



THE BANKING OMBUDSMAN SCHEME 2006

Annual Report 2008-2009



Reserve Bank of India
Customer Service Department
Central Office
Mumbai

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Dr. K.C. Chakrabarty
Deputy Governor & Appellate Authority

Foreword

The issue of 'Treating the bank customers fairly' is gaining currency with the awakening of consumers on the issues of investor/consumer protection. Banking being a service industry it is all the more important that there is a well defined and functional mechanism to ensure fairness to the customer. That is all what the Banking Ombudsman Scheme (BO Scheme) is about and that is what RBI does- without significantly backtracking on the freedom given to banks' boards to fix their rates and fees. In view of the fact that the Courts are restrained through an amendment to Section 21 A of Banking Regulation Act, 1949 from intervening in the matter of interest rates- usurious or otherwise - fixed by the banks to their debtors, it is ordained on RBI to ensure that the rates and service charges are reasonable, not usurious in all spheres of lending.

The RBI, over the years, has undertaken a large number of initiatives on ensuring fair treatment to customers. This has taken the form of both regulatory fiats (like reining in of recovery agents, introduction of comprehensive display board, banking facilities for the visually challenged, rationalization of service charges on collection of outstation cheques, free use of ATMs etc) as also moral suasion and class action. A minimum

standard of banking practices for banks to follow when dealing with individual customers was established on introduction of the Code of Bank's Commitment to Customers in July 2006.

However, a number of challenges still need to be addressed to make customer services responsive to the 'small customer'. The actions taken by the RBI so far do not in any way dwarf the challenges that confronts us in regard to fair treatment of customers.

There is a sharp asymmetry in information and expertise between the manufacturers and distributors of products and retail investors and the latter typically exhibit a relatively low level of financial sophistication. The act of 'packaging' investments / sale of products can increase this asymmetry, for instance, by adding complexity that makes key investments / service characteristics less transparent and introducing additional layers of cost which may not be readily apparent.

The Banking Ombudsman Scheme introduced by RBI in 1995 attempts to bridge this information and expertise asymmetry between the banks and the end user of their products and services.

Having given freedom to the bank boards to decide on many issues, RBI should not be compelled by omissions and commissions by commercial banks to issue directives to them. However, there are a few ground rules which every commercial bank should be





compelled to follow:

a. Minimum courtesy and behavioral standards - Extending minimum courtesy and proper behavior towards customers is one of the guiding principles and banks should follow a 'zero-tolerance' policy towards misbehavior. The Customer Service Committees at all levels need to adopt aggressive stance in this regard.

b. Transparency - A minimum standard needs to be adopted towards fostering transparency by making MITC (Most Important Terms and Conditions) mandatory for all retail products. A sign off should be obtained from the customer on understanding of the MITC. While MITC for credit card products has already been introduced, RBI is in active dialogue with the Indian Banks Association regarding MITC for all lending and deposit products. Also, these MITCs should be in regional languages as far as possible.

Secondly, there should be transparency in pricing products and services. Banks should come out with transparent pricing based on cost of deposits plus risk premia plus spread and the same should be conveyed to the customer at the point of sale. If there is a change in pricing during the tenure of the product, the same should only be on reaching mutually agreeable milestones.

c. Non-discriminatory policy - Banks should establish a basic standard of non-discriminatory pricing. This

is based on the premise that 'new' customers cannot get preferential treatment over the 'old' customers if in the same risk category. Non-discriminatory policy should be observed in pricing as well as establishing standards of services and implementation of services.

d. Deliver what is promised - There will always be customer service related problems, but when problems are brought to a bank's notice, priority should be given to solving the problems. There is a need to set up internal benchmarks and escalation policies with regard to customer complaints.

e. Allowing seamless 'switching' - The consumer should be able to change products or switch products without incurring excessive penalty. Similarly, banks should not make it unnecessarily difficult for consumers to make claims or to complain when something goes wrong.

f. Appropriateness of 'sell' - Products and services need to be designed with the targeted customer segment in mind. The customers should be targeted appropriately, to minimise the risk that marketing might prompt customers who are unsuitable to buy such products.

g. Unreasonable customer demand - When banks find that a customer is unreasonable, they should take a firm but polite stand that what he/she wanted could not be accepted for some particular reasons.

The above seven tenets should form the guiding principles towards resolution of customer grievances. The ultimate aim of regulation is to move towards an outcome based approach where customer outcomes can be quantitatively measured and regulatory response formulated accordingly. While introducing a more cumbersome regulatory regime is not our objective, it may be needed to tie-up customer experience outcomes to regulatory capital. Looking forward, a customer service rating based approach with quantitative parameters ultimately linked to its capital can serve such a purpose.

The Offices of the Banking Ombudsmen have been rendering excellent service over the years in redressing customer grievances in an impartial and efficient manner. During the year 2008-09 the Banking Ombudsmen received 69117 complaints as against 47887 complaints received in the previous year (an increase of 44%) and disposed off 87% of the total complaints (89% in the previous year). 10% of the pending complaints were more than 2 months old as on June 30, 2009, as against 15% during the previous year end.

The offices of the Banking Ombudsmen received increasing

number of complaints from rural and semi-urban areas during the year 2008-09. This is a testimony to the success of the awareness efforts undertaken by the Banking Ombudsmen as well as the RBI through personal/ village visits, media campaign etc. While the number of complaints from rural areas increased by 65%, complaints from the semi-urban areas increased by 48%, which can be well compared against the aggregate increase of 44% in the number of complaints during the year 2008-09.

As Appellate Authority, I notice that there is a discerning trend in appeals made by the customer- he understands the issues and he makes a pointed appeal to rectify the service deficiency and it is a welcome trend. The BO Scheme revised on May 24, 2007, made a provision for appeals by either party. The increased number of appeals indicates that the customer understands the BO Scheme fairly.

I am sure the office of the Banking Ombudsmen will continue to play a stellar role in mitigating the challenges - existing and anticipated.

Sd/-

(Dr.K.C.Chakrabarty)

November 16, 2009



Vision and Goals of the Banking Ombudsman Offices

Vision Statement

- To be a visible and credible system of dispute resolution mechanism for common persons utilizing the banking services.

Goals

- To ensure redressal of grievances of users of banking services in an inexpensive, expeditious, fair and reasonable manner that will provide impetus to improved customer services in the banking sector on a continuous basis.
- To provide valuable feedback/suggestions to Reserve Bank of India towards framing appropriate and timely guidelines to banks to improve the level of customer service and to strengthen their internal grievance redressal systems.
- To enhance the awareness of the Banking Ombudsman Scheme.
- To facilitate quick and fair (non-discriminatory) redressal of grievances through use of IT systems, comprehensive and easily accessible database and enhanced capabilities of staff through training.

Customer Service Initiatives by the Reserve Bank of India over the years

The deregulation of interest rates and product pricing by banks in India was followed up by the RBI with certain institutional, regulatory and infrastructural changes. A summary of the important initiatives taken by the RBI for improvement in customer service rendered by banks is detailed below:-

- Prior to the deregulation of interest rates, when the banking industry was predominantly under Government control, the need for efficiency and courtesy in customer service was highlighted through the recommendations of the Goiporia Committee.
- The advent of the new private sector banks brought about a paradigm shift in the way banking services were delivered and the Indian consumer had the first taste of technology driven delivery of banking services in the form of the ATMs. Today we have come a long way in this regard in as much as setting up and licensing of ATMs has been deregulated. With a view to improve accessibility of banking services, the customers have been empowered to access ATMs of any bank across the country, free of charge.
- The Banking Ombudsman Scheme (BOS) was formally launched in 1995 to provide an alternative cost effective dispute resolution mechanism. The

BOS has served the country and its banks' customers well. The feedback gathered in the course of administering the scheme has been used by the RBI to modify the scheme with a view to cover the maximum customer touch points and products. The growing number of complaints under the BOS is an indicator of the increasing awareness of our customers and also the timely action taken by the RBI to focus customer-centric.

➤ The deregulation of interest rates (deposits and advances) was followed by ushering in the Risk Management Guidelines starting with the setting up of the ALCO. The fair treatment of customers was built into the guidelines which stipulated that the discrimination in interest rates offered to depositors for any maturity would be only on the basis of quantum of deposits i.e. deposits in excess of Rs. 15.00 lakh. The interest rates paid on savings bank deposits continue to be administered by the RBI even now. With most of the banks having switched over to core banking solution platform, it was decided by the RBI to change the methodology of calculating products of savings bank deposits for application of interest. The changes would be effective from April 1, 2010. The exact impact of this change in favor of the customer would be known once the actual implementation of the directions is taken up by the banks.

➤ The deregulation of interest rates on advances was followed by the regulatory requirement to disclose

the bank specific Prime Lending Rate (PLR) in its website and to charge the borrowers an interest rate that is reflective of the risk perception of the bank vis-à-vis the borrower or the type of activity that is being financed.

➤ The deregulation of interest rates was also accompanied by the freedom given to banks to charge the borrowers interest rates on fixed rate or floating rate basis. The banks in turn had the option to hedge the interest rate risk by undertaking an Interest Rate Swap (IRS). While interest rates were deregulated, the RBI did take care of the vulnerable sections of the society by prescribing the spread below the PLR being the interest rate at which banks could lend to these sections of the society.

➤ The Payments System initiatives like RTGS and NEFT / Speed Clearing have been followed up by directives from the RBI regarding the pricing of these services. This was again done to ensure that the customers get a fair deal.

➤ All the banks are required to place in the public domain their Fair Practices Code (Lender's liability) as directed by the RBI. The adherence to this code is to be reviewed by each bank's Board of Directors and the overall performance of the bank in this regard is analyzed by the RBI at the time of Annual Financial Inspection (AFI) of banks. The aberrations in this regard, if any, are brought to the notice of the Senior Management through the Customer Service Department.

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PROFILE OF CUSTOMER COMPLAINTS RECEIVED AT BO OFFICES

Sr. No	Particulars	2006-07	2007-08	2008-09
1	Complaints b/f from the previous year	6128	7105	5892
2	Complaints received at BO Offices during the year	38638	47887	69117
3	Total no. of complaints handled at BO Offices	44766	54992	75009
4	Complaints disposed off during the year	37661	49100	65576
5	Complaints pending at the close of the year	7105	5892	9433
	Complaints Pending for less than one month	2262 (32)	2712 (46)	5041 (54)
	Complaints Pending for one to two months	1936 (27)	1394 (24)	2751 (29)
	Complaints Pending for two to three months	943 (13)	861 (15)	956 (10)
	Complaints Pending for more than three months	1964 (28)	925 (15)	685 (7)
6	Appeals b/f from the previous year	-	5	32
	Appeals received by the Appellate Authority	15	186	269
	Total no. of Appeals handled during the year	15	191	301
7	Appeals disposed of by the Appellate Authority	10	159	180
8	Appeals pending at the close of the year.	5	32	121
	Pending for less than one month	-	17	55
	Pending for one to two months	-	10	18
	Pending for two to three months	5	3	20
	Pending for more than three months	-	2	28
Figures in brackets show percentage of pending.				

