

Statement

Statement on the major Feedback received for Draft Master Direction

Subject: Reserve Bank of India (Internal Ombudsman) Directions, 2026

Draft Master Direction	Final Master Direction
October 07, 2025	January 14, 2026

1. Chapter I – Preliminary

a) Clause 3 - Definitions

Feedback: Include definition of “customer” in the Master Direction.

RBI Comments: Accepted. The suggestion has been accepted and the definition of “customer” has been added in the Master Direction.

b) Clause 3 - Definitions

Clause 3(1)(d) - “Complaint” means a representation in writing or through other modes alleging deficiency in service on the part of the regulated entity with or without seeking relief thereon.

Feedback: Seeking relief has to be made an essential part in the definition of a Complaint for the Internal Ombudsman (IO) to review such complaints.

RBI Comments: Not Accepted. Complaints submitted without seeking specific relief, may still be reviewed by the IO, as such complaints provide insights which can be utilized by the IO to make recommendations to help the Regulated Entity (RE) in improving its systems and procedures for more effective service delivery.

2. Chapter II - Office of the Internal Ombudsman

a) Clause 5 - Appointment of Internal Ombudsman

Clause 5(1) – “The IO shall either be a retired or serving officer, in the rank equivalent to a General Manager of another bank / Financial Sector Regulatory Body / NBSP / NBFC / CIC.”

Feedback: General Manager (GM) of RRBs and Cooperative banks may be excluded as they are not equivalent rank of GM in Public Sector Banks.

RBI Comments: Accepted. The suggestion has been accepted and the clause 5(1) of the Directions has been suitably amended.

b) Clause 5 - Appointment of Internal Ombudsman

Feedback: RBI may consider the appointment of IO in RRBs and Co-operative Banks including State Cooperative Banks.

RBI Comments: Not Accepted. RRBs and Cooperative Banks are not proposed to be included in view of the low number of complaints received by them.

c) Clause 8 - Tenure of Internal Ombudsman / Deputy Internal Ombudsman

Clause 8(2) – “The RE shall ensure that the post of the IO does not remain vacant at any point of time.”

Feedback: REs shall ensure uninterrupted functioning of the IO and have a mechanism in place to ensure that the post of the IO does not remain vacant at any point of time.

RBI Comments: Accepted. The suggestion has been accepted, for operational reasons. RE may appoint its serving official or Dy. IO, as the case may be, as per clause 8 (2) and 8(3) of the Master Directions during the temporary absence of the IO.

3. Chapter – III - Role and Responsibilities

a) **Clause 12(4)** – “The IO shall have the power to provide compensation in accordance with the Reserve Bank- Integrated Ombudsman Scheme for any consequential loss and the loss of time, expenses incurred and harassment / mental agony suffered by the complainant.”

Clause 12(5) – “The IO / Dy. IO may award suitable compensation wherever such compensation to the complainant has been provided for by the Reserve Bank of India in its extant instructions or as per the internal Compensation Policy of the RE.”

Feedback: Currently NBFCs are not mandated to have an internal compensation policy. Will this necessitate creation of one or can the compensation decision be guided by the RB-IOS Scheme?

RBI Comments: Accepted. To bring better clarity in the compensation related provisions, clauses 12(4) and 12(5) have been suitably amended.

4. Chapter IV - Procedural Guidelines for Regulated Entity

a) Clause 14(1) - “All complaints that are partially resolved or wholly rejected by the RE’s internal grievance redress mechanism shall be auto escalated to the office of the IO within 20 days of receipt, for review. In case of CIC, such complaints shall be referred to the office of the IO within 25 days of receipt.”

Feedback: Complaints, where different Turnaround Time has been prescribed for resolution of complaints under guidelines of RBI/ NPCI or card networks (e.g. unauthorized transactions), may be exempted from the requirement of escalation to the IO within 20 days of receipt of the complaint.

RBI Comments: Accepted. The suggestion has been accepted and suitable modifications have been made in clause 14(1) of the Master Directions.

b) Clause 14(4) - “The REs shall ensure that the complaints are not closed by the same branch / unit / other touch points to which it pertains. The complaints which are being wholly rejected or partially resolved shall be reviewed at a fairly senior level, before sending it to the office of IO.”

Feedback: Clarifications were sought on whether regular complaints which have been resolved by the branch in favour of the customer can be closed by the branch itself and to clarify the level of ‘fairly senior’ for reviewing the rejected complaints before escalation to the IO.

RBI Comments: Accepted. To bring better clarity in the provision, the clause 14(4) has been amended.

c) Clause 11(4) and Clause 11(5) of the Master Direction – Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023 empowers the IO of CICs to seek additional information from the concerned Credit Institution/s through the CIC and empowers the IO to hold meetings with the concerned functionaries of the regulated entity, respectively.

Feedback: To reinstate the above powers conferred on the IO of the CIC.

RBI Comments: Accepted. To bring clarity in the process of the review of the complaints by the IO, the suggestions have been accepted and these clauses have been reinstated in the Master Directions.

d) Clause 14(12) – “The decision of the IO / Dy. IO shall be mandatorily included in the information submitted by the RE to the RBI Ombudsman.”

Feedback: Clarifications were sought on whether this includes both rejected and accepted complaints. Does the RE need to take the IO comment for complaints received from the RBI Ombudsman even when the RE is not rejecting the complaint?

RBI Comments: Accepted. To bring more clarity regarding submission of IO's decision by the RE to the RBI Ombudsman, clause 14(13) has been suitably amended.

5. Chapter V - Regulatory and Supervisory Oversight by the Reserve Bank

a) Clause 16 - Reporting to Reserve Bank.

Clause 16(2) – “These reports shall be submitted on or before the 10th day of the month following the quarter to which they relate to.”

Feedback: Increase the timeline for submission of quarterly reports to the Reserve Bank of India by the REs from 10th to 20th of the succeeding month. Suggestions were also received on the quarterly reporting format.

RBI Comments: Partially Accepted. Suggestions relating to the reporting format have been suitably incorporated and the timeline for submission of the report has been revised from 10th to 15th of the succeeding month.