to Ombudsman

Complaints against Management/ Executives of a RE

Disputes between regulated entities

Complaint in which action was initiated by a RE in compliance with statutory/law enforcing authority

Disputes involving employee/employer relationship of a RE

Disputes under an outsourcing contract not in relation to any services which fall under the Act/Scheme

Disputes involving a service not under the regulatory purview of RBI

Conditions for Maintainability Clause 10(2)

Not an FRC and
Not made after 1
year of receiving
the reply from RE

Complaint not
pending before any
court/tribunal/arb
itrator/forum

Not
abusive/Frivolous
/Vexatious in
nature

Complaint not
against the same
cause of action
which is
pending/settled

Complaint should be
with complete
information required
for resolution

Made before the
expiry period of
limitation prescribed
under Limitation Act

Complaint not filed
by an advocate on
behalf of the
complainant

Centralised Receipt and Processing Centre

- CRPC will receive all the complaints filed under the Scheme and process them.
- Online complaints - directly forwarded to Ombudsman Offices/CEPCs.
- CRPC will process all complaints received through E-mail/ post.
- Complaints that are received directly in any of the Offices shall be forwarded to CRPC
- All complaints pertaining to unregulated entities will be closed by CRPC and not forwarded to CEPCs.
- Setting up of Contact Centre

Appeal may be filed by a RE only with the previous sanction of Chairman/MD/CEO or, in their absence, ED/Official of equal rank.

Changes in Appeal Mechanism

Appellate Authority will be the ED-in-Charge of CEPD
(Clause 17)

- NO right to appeal to a RE if Award issued for non-submission of information
- Complainant cannot file an appeal if rejection is due to 'no deficiency in service by RE' or 'beyond pecuniary powers of Ombudsman'
- Complainants can file an appeal if rejection was because of other reasons mentioned in clause 16.

RE to Display Salient Features of the Scheme

Meticulous adherence
to the Scheme
(Clause 18)

- Appointing a PNO at HO
- Display prominently name, contact details of PNO and details of CMS.
- Display important features of Scheme in three languages both in branches and website
- Copy of the Scheme to be available with an officer in the branch and info to be displayed.

States/UTs which contributed the most as per Annual Report of RBIOS 2024.

- Chandigarh
- New Delhi
- Rajasthan
- Gujarat
- Uttarakhand

Status of Complaints received in Ombudsman Office (Annual Ombudsman Report – 2023-24)

- Under the RB-IOs, 2021, 9,34,355 complaints were received at the ORBIOs and the CRPC between April 1, 2023 and March 31, 2024, showing an increase of 32.81% over last year.
- Of these, 2,93,924 complaints were allocated to and handled by the 24 ORBIOs (31.46), whereas 6,40,431 complaints were closed by CRPC (68.54) as non-complaints / non-maintainable complaints.
- The overall disposal rate for the year at the ORBIOs stood at 95.10%.
- majority of the maintainable complaints (57.07%) disposed by ORBIOs were resolved through mutual settlement / conciliation / mediation & 40.78% rejected as no deficiency found on part of RE.
- During the year, a total of 82 Appeals were received against the decisions of the RBI Ombudsmen.

What is the grounds of complaints under RB- IOS, 2021 ?

- It has been broad-based to complaints involving ‘deficiency in service’ rendered to customers by the REs except for a defined list of exclusions.

What is the jurisdiction of complaints between Ombudsmen and CEPCs?

- Depend solely upon whether the RE falls under the RB-IOS or not.

Registration of complaints shall happen in any of the ORBIOs/CEPCs. True/False?

- False.

Complaints under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002

- do not fall under the category of deficiency in customer service rendered.

Thank You

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