The Banking Ombudsman Scheme 2006

1. The word ‘Ombudsman’ (‘ahm’ ‘bedz’ ‘man’) in general means a public official who is appointed to investigate the citizen’s complaints against the administration. He is to intervene for the ordinary citizen in his dealings with the complex machinery of the establishment. In India, any person whose grievance against a bank is not resolved to his satisfaction by that bank within a period of one month can approach the Banking Ombudsman (BO) if his complaint pertains to any of the matters specified in the Scheme.

Banking Ombudsmen have been authorized to look into complaints concerning (a) deficiency in banking service (b) sanction of loans and advances in so far as they relate to non-observance of the RBI directives on interest rates, delay in sanction or non-observance of prescribed time schedule for disposal of loan applications or non-observance of any other directions or instructions of RBI as may be specified for this purpose from time to time, and (c) such other matters as may be specified by RBI.

The Scheme envisages expeditious and satisfactory disposal of customer complaints in a time bound manner. The BOs on receipt of any complaint endeavors to promote, if necessary, a settlement of the complaint by agreement between the complainant and the bank named in the complaint through conciliation or mediation.

For the purpose of promoting a settlement of the complaint, the Banking Ombudsman has been allowed to follow such procedures as he may consider appropriate and he is not bound by any legal rule of evidence. If a complaint is not settled by agreement within a period of one month from the date of receipt of the complaint or such further period as the Banking Ombudsman may consider necessary, he may pass an Award after affording the parties reasonable opportunity to present their case. He shall be guided by the evidence placed before him by the parties, the principles of banking law and practice, directions, instructions and guidelines issued by the RBI from time to time and such other factors, which in his opinion are necessary in the interest of justice.

The Amendment vide notification dated February 3, 2009

As per the Notification dated February 3, 2009, the scope of the Banking Ombudsman Scheme 2006 was widened to include deficiencies arising out of internet banking. Under the amended Scheme, a customer would also be able to lodge a complaint against the bank for its non-adherence to the provisions of the Fair Practices Code for lenders or the Code of Bank's Commitment to Customers issued by the Banking Codes and Standards Board of India (BCSBI). Further, non-observance of the RBI guidelines on engagement of recovery agents by banks has also been brought specifically under the purview of the Scheme. The amended Scheme, however, does not include certain banking transactions, such as, failure to honour bank guarantee or letter of credit, etc. since complaints on these areas of banking services are insignificant in number.



The extant provisions allow the Banking Ombudsman to award compensation for the actual loss suffered by the complainant as a direct consequence of the act of omission or commission of the bank or Rupees ten lakh whichever is lower. As per the amended Scheme, the Banking Ombudsman can also award compensation not exceeding Rupees one lakh to the complainant in the case of complaints arising out of credit card operations, taking into account the loss of the complainant's time, expenses incurred by him as also harassment and mental anguish suffered.

Any customer who has a grievance against a bank can complain to the Banking Ombudsman in whose jurisdiction the branch of the bank complained against is located. Some banks have centralised certain transactions, like housing loans, credit cards, etc. If there are complaints regarding such transactions, complaints would have to be made to the Banking Ombudsman in the State in which the bank customer receives the bill/ monthly statement.

In addition, the RBI has simplified the format for lodging complaint to the Banking Ombudsman. Though the complainant need not lodge his complaint in a specific format, the Scheme now provides for an easy-to-fill format for lodging complaints, in case complainants prefer to use it. The jurisdictions of the Banking Ombudsman at Kanpur, New Delhi, Chandigarh, Chennai and Thiruvananthapuram have been rationalized to include/exclude certain areas taking into account the geographical proximity of those areas to the Office of the Banking Ombudsman. For wider dissemination, the RBI has asked all banks to place a copy of the Banking Ombudsman Scheme on their website.

Causes of Complaints

Any person, whose grievance against a bank is not resolved to his/her satisfaction by that bank within a period of one month, can approach the Banking Ombudsman if his complaint pertains to any of the matters alleging deficiency in banking including internet banking as specified in the Scheme. The matters include (a) non-payment or inordinate delay in the payment or collection of cheques, drafts, bills etc.; (b) non-acceptance, without sufficient cause, of small denomination notes tendered for any purpose, and for charging of commission in respect thereof; (c) non-acceptance, without sufficient cause, of coins tendered and for charging of commission in respect thereof; (d) non-payment or delay in payment of inward remittances ; (e) failure to issue or delay in issue of drafts, pay orders or bankers' cheques; (f) non-adherence to prescribed working hours; (g) failure to provide or delay in providing a banking facility (other than loans and advances) promised in writing by a bank or its direct selling agents; (h) delays, non-credit of proceeds to parties' accounts, non-payment of deposit or non-observance of the RBI directives, if any, applicable to rate of interest on deposits in any savings, current or other account maintained with a bank ; (i) complaints from Non-Resident Indians having accounts in India in relation to their remittances from abroad, deposits and other bank-related matters; (j) refusal to open deposit accounts without any valid reason for refusal; (k) levying of charges without adequate prior notice to the customer; (l) non-adherence by the bank or its subsidiaries to the instructions of RBI on ATM/Debit card operations or credit card operations; (m) non-disbursement or delay in disbursement of pension (to the extent the grievance

can be attributed to the action on the part of the bank concerned, but not with regard to its employees); (n) refusal to accept or delay in accepting payment towards taxes, as required by Reserve Bank/Government; (o) refusal to issue or delay in issuing, or failure to service or delay in servicing or redemption of Government securities; (p) forced closure of deposit accounts without due notice or without sufficient reason; (q) refusal to close or delay in closing the accounts; (r) non-adherence to the fair practices code as adopted by the bank and (s) non-adherence to the provisions of the Code of Bank's Commitment to Customers issued by Banking Codes and Standard Board of India and as adopted by the bank (t) non-observance of RBI guidelines on engagement of recovery agents by banks; and (u) any other matter relating to the violation of the directives issued by the RBI in relation to banking or other services.

In respect of loans and advances, complaints relating to (a) non-observance of RBI Directives on interest rates; (b) delays in sanction, disbursement or non-observance of prescribed time schedule for disposal of loan applications; (c) non-acceptance of application for loans without furnishing valid reasons to the applicant; (d) non-adherence to the provisions of fair practices code for lenders as adopted by the bank or Code of Bank's Commitment to Customers, as the case may be (e) non-observance of RBI guidelines on engagement of recovery agents by banks; and (f) non-observance of any other direction or instruction of the RBI as may be specified by the RBI for this purpose from time to time.

Complaint handling procedure

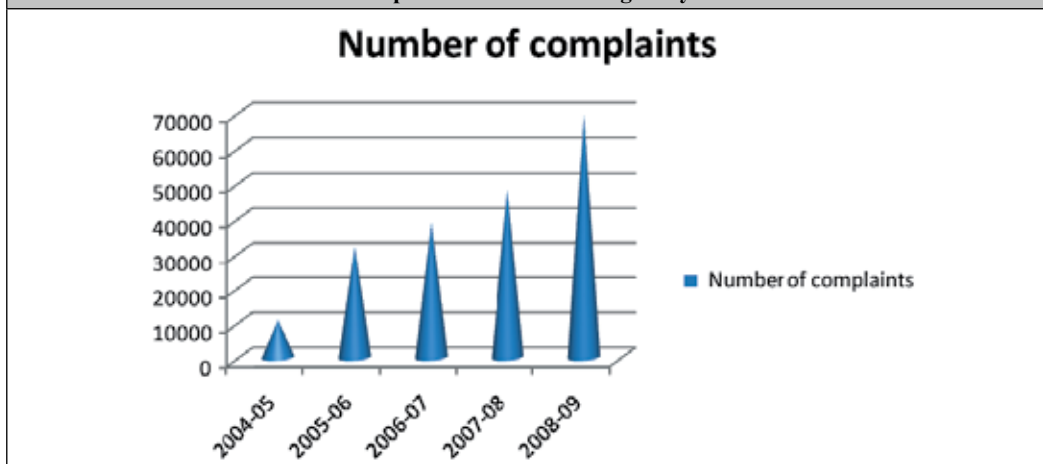
2. The Banking Ombudsman on receipt of complaint, considers the following issues:		
i	Is the complaint against a bank/ entity covered under the scheme?	If yes, handle the complaint. If no, advise the complainant to approach the appropriate authority.
ii	Is it a first resort complaint?	If yes, the complainant is advised to approach the bank's redressal mechanism.
iii	Has the complainant approached the Banking Ombudsman within a year of receipt of reply from the bank? Has the complaint been made before the expiry of the Indian Limitation Act, 1963?	If yes, handle the complaint. If no, advise the complainant of other alternatives.
iv	Has the complaint been handled earlier?	If no, handle the complaint. If yes, advise the complainant of other alternatives.
v	Is the complaint pending before any court or tribunal or arbitrator or any other forum or has the decision been given by these fora?	If yes, advise the complainant the rules of jurisdiction of Banking Ombudsman

Receipt of Complaints

3.1 The Banking Ombudsman Offices receive complaints pertaining to deficiency in service provided by banks. The number of complaints received has increased substantially over the years and this trend is maintained during the year 2008-09 also by recording an increase of 44% over the previous year.



Chart 1 - Number of complaints received during the years 2004-05 to 2008-09



The number of complaints received has recorded substantial increase since 2006 as new grounds of complaints such as credit card issues, failure in providing the promised facilities, non-adherence to fair practices code and levying of excessive charges without prior notice, etc were included in the Scheme. Further, internet banking related complaints were added as a new ground for complaint as per amendment of the Scheme dated February 3, 2009. Increased awareness among the public about the BOS and online accessibility to BO office through internet also contributed to the increase in receipt of complaints.

Table 1 - Number of complaints received by the BO Offices

Period	No. of BO offices	No. of complaints received during the year	Rate of increase (% over previous year)	Average No. of complaints received per BO office
2004-05	15	10560	28	704
2005-06	15	31732	200	2115
2006-07	15	38638	22	2576
2007-08	15	47887	24	3192
2008-09	15	69117	44	4608

Chart 2 – Average number of complaints received per BO office.



Mode-wise receipt of complaints

3.2 Complainants can log on to the RBI web site at “www.rbi.org.in” and complain about deficiency in bank’s services by using the online complaint form. The email ids of the Banking Ombudsmen are also available in the public domain and complainants can send emails to them. For those who have no access to internet, complaints can be sent by post. Complaints received are acknowledged and tracked till they are closed in the books of the Office of the Banking Ombudsman. During the year 2007-08 and 2008-09, the complaints received by different modes are as under:

Table 2 - Mode wise receipt of complaints as a percentage to total

Mode	Number of Complaints received during 2007-08		Number of Complaints received during 2008-09	
	No.	%	No.	%
Email	7183	15%	15927	23%
On line	7662	16%	9352	14%
Others (Letter, post-card etc)	33042	69%	43838	63%
Total	47887	100	69117	100

Chart 3 – Mode wise receipt of complaints



Though 63% of complaints received during 2008-09 are through letters, post-cards etc, the receipt in the electronic mode has been slowly picking up. Email complaints increased from 15% to 23% of the total complaints between 2007-08 and 2008-09. The Complaint Tracking Software in place in the Banking Ombudsman Office gives acknowledgement automatically and complaint number is given as soon as it is taken into the book of the Banking Ombudsman. The Complaint Tracking Software is updated from time to time to meet the changing requirements related to complaints.

Population-segment wise Receipt

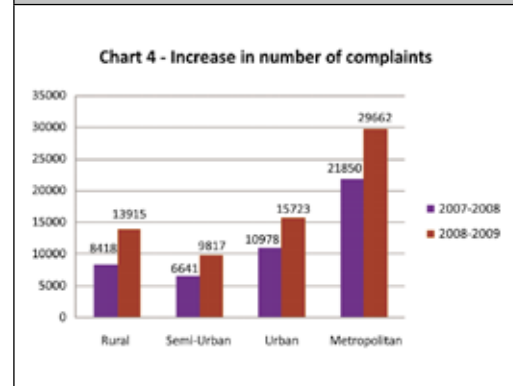
3.3 The offices of the Banking Ombudsmen received increasing number of complaints from rural and semi-urban areas during the year 2008-09. This is a testimony to the success of the awareness efforts undertaken by the Banking Ombudsmen as well as the RBI through personal/village visits, media campaign etc. While the number of complaints from rural areas increased by 65% during the year 2008-09, complaints from the semi-urban areas increased by 48%. These figures can be well compared against the total increase in the number of complaints by 44%. The region wise position of complaints is given below:



Table 3 - Population-segment-wise receipt of complaints at the BO Offices during 2007- 08 and 2008 - 09

Sr. No.	Region	No of complaints received during 2007-08	No of complaints received during 2008-09	increase in percentage
1	Rural	8418	13915	65%
2	Semi Urban	6641	9817	48%
3	Urban	10978	15723	43%
4	Metropolitan	21850	29662	36%
Total		47887	69117	44%

Chart 4 – Population segment wise receipt of complaints



Complainant group-wise Receipt

3.4 The majority of complaints are from individuals as seen from the break up given below. There is no substantial change regarding the source of complaints as compared to previous years. Since the Scheme is primarily meant for common individual customers, the focus continues to remain on the non-institutional category.

Table 4 - Complainant group-wise classification of complaints received at the BO Offices

Sr. No.	Complainants category	No. of complaints received 2007-08	Percentage of complaints	No. of complaints received 2008-09	Percentage of complaints
1	Individual	42294	88	62327	90
2	Individual- Business	1602	3	1446	2
3	Proprietorship	336	1	329	0
4	Limited Company	743	2	930	2
5	Trust	102	0	87	0
6	Association	267	1	222	0
7	Government Department	318	1	262	0
8	PSU	114	0	429	1
9	Others	2111	4	3085	5
TOTAL		47887	100	69117	100

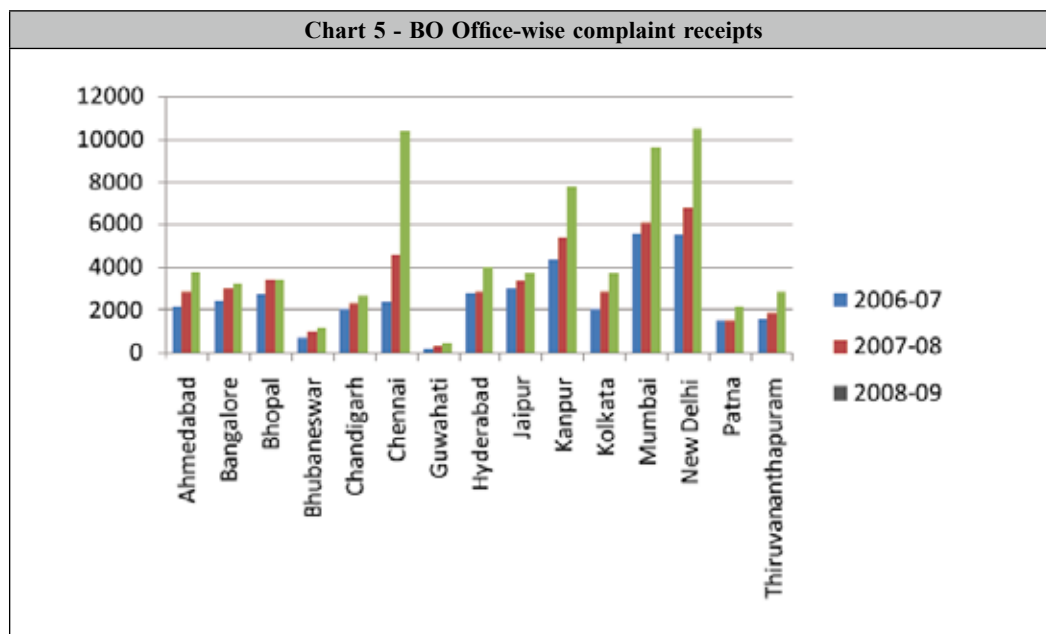
Banking Ombudsman-wise receipt

3.5 The 15 Offices of the Banking Ombudsman receive and consider complaints from customers relating to the deficiencies in banking services in respect to their territorial jurisdiction. The revised territorial jurisdiction is given in **Annex1**. During 2008-09, higher number of complaints were received by the BO offices in New Delhi(15%), Chennai (15%), Mumbai (14%)and Kanpur (11%) followed by Hyderabad(6%) and Ahmedabad (6%). Percentage wise, Chennai office witnessed the highest increase in the number of complaints (128%).

Table 5 - BO Office-wise complaint receipts

BO Office	2006-07	2007 -08	% increase	2008-09	% increase
Ahmedabad	2107	2855	35	3732	31
Bangalore	2406	2975	24	3255	9
Bhopal	2731	3402	25	3375	(1)
Bhubaneswar	689	998	45	1159	16
Chandigarh	2006	2331	16	2634	13
Chennai	2387	4545	90	10381	128
Guwahati	170	282	65	455	61
Hyderabad	2767	2843	3	3961	39
Jaipur	2976	3369	14	3688	9
Kanpur	4321	5340	24	7776	46
Kolkata	2011	2815	40	3671	30
Mumbai	5525	6070	10	9631	59
New Delhi	5481	6742	23	10473	55
Patna	1481	1480	0	2110	43
Thiruvananthapuram	1580	1840	16	2816	53
Total	38638	47887	24%	69117	44%

Chart 5 - BO Office-wise complaint receipts



Enhancing Internal Grievance Redressal machinery of banks

Bankers are required to place a complaint form in their home page on their website. With a view to enhance the effectiveness of the internal grievance redressal mechanism, banks were advised to place a review of complaints before their Boards / Customer



Service Committees along with an analysis of the complaints received with effect from February 2007. The analysis should (i) Identify customer service areas in which the complaints are frequently received, (ii) Identify frequent sources of complaint, (iii) Identify systemic deficiencies and (iv) Make recommendations for initiating appropriate action to make the grievance redressal mechanism more effective. Details of complaints received and disposed off, awards passed and unimplemented awards of the Banking Ombudsman are required to be disclosed along with financial results. Banks were also advised in May 2008 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 form 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 (other than 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.

3.6 Bank Group wise receipt of complaints

The complaints received by BO Offices against different bank groups are indicated below:

Table 6 - Bank-group-wise complaints received by BO Offices during 2004-05 to 2008-09						
Bank group	2004-05	2005-06	2006-07	2007-08	2008-09	CumulativeTotal since inception
Nationalized Banks	5124 (45)	10137 (33)	10543 (30)	12033 (26)	14974 (22)	52811 (27)
SBI Group	3359 (29)	9892 (32)	11117 (33)	13532 (29)	18167 (27)	56067 (29)
Private Sector Banks	1863 (16)	6754 (22)	9036 (23)	14077 (29)	21982 (32)	53712 (28)
Foreign Banks	577 (5)	2997 (10)	3803 (11)	6126 (13)	11700 (17)	25203 (13)
Scheduled Primary Co-op. Banks	256 (2)	198 (1)	313 (1)	295 (1)	302 (1)	1364 (1)
RRBs	359 (3)	794 (2)	536 (2)	826 (2)	846 (1)	3361 (2)
Subtotal	11538 (100)	30772 (100)	35348 (100)	46889 (100)	67971 (100)	192518 (100)
Others*	496	2591	3290	998	1146	8521
Total	12034	33363	38638	47887	69117	201039

* Institutions not covered under the Scheme.

Complaints vis-a vis business size

3.6 Instead of considering complaints in isolation, the number of complaints is seen with reference to the bank's business size and the number of accounts and is analyzed as such. It is seen that the private sector banks and the foreign banks continue to have a larger share in the number of complaints vis a vis the total number of deposits and loan accounts. This may be due to the fact that these banks cater to customers who are more aware of their rights. The break-up of bank wise (scheduled commercial banks) complaints received in the year 2008-09 is given in Annex 4.

Table 7 -Bank Group-wise complaints in the years 2006-07, 2007-08 and 2008-09 in relation to number of accounts

Bank group	No. of deposit and loan accounts (in millions) @	No. of complaints received by Banking Ombudsmen #	No. of deposit and loan accounts (in millions) @	No. of complaints received by Banking Ombudsmen #	No. of deposit and loan accounts (in millions) @	No. of complaints received by Banking Ombudsmen #
	As on March 2006	During 2006-07	As on March 2007	During 2007-08	As on March 2008	During 2008-09
Nationalized Banks	2925 (52)	10543 (30)	3126 (51)	12033 (26)	2690 (49)	14974 (22)
SBI Group	1279 (22)	11117 (32)	1347 (22)	13532 (29)	1224 (22)	18167 (26)
Private Sector Banks	640 (11)	9036 (25)	708 (12)	14077 (30)	750 (13)	21982 (32)
Foreign Banks	130 (2)	3803 (11)	153 (2)	6126 (13)	135 (2)	11700 (17)
RRBs/SCBs/ others*	732 (13)	536 (2)	800 (13)	826 (2)	780 (14)	2294 (3)
Total	5706 (100)	35035 (100)	6134 (100)	46594 (100)	5579 (100)	69117 (100)
* Institutions not covered under the Scheme @ Figures in bracket indicate % to total accounts # Figures in bracket indicate % to total complaints						

Nature of complaints handled

4.1 The grounds of complaints have been enumerated in Clause 8 of the Banking Ombudsman Scheme 2006. The following Table gives the broad category wise complaints received during the last three years:-

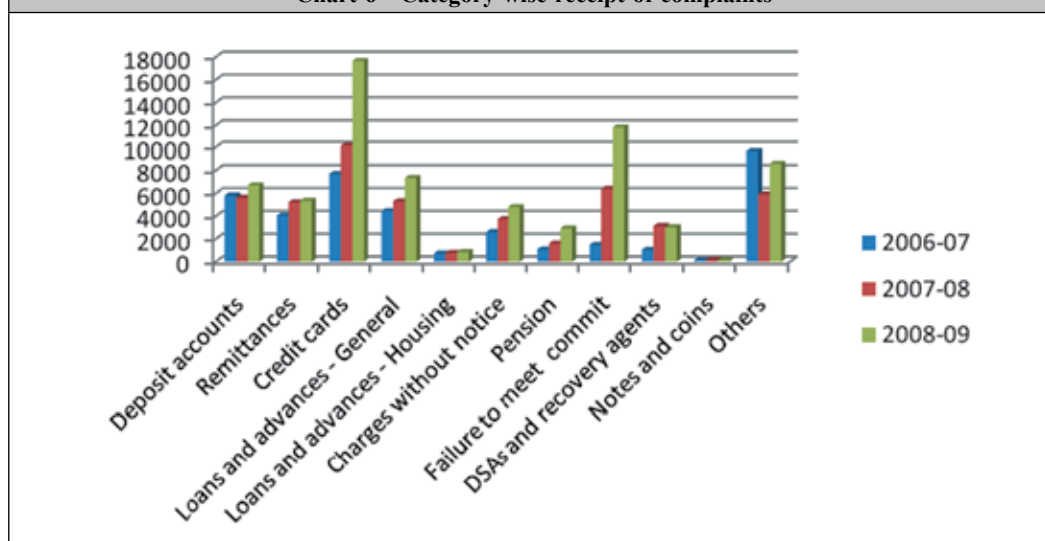


Table 8 - Category-wise receipt of complaints received in 2006 - 07 to 2008 - 09

Sr No.	Nature of complaint	Received during 2006-07	Received during 2007-08	Increase percentage	Received during 2008-09	Increase percentage
1	Deposit accounts	5803	5612	(3)	6706	19
2	Remittances	4058	5213	28	5335	2
3	Credit cards	7688	10129	32	17648	74
4	Loans and advances - General	4442	5297	19	7331	38
5	Loans and advances - Housing	709	757	7	843	11
6	Charges without notice	2594	3740	44	4794	28
7	Pension	1070	1582	47	2916	84
8	Failure to meet commitments	1469	6388	335	11824	85
9	DSAs and recovery agents	1039	3128	201	3018	(3)
10	Notes and coins	130	141	8	113	(20)
11	Others	9636	5900	(39)	8589	45
Total		38638	47887	24	69117	44

Figures in brackets show decrease in percentage.

Chart 6 - Category wise receipt of complaints



4.2 Complaints relating to credit cards (comprising 26% of the total complaints in 2008-09) continue to show an uptrend. The number of complaints pertaining to credit cards increased by 74% during 2008-09. While the user base of credit cards has definitely increased during 2008-09 (from 137.17 million to 170.03 million,

i.e. by 24%), it does obviate the need for better service and transparency at the point of sales by banks. The types of complaints pertaining to credit cards continue to be those related to issuance of unsolicited credit cards and unsolicited insurance policies and recovery of premium charges, charging of annual fee in spite of being

offered as 'free' cards and issuance of loans over phone, disputes over wrong billing, settlement offers conveyed telephonically, non-settlement of insurance claims after the demise of the card holder, abusive calls, excessive charges etc. A general source of these complaints continues to be difficulty in accessing the credit card issuers and the poor response from the call centers. This, in sum, is the issue of non-transparency and mis-selling.

4.3 Complaints relating to failure on commitments made (non-adherence to fair practices code as adopted by the bank, failure to provide or delay in providing banking facilities other than loans and advances etc) ranked second among the complaints received at the offices of the Banking Ombudsman (17% of the total complaints - an increase of 85% over the previous year). This points to the lack of

sensitivity, transparency and need for improved MITC at the point of sales. As these complaints mostly relate to basic banking facilities, banks need to address these issues on priority basis without any demur.

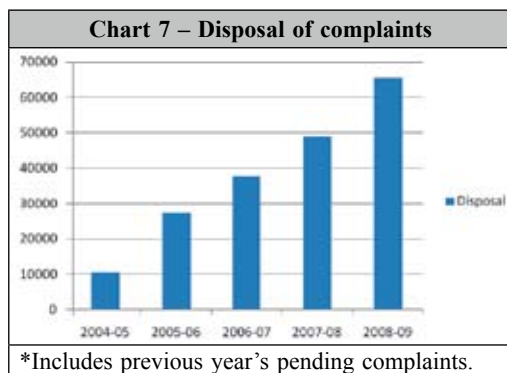
4.4 'Other' complaints comprised 12% of the total complaints and increased by 45% during the year. These include mainly non-adherence to prescribed working hours, refusal to accept or delay in accepting payments towards taxes as required by RBI/ Government of India, refusal to accept/delay in issuing or failure to service or delay in servicing or redemption of Government securities, refusal to close or delay in closing of accounts.

Disposal of Complaints

5.1 A brief profile of the complaints disposed of by BO offices during the year is given below:

Table 9 - Disposal of Complaints by BO Offices

Particulars		2004-05	2005-06	2006-07	2007-08	2008-09
Complaints received during the year including complaints brought forward from previous year		12034	33363	44766	54992	75009
Total number of complaints disposed of	No.	10403	27193	37661	49100	65576
	Percentage	86	82	84	89	87
Complaints carried forward to next year	No.	1631	6170	7105	5892	9433
	Percentage	14	18	16	11	13



5.2 Banking Ombudsman Offices disposed of 87% (65576) of the 75009 complaints received during the year 2008-09, as against disposal of 89% of the complaints received during previous year. Broadly, around 35% (22461) of the complaints dealt with (65576) have been closed by mutual settlement or by issue of awards while 65% (43115) of the complaints have been disposed of citing reasons like : First resort complaints(27.73%), Complaints Pending in other forum(1%), Subject matter outside the BO Scheme(16.50%), Complicated complaint requiring elaborate evidence(1%), Complaint without sufficient cause(7.30%), Bank branches outside the BO jurisdiction (4.20%), etc as shown in Table 11. Non maintainable complaints were rejected at the initial scrutiny stage itself while other complaints were rejected only after due processing. In both the cases, however, copy of the complaint is endorsed to the bank concerned for redressal. Banks were generally prompt in redressing the cases forwarded to them. In several cases, banks have kept BO informed of the action taken thereon, by endorsing a copy of their resolution letter issued to the complainant.

5.3 Mode of disposal of complaints

Mode of disposal of complaints (other than rejected complaints) during the years 2004 - 05 to 2008-09 is as under:-

Table 10 - Mode of disposal of complaints (other than rejected complaints) during the years 2004-05 to 2008-09						
Sr. No	Year	No. of complaints disposed of	Disposal by Award		Disposal by settlement	
			No.	%	No.	%
1	2004-2005	5440	165	3.03	5275	96.97
2	2005-2006	14889	146	0.98	14743	99.02
3	2006-2007	22150	84	0.38	22066	99.62
4	2007-2008	29365	70	0.24	29295	99.76
5	2008-09	22461	73	0.32	22388	99.68

As many as 22,388 complaints were settled by mutual agreement during the year as compared to mutual settlement of 29,295 complaints during the previous year. BO offices issued 73 awards during the year. Lesser number of awards issued by the BOs may be attributed to the bank's attempt to resolve the complaints before issue of awards, since receipt of awards is considered as un-desirable.

5.4 Conciliation meetings

Conciliation meetings which enable two parties to meet "face to face" has played an important role in the process of resolution of complaints. Although, Banking Ombudsman does not force parties to come to settlement, such meetings facilitate them to come to their own solution rather than have a solution imposed on them by way of an award. During the year, as many as 22,388 complaints were settled by the BO offices after holding conciliation meetings and other persuasive efforts. Thus, the objective of the BO Scheme

(expeditious and inexpensive resolution of customer complaints without having to examine elaborate documentary evidences) could be satisfactorily achieved to a large extent by promoting settlement by mutual consent.

5.5 Rejected complaints

Table 11 - Reasons for Rejection of Complaints				
Reasons	Complaints rejected during 2007-08	Percentage	Complaints rejected during 2008-09	Percentage
First resort complaints	7950	40	18187	42
Time barred complaints	260	1	510	1
Complaints dealt earlier	333	2	804	2
Complaints pending in other forum	476	2	707	2
Frivolous complaints	137	1	194	1
Incomplete address etc	434	2	3019	7
Complaints without sufficient cause	3249	16	4764	11
Not pursued by the complainants	706	4	806	2
Complicated requiring elaborate evidence	478	2	512	1
No loss to the complainants	547	3	143	0
Complaints outside the scheme	3673	19	10771	25
Bank branches outside jurisdiction (transferred to other BOs).	1492	8	2698	6
Total	19735	100	43115	100

Although as much as 43,115 complaints were shown as rejected during the year, it may be mentioned that, as stated in paragraph 5.2, in most of these cases, the Scheme could provide relief to the complainant to a large extent by way of reversal of bank charges, overdue interest, over limit charges, partial settlement/ write off of overdue, etc during the process of resolution.

5.6 First resort complaints (42%)

First resort complaints accounted for the highest percentage of complaints rejected (42% in 2008-09 as against 40% in 2007-08). High percentage of first resort complaints indicates greater faith of the complainants in the institution of the BO Scheme rather than in their banks or the inept handling of customer's complaints by front line staff in the banks. While this highlights the marked increase in the customer awareness about the BO Scheme, it also points to the requirement of educating the public to lodge their complaints first with the bank concerned, and to approach the BO later, if they are not satisfied with the response from the bank. While rejecting such complaints, one copy of the complaint is endorsed to the bank concerned. The banks were generally prompt in redressing such complaints forwarded to them. Thus, although no data is available as to the exact number of such complaints redressed, it is our experience that very few first resort complaints rejected by BOs were received back. It could be that the reference to BO has helped the complainants to get their grievances redressed from the banks concerned.

5.7 Complaints outside the BO Scheme (25%)

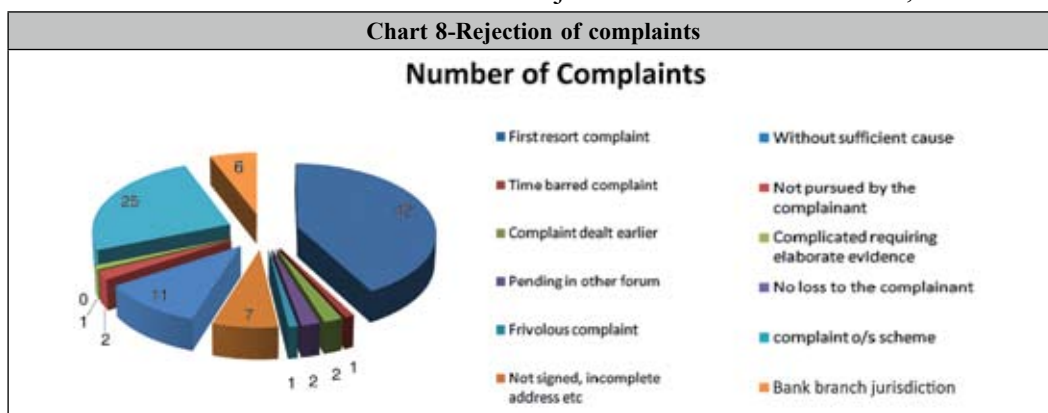
The second-highest cause of rejection, viz. complaints outside the Scheme comprising 25% of rejected complaints, indicates that the customer awareness campaigns need to be more fine-tuned and



focused. These complaints were also rejected after initial scrutiny. However, copies of these complaints, as in the case of first resort complaints, were endorsed to the banks concerned. In several cases, banks have kept BO informed of the redressal measures taken on these complaints. Some of these complaints were sent to other RBI departments like Department of Banking Supervision, Department of Banking Operations and Development, Department of Non Banking

5.9 Rejection due to other reasons

Rejection of such complaints will be done only after giving proper opportunities to both the parties and due examination of bank's submissions. Meetings will be arranged, wherever necessary, and if the complaint cannot be resolved fully under the BO Scheme provisions, it will be rejected giving reasons like complicated complaint requiring elaborate evidence, no loss to the complainant, beyond the pecuniary jurisdiction of BO Scheme, etc.



Supervision, Rural Planning and Credit Department, etc or other organizations like Securities and Exchange Board of India, Insurance Regulatory and Development Authority for redressal.

5.8 Complaints made without sufficient cause (11%)

Complaints made without sufficient cause represent those complaints where the banks concerned may have acted as per the covenants of the products and service contracts. Here also the complaints will be processed as usual and a decision taken to reject the complaint as it was made without sufficient cause.

5.10 Pending complaints at BO offices

As regards pendency, 13% of the complaints were carried forward to the next year as against 11% in the previous year. During the year 2008-09, 10% of the pending complaints were pending for more than 2 months and 7% of them were pending for more than 3 months (15% and 15% respectively in the previous year). This indicates a slight improvement in position. The complaints not accompanied by documentary evidence, unusually long time given to the concerned banks to respond to queries etc mostly contributed to the delay in disposing of the complaints.

Table 12 - Details of complaints pending at BO Offices at the end of the year

Period of pending	2006-07		2007-08		2008-09	
	No. of cases pending	Percentage to total pending	No. of cases pending	Percentage to total pending	No. of cases pending	Percentage to total pending
Up to 1 month	2262	32	2712	46	5041	54
1-2 months	1936	27	1394	24	2751	29
2-3 months	943	13	861	15	956	10
More than 3 months	1964	28	925	15	685	7
Total	7105	100	5892	100	9433	100

Chart 9 – Complaints Pending for more than three months


Disposal of Complaints staff wise

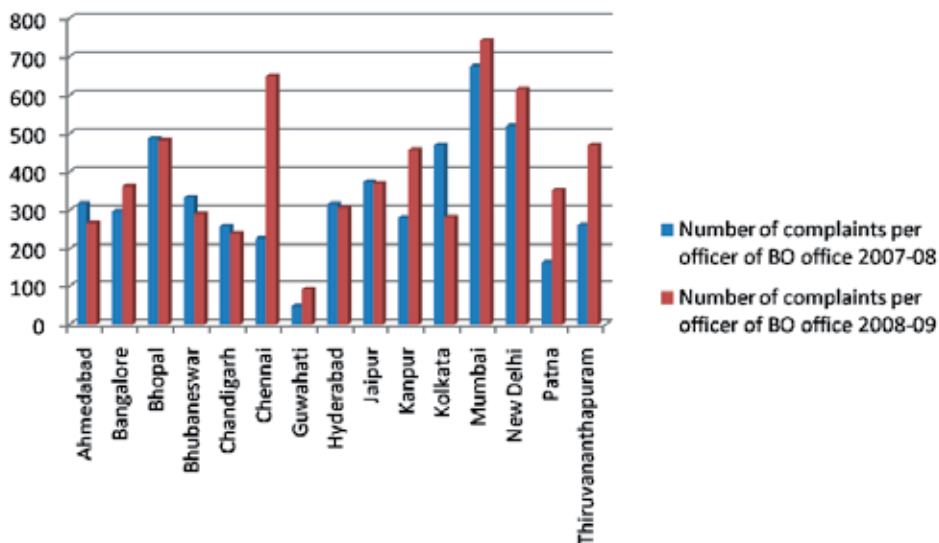
6. During the year under review, most of the SLBC staff have been repatriated back to their banks in a phased manner. To handle the increased number of complaints and as replacement for the SLBC staff, the offices of Banking Ombudsman were given additional staff. The staff wise position of complaints handled is given in the following table:

Table 13 - BO Office Staff-wise complaints dealt with

BO Office	2006-07			2007-08			2008-09		
	No. of complaints	No. of officers	Complaints per officer	No. of complaints	No. of officers	Complaints per officer	No. of complaints	No. of officers	Complaints per officer
Ahmedabad	2107	7	301	2855	9	317	3732	14	267
Bangalore	2406	6	401	2975	10	297	3255	9	362
Bhopal	2731	5	546	3402	7	486	3375	7	482
Bhubaneswar	689	4	172	998	3	333	1159	4	290
Chandigarh	2006	5	412	2331	9	259	2634	11	240
Chennai	2387	4	597	4545	20	227	10381	16	649
Guwahati	170	2	85	282	6	47	455	5	91
Hyderabad	2725	8	341	2843	9	316	3961	13	305
Jaipur	2976	6	496	3369	9	374	3688	10	369
Kanpur	4321	15	288	5340	19	281	7776	17	457
Kolkata	2011	8	251	2815	6	469	3671	13	282
Mumbai	5525	8	691	6070	9	674	9631	13	741
New Delhi	5481	12	457	6742	13	519	10473	17	616
Patna	1481	6	247	1480	9	164	2110	6	352
Thiruvananthapuram	1580	6	263	1840	7	262	2816	6	469



Chart 10 – BO Office Staff-wise complaints dealt with



COST OF RUNNING THE SCHEME

7. The total expenditure in operationalizing the Banking Ombudsman Scheme was shared by the banks, in the proportion of their working funds, up to December 2005. From January 1, 2006, the expenditure is fully borne by RBI in terms of the revised Banking Ombudsman Scheme, 2006. The cost of the Scheme includes the revenue expenditure and capital expenditure incurred in running the Banking Ombudsman offices. The revenue expenditure includes the establishment items like salary and allowances of the staff attached to Banking Ombudsman offices and non-establishment items such as rent, taxes, insurance, law charges, postage and telegram charges, printing and stationery expenses, publicity expenses, depreciation and other miscellaneous items. The capital

expenditure items include the furniture, electrical installations, computers/related equipments, telecommunication equipments and motor vehicle.

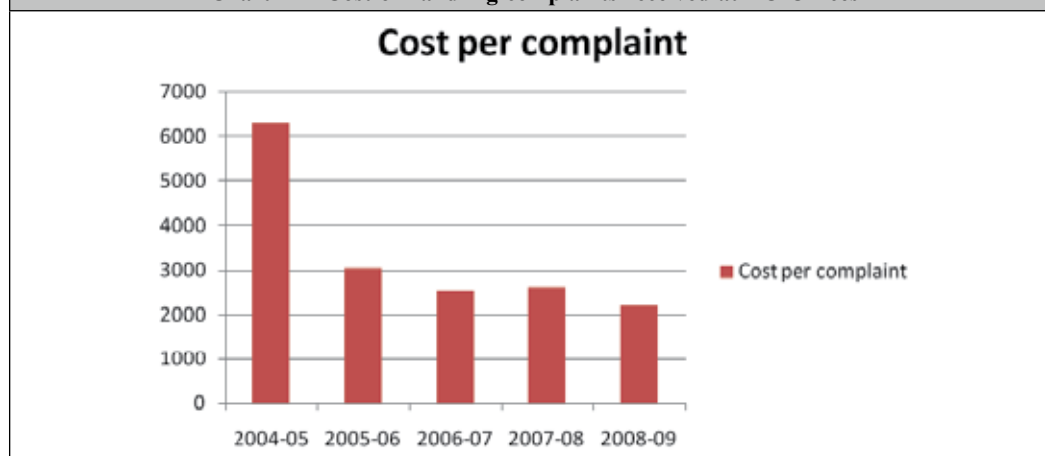
While the aggregate cost of running the fifteen Banking Ombudsman offices has increased by 22% during the year under review, with the increase in the number of complaints dealt with, the cost per complaint dealt has declined by 15%. The details are given as below.

Table 14 - Cost of handling complaints received at BO Offices

Period	Total Cost (Rs. Cr)	No. of Complaints dealt	Cost per complaint (Rs)
2004-05	7.60	12,034	6,315
2005-06	10.16*	33,363	3,045
2006-07	9.81	38,638	2,538
2007-08	12.50	47,887	2,611
2008-09	15.29	69117	2,212

(* Approximate amount for the 15-month period from April 1, 2005 to June 30, 2006.)

Chart 11 - Cost of handling complaints received at BO Offices



Appeal against the decisions of the Banking Ombudsmen

8.1 The Banking Ombudsman Scheme 2006 permits banks and complainants to appeal against the decisions of the Banking Ombudsman. The Appellate Authority is the Deputy Governor in charge of the Banking Ombudsman Scheme and secretariat is provided by the Customer Service Department. The number of Appeals preferred by banks and complainants during the year 2007-08 and 2008-09 are as under:

8.2. The number of appeals received at Central office level by the Appellate authority (AA) is increasing steadily since the appealing facility was widened to cover all decisions of BO and that appeals can be submitted by both the complainant and banks since May 2007. AA has handled 301 appeals during the year as against 191 during the previous year, recording an increase of 57%. 251 out of 301 appeals were received from public and 18 appeals were received from banks. The AA has disposed 180 complaints during the current year as compared to 159 appeals disposed during the previous year.

Table 15 - Number of Appeals Received during 2007-08 and 2008-09

Particulars	No. of appeals received during 2007-08	No. of appeals received during 2008-09
Appeals b/f from previous year	5 @@	32
Appeals received from public	169	251
Appeals received from banks	17	18
Total no. of appeals received	191	301
Appeals disposed of during the year	159	180
Appeals pending at the close of the year	32	121

@@ The system of appealing against any decision of BO (rejections, awards, other decisions, etc) by both the complainant and banks was started from May 2007 onwards. Earlier, appeal facility was available only to the complainant and that too against the awards issued by the BO.



Table 15A - Number of Appeals Disposed off during 2008-09

Particulars	No. of appeals against decisions of BO other than awards	No. of appeals against Awards	Total appeals at CSD level
(1)	(2)	(3)	(4)
No. of appeals c/f from previous year	32	—	32
No. of appeals received from customers	251	—	251
No. of appeals received from banks	—	18	18
Total No. of appeals received	283	18	301
No of appeals disposed	174	6	180@
BO decisions upheld by the AA	140	3	143
BO decisions set aside by the AA	20	—	20
Remanded to BO by the AA	14	3	17
Total	174	6	180
Appeals pending as on June 30, 2009	109	12	121
Appeals pending for less than 1month	51	4	55
Appeals pending for 1-2 months	18	—	18
Appeals pending for 2-3 months	19	1	20
Appeals pending for more than 3 months	21	7	28

@ Thus, out of the 180 appeals disposed off at CO level, the AA had upheld the decision of BO in 143 cases (80%), while BO decisions were set aside in 20 cases. In addition, 17 cases were remanded to the BO for fresh disposal in accordance with the directions of the AA. The fact that AA has upheld the BO's decision in 80% of the cases amply exemplifies the quality of decisions taken at BO level, keeping in view the spirit of the Banking Ombudsman Scheme, particularly, when the proceedings under the Scheme are summary in nature.

Some Important Developments during the year 2008-09

9.1 Meeting of the Committee on Subordinate Legislation, Rajya Sabha on functioning of the Banking Ombudsman Scheme in the private sector banks and foreign banks

Deputy Governor represented the Bank during the deliberations of the Committee on Subordinate Legislation on functioning of the Banking Ombudsman Scheme in the private sector banks and foreign banks. The Committee was headed by Dr Najma Heptulla, MP and the banks called for discussion were HDFC, Citibank, Standard Chartered Bank, Deutsche Bank and HSBC Ltd.

9.2 Standing Committee on Finance

The Standing Committee on Finance under the Chairmanship of Shri Ananth Kumar, Member of Parliament convened a meeting at Pune on July 26, 2008 to discuss the matters regarding Customer Service in public sector banks. Bank of Baroda and Central Bank of India were invited for the discussions.

9.3 Up gradation of Complaint Tracking Software (CTS)

The upgraded version of CTS package went live from July 1, 2009. The upgraded CTS package has provision to enter the complaints, acknowledge the complaints, edit the complaints to update it, upload/ down load supporting

files in respect of a complaint by the banks, view complaint details, view status of complaints, etc. It is capable of generating reports like complaint received reports, complaint disposed reports, award issued reports, complaint pending reports, bank wise/subject wise reports, non-maintainable complaints report, monthly /quarterly statements, etc.

9.4 Advertisement under series 'Jago Grahak Jago'

An advertisement campaign on the Banking Ombudsman Scheme has been released by the Bank in collaboration with Ministry of Consumer Affairs, Food & Public Distribution, Government of India as a joint campaign under the 'Jago Grahak Jago' series. A massive advertising & visual publicity campaign on the Banking Ombudsman scheme had been carried out in both print and electronic media. This publicity will help in elevating awareness about the BO Scheme among the common people. In addition, banks were instructed to display details of the BO Scheme in all bank branches for the benefit of their customers.

9.5 PGRC portal

Department of Administrative Reforms and Public Grievances (DARPG), Government of India, with technical support from National Informatics Center (NIC) has developed a Public Portal viz. Centralized Public Grievances Redressal and Monitoring System (CPGRAMS) for prompt and effective redressal of grievances

of citizens. The System is to record and receive the grievances online and redress them indicating action at different levels. The Government of India is monitoring the System.

All the Public Sector banks, Offices of the Banking Ombudsman, RBI, SIDBI, IDBI Bank, NABARD etc., have been listed by Government of India as subordinate offices and given username and password to access the DARPG portal to enable them to dispose of the grievances against banks online. The Government of India intends to discontinue with the disposal of grievances in paper form in a phased manner.

9.6 Committee on Financial Education and Investor Protection headed by Chairman of PFRDA (Pension Fund Regulatory & Development Authority)

A Committee has been constituted by GOI under the chairmanship of Shri D. Swarup, Chairman, PFRDA for deliberation on the issues of financial education and investor protection in the Indian financial market. RBI was represented by Shri G. Gopalakrishna, Executive Director as a member of the Committee. The first meeting was held on March 30, 2009 and subsequent meetings were held at periodic intervals. The Committee has submitted the report to GOI.

9.7 International Network of Financial Services

Deputy Governor, Dr. K C Chakrabarty, has been nominated as a member of



Do you have a complaint about your bank's services?



Does your bank fail to adhere to the written promises it made?

Does your bank fail to disclose up-front the important terms and conditions while selling a product/financial service?

Does your bank communicate clearly about the rates and charges?

Does your bank adhere to RBI guidelines?

Does your bank abide by the Code of Bank's Commitment to Customers as issued by the Banking Codes and Standards Board of India?

The Banking Ombudsman (BO) appointed by the Reserve Bank of India will help you in resolving your complaint.

Some facts to remember : Complaints regarding deficiency of service and the resultant financial loss will be examined by the BO for determining the award/relief. • Approach your bank first for redressal of your grievance. • If you do not receive a reply within a month or the reply is unsatisfactory, lodge the complaint with the BO within one year and one month after complaining to the bank. • The subject matter of your complaint should not be pending for disposal/already dealt with in any other forum like a court of law, consumer court etc. • Non-acceptance of your application for loans without furnishing any reason for the same is a ground

for complaint, but credit decisions are not. • Compensation can be claimed for harassment, mental anguish etc. only for credit card related complaints. • Complaints by an employee against his/her employer (bank) is not handled by the BO. • Written, on-line and also email based complaints are accepted. • To help us to help you, minimum details such as the name of the complainant, address, name of the branch, account/card number, cause of the complaint and relief sought, copies of correspondence with the bank etc. should be provided. • Lodging a complaint with the BO does not cost you anything!

For details please visit www.bankingombudsman.rbi.org.in

Banking Ombudsman for Maharashtra and Goa
Reserve Bank of India, Garmen House, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai-400 015.
Tel.No.24924607/24960893, Fax No.022-24960912

Issued in public interest by



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Department of Consumer Affairs, Government of India
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बैंकिंग ग्राहक जनो
BANKING GRAHAK JANO
www.bankingombudsman.rbi.org.in

International Network of Financial Education and also member of International Network of Financial Services. All BOs have been registered with the network of Financial Services Ombudsman Schemes and receive regular bulletins where latest news is incorporated and important decisions are conveyed. This forms an important aspect of knowledge sharing and helps the Banking Ombudsmen in disposal of cases.

9.8 Class Action

Certain omissions and commissions by banks in their dealing with the customers in matters of lending, other services including liabilities tend to be detrimental to the interests of the customers at times. When such instances are noticed by/ brought to the notice of the Regulator, corrective action in the form of general directions to all banks is taken so that the customers in general including the complainants are protected against such omissions and commissions. This is a proactive measure as against a reactive one in that the redressal is afforded not just to the complainant but to all those similarly placed without waiting for further formal complaints.

RBI has initiated class action against a foreign bank regarding mode of calculation of interest rates on deposit accounts. A PSU bank was advised to recalculate interest rate on all the housing loans as per terms of the agreements entered into with all the borrowers without their application for relief. Yet another PSU bank was

asked to recredit insurance premium which was debited to SB account holders without their concurrence under group insurance scheme. The Customer Service Department of the Bank, on the basis of news items appearing in newspapers or any other media takes proactive action by taking up the matter with concerned bank for corrective action even if no specific complaints are received.

9.9 Outreach activities carried out by BOs for creating awareness of BOS 2006

The growing popularity of the Banking Ombudsman Scheme, 2006 stems from its hassle-free accessibility as well as the credibility of its processes and outcomes. Nevertheless, there are vast chunks of bank customer base, which are not aware of the Banking Ombudsman Scheme or how to access its redressal mechanism. Therefore, awareness and sensitization of banks and their customers necessarily remain at the core of any meaningful initiative to empower the bank customer. Towards this end, a number of focused initiatives were pursued during the year across the entire country.

1. Interface with banks - All Banking Ombudsmen hold periodic meetings with Nodal officers of banks of their respective jurisdiction to minimize first resort complaints as well as to solicit quick response from banks for the complaints referred.

2. Organizing awareness camps - Banking Ombudsmen are holding

Annex - 1

Address and Area of Operation of Banking Ombudsmen		
Centre	Address of the Office of Banking Ombudsman	Area of Operation
Ahmedabad	C/o Reserve Bank of India La Gajjar Chambers, Ashram Road, Ahmedabad-380 009 Tel.No.26582357/26586718 Fax No.079-26583325	Gujarat, Union Territories of Dadra and Nagar Haveli, Daman and Diu
Bangalore	C/o Reserve Bank of India 10/3/8, Nrupathunga Road Bangalore-560 001 Tel.No.22210771/22275629 Fax No.080-22244047	Karnataka
Bhopal	C/o Reserve Bank of India Hoshangabad Road, Post Box No.32, Bhopal-462 011 Tel.No.2573772/2573776 Fax No.0755-2573779	Madhya Pradesh and Chhattisgarh
Bhubaneswar	C/o Reserve Bank of India Pt. Jawaharlal Nehru Marg Bhubaneswar-751 001 Tel.No.2396207/2396008 Fax No.0674-2393906	Orissa
Chandigarh	C/o Reserve Bank of India New Office Building Sector-17, Central Vista Chandigarh-160 017 Tel.No.2721109/2721011 Fax No.0172-2721880	Himachal Pradesh, Punjab, Union Territory of Chandigarh and Panchkula, Yamuna Nagar and Ambala Districts of Haryana.
Chennai	C/o Reserve Bank of India Fort Glacis, Chennai 600 001 Tel No.25399170/25395963/25399159 Fax No.044-25395488	Tamil Nadu, Union Territories of Pondicherry (except Mahe Region) and Andaman and Nicobar Islands
Guwahati	C/o Reserve Bank of India Station Road, Pan Bazaar Guwahati-781 001 Tel.No.2542556/2540445 Fax No.0361-2540445	Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura
Hyderabad	C/o Reserve Bank of India 6-1-56, Secretariat Road Saifabad, Hyderabad-500 004 Tel.No.23210013/23243970 Fax No.040-23210014	Andhra Pradesh



Centre	Address of the Office of Banking Ombudsman	Area of Operation
Jaipur	C/o Reserve Bank of India, Ram Bagh Circle, Tonk Road, Post Box No.12, Jaipur-302 004 Tel.No.2570357/2570392 Fax No.0141-2562220	Rajasthan
Kanpur	C/o Reserve Bank of India M.G. Road, Post Box No.82 Kanpur-208 001 Tel.No.2306278/2303004 Fax No.0512-2305938	Uttar Pradesh (excluding Districts of Ghaziabad and Gautam Budh Nagar) and Uttaranchal
Kolkata	C/o Reserve Bank of India 15, Nethaji Subhas Road Kolkata-700 001 Tel.No.22306222/22305580 Fax No.033-22305899	West Bengal and Sikkim
Mumbai	C/o Reserve Bank of India Garment House, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai-400 018 Tel.No.24924607/24960893 Fax No.022-24960912	Maharashtra and Goa
New Delhi	C/o Reserve Bank of India, Sansad Marg, New Delhi Tel.No.23725445/23710882 Fax No.011-23725218	Delhi, Jammu and Kashmir and Ghaziabad and Gautam Budh Nagar districts of Uttar Pradesh Haryana (except Panchkula, Yamuna Nagar and Ambala Districts)
Patna	C/o Reserve Bank of India, Patna-800 001 Tel.No.2322569/2323734 Fax No.0612-2320407	Bihar and Jharkhand
Thiruvananthapuram	C/o Reserve Bank of India Bakery Junction Thiruvananthapuram-695 033 Tel.No.2332723/2323959 Fax No.0471-2321625	Kerala, Union Territory of Lakshadweep and Union Territory of Pondicherry (only Mahe Region).

Annex - 2

Important notifications relating to Customer Service and Banking Ombudsman Scheme in 2008-09	
Date of Announcement	Policy Announcement
July 23, 2008	Credit Card Operations by Banks - Circular No. DBOD. FSD. BC .6 /24.01.011/2008-2009 RBI had undertaken a study on the subject and advised banks to ensure that they adhere to the extant instructions in respect of credit card operations, issue of unsolicited cards, and insurance cover to credit card holders. Any violations would be viewed seriously.
August 22, 2008	Display of information by banks – Comprehensive Notice Board - DBOD .No. Leg. BC. 33 /09.07.005/2008-09 RBI advised banks that various information should be displayed on notice board and the same made available in booklets/brochures as also on the banks' website
September 01, 2008	Unclaimed Deposits and Inoperative/ Dormant Accounts in UCBs - UBD. BPD (PCB) Cir No: 9 /13.01.000/2008-09 In view of the increase in the amount of the unclaimed deposits with banks year after year and the inherent risk associated with such deposits, it is felt that banks should play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained inoperative.
September 01, 2008	Display of information by banks – Comprehensive Notice Board - UBD. PCB. Cir. No. 10 /12.05.001/2008-09 In order to promote transparency in the operations of banks, various instructions have been given by RBI to banks towards display of various key aspects such as service charges, interest rates, services offered, product information, time norms for various banking transactions and grievance redressal mechanism.
September 12, 2008	RRBs - Settlement of claims in respect of Missing Persons - RPCD. CO.RRB.BC.No.26 /03.05.33/ 2008-09 Regional Rural Banks (RRBs) were advised to formulate a policy which would enable them to settle the claims of a missing person after considering the legal opinion and taking into account the facts and circumstances of each case.
September 12, 2008	Display of information relating to Interest Rates and Service Charges – Rates at a quick glance - DBOD.No.Leg.BC.42 /09.07.005/2008-09 RBI has devised a format for display of information relating to interest rates and service charges which would enable the customer to obtain the desired information at a quick glance.
September 17, 2008	Unsolicited Commercial Communications – National Do Not Call (NDNC) Registry - DBOD.No.FSD.BC.45/24.01.011/2008-09 RBI has advised banks to ensure that only those DMAs/DSAs who are registered as telemarketers with DoT are employed by them. Further, any employment of telemarketers who are not registered with DoT by banks would be treated as a violation of Supreme Court's direction.



Policy Announcement	
Date of Announcement	Policy Announcement
September 18, 2008	Display of information relating to Interest Rates and Service Charges – Rates at a quick glance - UBD. PCB. Cir. No. 15 /12.05.001/2008-09 RBI have devised a format for display of information relating to interest rates and service charges which would enable the customer to obtain the desired information at a glance. Banks may also ensure that only latest updated information in the above format is displayed in the bank / branch premises and placed on their web-sites and the same is easily accessible from the Home Page of their web-sites.
September 19, 2008	Payment of interest on accounts frozen by banks - DBOD. No .Leg. BC.47/09.07.005/2008-09 The issue was examined in consultation with Indian Banks' Association and banks are advised to renew Term Deposit Accounts frozen by any enforcement authorities after obtaining written request from the customer. With regard to the savings bank accounts frozen by any enforcement authorities, banks may continue to credit the interest to the account on a regular basis.
October 08, 2008	Mobile Banking transactions in India - Operative Guidelines for Banks - DPSS.CO.No.619/02.23.02/ 2008-09 Mobile phones as a medium for providing banking services have been attaining greater importance. In order to ensure a level playing field and considering that the technology is relatively new, RBI has brought out a set of operating guidelines for adoption by banks.
October 24, 2008	Relief/Savings Bonds – Rights of Customers - DGBA.CDD No H – 3854 / 13.01.299 / 2008-09 The Bank advised all designated agency bank branches that the existing rights of the investors included in the standardized application form for Savings Bonds should be amplified to inform the investor of the maturity date, the right of the investor to transfer his account from one agency bank to another and the right to get savings bank account interest for delayed payments, etc.
October 24, 2008	Savings Bonds now eligible as Collateral for Loans - DBOD. No. Dir .BC. 66/13.03.00/2008-2009 It has been decided by the Government of India to allow for pledge or hypothecation or lien of the bonds issued under the captioned schemes as collateral for obtaining loans from scheduled banks. Accordingly, the holders of the said bonds will be entitled to create pledge or hypothecation or lien in favour of scheduled banks.
November 03, 2008	Master Circular on Customer Service - DBOD. No. Leg. BC. 75 /09.07.005/2008-09 RBI has been time and again issuing various instructions / guidelines in the area of customer service to bring about improvements in the quality of customer service in banks and their branches. In order to have all current instructions on the subject at one place, RBI have compiled many of the important instructions issued by us in the form of a Master Circular.

Date of Announcement	Policy Announcement
November 25, 2008	Guidelines on Fair Practices Code for Lenders- Disclosing all information relating to processing fees / charges - DBOD. No. Leg. BC. 86 /09.07.005/2008-09 Banks / FIs are advised to ensure that all information relating to charges / fees for processing are invariably disclosed in the loan application forms. Further, the banks must inform 'all-in-cost' to the customer to enable him/her to compare the rates charged with other sources of finance.
December 02, 2008	RRBs - Housing Loans - Implementation of Delhi High Court Orders - RPCD.CO.RRB.BC.No.71 /03.05.33/2008-09 Since the agricultural land is outside the limit of the Gram panchayats and Municipal Councils and as these authorities neither sanction plans nor issue completion certificates for farmhouses constructed by the farmers on the agricultural land, its directions will not apply to such situations. In all such cases, local rules will apply. The banks are advised to take action accordingly.
December 10, 2008	Guidelines on Fair Practices Code for Lenders- Disclosing all information relating to processing fees / charges - RPCD. CO. RRB.BC.No.75 /03.05.28-B/2008-09 Regional Rural Banks are advised to ensure that all information relating to charges / fees for processing are invariably disclosed in the loan application form. Further, the banks must inform 'all-in-cost' to the customer to enable him to compare the rates charged with other sources of finance.
December 19, 2008	St. CB/DCCBs – Disclosing information relating to processing fees / charges - RPCD. CO.RF.BC .No.78 /07. 38. 01/2008-09 State and Central co-operative banks are advised to ensure that loan application forms, in respect of all categories of loans irrespective of the amount of loan sought by the borrower, are comprehensive and all information relating to fees/ charges, if any are invariably disclosed in the loan application forms.
December 26, 2008	Detection and impounding of Counterfeit Notes – Issue of Receipt to renderer - UBD. PCB. Cir. No. 31 /09.39.000/2008-09 Complaints are being received that while impounding a counterfeit note at banks, the renderer is not informed of the reasons for deeming a note as counterfeit. It is advised that the format of the receipt at Annex I of the Master Circular has been modified with immediate effect indicating the parameters on which a note is deemed as counterfeit.
January 14, 2009	USD Denominated Cheques – Improvements in collection process - UCBs - UBD (PCB). Cir. No. 33/16.26.00/2008-09 UCBs have been advised to make the US Dollar currency cheque collection scheme transparent as a part of their regular cheque collection policy. Various modes of collection along with the time period and charges fixed for each mode should be appropriately covered therein.



Date of Announcement	Policy Announcement
January 20, 2009	Collateral Free Loans - Micro and Small Enterprises -(RPCD. SME& NFS. BC. No 84A/06.02.31(P)/2008-09 RBI have been receiving representations from various quarters that collateral security is being demanded from MSEs even for new loans up to Rs. 5 lakh. RBI, therefore reiterate that banks may extend collateral-free loans up to Rs. 5 lakh to all new loans to the MSE sector (both manufacturing and service enterprises).
January 20, 2009	UCBs - Delays in Cheque Collection - UBD (PCB) BPD Cir No. 34 / 09.39.000/ 2008-09 In compliance with the orders of the National Consumer Dispute Redressal commission (NCDRC) all UCBs are advised to conform timeframe prescribed by the Commission. For local cheques, credit and debit shall be given on the same day or at the most on the next day and time frame for collection of outstation cheques drawn on state capitals / major cities / other locations shall be 7/10/14 days respectively.
January 28, 2009	Extension of service window for RTGS transactions - DPSS (CO) RTGS No. 1288 / 04.04.002 / 2008 - 2009 On a review of RTGS timings, the RTGS Standing Committee has decided to extend RTGS timings for customer's transactions on Saturdays from 12:00 noon to 12:30 hours and for interbank transactions from 14.00 to 14.30 hours.
February 02, 2009	Levy of Service Charges for Electronic Payment Products, Outstation Cheque Collection and Standardization of charges for transfer of surplus Clearing Funds - UBD. PCB. Cir. No. 48 /09 .39.000/2008-09 Banks were advised of the framework of charges to be levied by them for offering various electronic products, for outstation cheque collection services and transfer of surplus clearing funds.
February 05, 2009	RRBs - Delays in Cheque Clearing - RPCD.CO.RRB. BC .No. 87 /03. 05.33 /2008-09 In compliance with the orders of the National Consumer Dispute Redressal commission (NCDRC), all RRBs are advised to conform timeframe prescribed by the Commission. For local cheques, credit and debit shall be given on the same day or at the most, on the next day and timeframe for collection of outstation cheques drawn on state capitals / major cities / other locations shall be 7/10/14 days respectively.
February 06, 2009	St. CBs /DCCBs -Delays in Cheque Clearing - Case No. 82 of 2006 before National Consumer Disputes Redressal Commission - RPCD. CO.RF .BC. No. 88 / 07.06.00 / 2008-09 In compliance with the orders of the National Consumer Dispute Redressal commission (NCDRC) all St CBs and DCCBs are advised to frame/ reframe their Cheque Collection Policies (CCPs) covering local and outstation cheque collection as per the time frame prescribed by the Commission.

Date of Announcement	Policy Announcement
February 09, 2009	Indo – Nepal Remittance Scheme – Revision of service charges - DPSS. (CO) No. 1381 /04.09.03/2008-09 After discussion with stakeholders, it has been decided to revise the service charges to be levied to customers for funds transfer from India to Nepal through Indo-Nepal remittance scheme. The revised charges are applicable with immediate effect.
February 11, 2009	Reconciliation of transactions due to the ATMs failure -Time limit - PSS No. 1424 / 02.10.02 / 2008-2009 Banks shall reimburse to the customers the amount wrongfully debited to them within a maximum period of 12 days from the date of receipt of customer complaints.
February 17, 2009	Reconciliation of transactions due to the ATMs failure -Time limit - UBD. CO. BPD. (PCB) Cir. No.50/09.39.000/2008-09 RBI advised the banks to strictly adhere to the time discipline of 12 days, from the date of receipt of complaints, prescribed for reimbursing to the customers the amount wrongfully debited to their account.
February 18, 2009	Credit/Debit Card transactions- Security Issues and Risk mitigation measures - DPSS No. 1501 / 02.14.003 / 2008-2009 After extensive consultations on various options to enhance the security of online card transactions with banks/card companies, it was decided that it would be mandatory for banks to put in place with effect from August 01, 2009 a system of providing for additional authentication/validation based on information not visible on the cards for all on-line card not present transactions except IVR transactions.
February 18, 2009	Unclaimed deposits and inoperative / dormant accounts in banks - RPCD. CO.RF.BC.No.89 /07.38.01/2008-09 In view of the increase in the amount of the unclaimed deposits and inoperative/ dormant accounts with banks year after year and the inherent risk associated with such deposits, it is felt that banks should play a more proactive role in finding the whereabouts of the account holders whose accounts have remained inoperative.
March 09, 2009	Banking Companies (Nomination) Rules, 1985 – Acknowledgement of Nomination and indicating the Name of the Nominee in Pass Books / Fixed Deposit Receipts - DBOD .No .Leg.BC.114 /09.07.005/2008-09 Banks are advised to strictly comply with the provisions of Banking Regulation Act, 1949 and Banking Companies (Nomination) Rules, 1985 and devise a proper system of acknowledging the receipt of the duly completed form of nomination, cancellation and / or variation of the nomination. Such acknowledgement should be given to all the customers irrespective of whether the same is demanded by the customers. Name of the nominee should be indicated in the pass book/FDRs



Date of Announcement	Policy Announcement
March 25, 2009	Rupee Export Credit Interest Rates - DBOD. Dir.(Exp).BC.No. 117 /04.02.01/2008- 09 It has been decided to extend interest subvention of 2% on export credit for a further period of six months i.e. from April 1, 2009 till September 30, 2009 to the same sectors and on the same terms and conditions.
April 08, 2009	RTGS Transactions - DPSS (CO) RTGS No. 1776 / 04.04.002 / 2008 - 2009 A bank customer receiving RTGS credit shall be provided with the name of the remitter in his account statements / pass book and a bank customer sending a RTGS remittance shall be provided with the name of the beneficiary in his account statements / pass book.
April 13, 2009	Co-operative Banks (Nomination) Rules, 1985 - Acknowledgement of Nomination and indicating the Name of the Nominee in Pass Books / Fixed Deposit Receipts - RPCD. CO. RF.BC.No.96/07.38.01/2008-09 Banks were advised to strictly comply with the provisions of Banking Regulation Act, 1949 (AACS) and Co-operative Banks (Nomination) Rules, 1985 and devise a proper system of acknowledging the receipt of the duly completed form of nomination, cancellation and / or variation of the nomination. Such acknowledgement should be given to all customers irrespective of whether the same is demanded by the customers or not. Name of the nominee should be indicated in the pass book/FDRs
April 13, 2009	Need for Bank Branches / ATMs to be made accessible to persons with disabilities - DBOD.No.Leg.BC.123 /09. 07 .005/ 2008-09 Banks were advised to take necessary steps to provide all existing ATMs / future ATMs with ramps so that wheel chair users / persons with disabilities can easily access them and also make arrangements in such a way that the height of the ATM does not create an impediment in its use by a wheelchair user.
April 13, 2009	Levy of service charges for electronic payment products and outstation cheque collection and Standardization of charges for transfer of surplus clearing funds - RPCD. CO. RF. BC. No. 95 / 07.06.00 / 2008-09 The framework of charges to be levied by banks for various electronic payment products (RTGS / NEFT / ECS) were applicable to all inter-bank transfers using the electronic mode. It is clarified that these charges are applicable for transfer of surplus clearing funds under Remittance Facilities Scheme (RFS), 2007 also.
April 20, 2009	Two Tier checking in RTGS Transactions - DPSS (CO) RTGS No .1839 / 04.04.002 / 2008 -2009 The increasing use of electronic modes of payment underscores the need for putting in place a robust security environment. Accordingly, it was made mandatory for the members to put in place maker-checker facility during data entry. Further, all transactions put through the RTGS system will be digitally signed and encrypted.

Date of Announcement	Policy Announcement
April 21, 2009	Security Arrangement in bank branches- Regional Rural Banks - RPCD. CO.RRB.BC.No.98 /03.05.28 /2008-09 Considering the present law and order situation and other subversive activities carried out by antisocial/extremist organizations and the banks being vulnerable targets of such elements, it has become necessary to follow stringent security norms to guard the bank branches. RBI have therefore, prepared a check list of guidelines for security arrangements for implementation with a view to improving the security arrangements in bank branches and the morale of staff including security personnel.
April 24, 2009	Payment of Interest on Savings Bank Account on a Daily Product Basis - All Scheduled Commercial Banks (Excluding RRBs) - DBOD. No. Dir. BC.128/13.03.00/2008-09 RBI had advised banks that in view of the present satisfactory level of computerization in commercial bank branches, it is proposed that payment of interest on savings bank accounts by scheduled commercial banks would be calculated on a daily product basis with effect from April 1, 2010. In order to ensure a smooth transition, banks may work out the modalities in this regard.
May 11, 2009	Usage of Inter-bank window for customer transactions - DPSS (CO) RTGS No. 1959 / 04.04.002 / 2008 - 2009 All RTGS participants were advised to strictly adhere to the RTGS procedural guidelines and desist from the practice of pushing customer transactions in the interbank mode. Violations, if any, brought to our notice would be viewed seriously and would attract penalty under Section 30 of the Payment and Settlement Systems Act, 2007(51 of 2007).
May 13, 2009	Banking Companies (Nomination) Rules, 1985 – Acknowledgement of Nomination and indicating the Name of the Nominee in Pass Books / Fixed Deposit Receipts - RPCD. CO.RRB.BC.No.103/03.05.28-A/2008-09 Regional Rural Banks were advised to strictly comply with the provisions of Banking Regulation Act, 1949 and Banking Companies (Nomination) Rules, 1985 and devise a proper system of acknowledging the receipt of the duly completed form of nomination, cancellation and / or variation of the nomination. Such acknowledgement should be given to all the customers irrespective of whether the same is demanded by the customers or not. Name of the nominee should be indicated in the pass book/FDRs
May 15, 2009	Levy of service charges for electronic payment products and outstation cheque collection and Standardization of charges for transfer of surplus clearing funds - RPCD. CO. RRB. BC. No. 105 /03.05.33 /2008-09 The framework of charges to be levied by banks for various electronic payment products (RTGS / NEFT / ECS) were applicable to all inter-bank transfers using the electronic mode. It is clarified that these charges are applicable for transfer of surplus clearing funds under Remittance Facilities Scheme (RFS), 2007 also.



Date of Announcement	Policy Announcement
May 22, 2009	Unclaimed deposits and inoperative / dormant accounts in banks - RPCD. CO.RRB.BC.No.108 /03.05.33/2008-09 In view of the increase in the amount of the unclaimed deposits with banks year after year and the inherent risk associated with such deposits, it is felt that Regional Rural Banks should play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained inoperative.
June 02, 2009	Delays in Cheque Clearing - Case No. 82 of 2006 before National Consumer Disputes Redressal Commission - DPSS. CO. (CHD) No. 873 / 03.09.01 / 2008-09 In compliance with the orders of the National Consumer Dispute Redressal commission (NCDRC) banks were advised to conform timeframe prescribed by the Commission. For local cheques, credit and debit shall be given on the same day or at the most, on the next day and timeframe for collection of outstation cheques drawn on state capitals / major cities / other locations shall be 7/10/14 days respectively.
June 05, 2009	Senior Citizens Savings Scheme, 2004 - Acceptance of Form 15-G from the Nominees - DGBA.CDD.H-10566/ 15.15.001/ 2008 -09 June 5, 2009 Banks were advised that Central Board of Direct Taxes have now clarified, vide their Office Memorandum F.No.275/36/2009-IT(B) dated May 14, 2009, that nominee of the investors of SCSS can also produce 15-G form (declaration of non-deduction of tax from the amount of interest payable) at the time of payment after the death of the depositor.
June 16, 2009	RTGS Transactions - DPSS (CO) RTGS No. 2246 / 04.04.002 / 2008 - 2009 It was decided that all RTGS participants will provide the return information in the R 42 message format in a standardized manner in the field tag 7495. It may be noted that field tag 7495 contains 6 lines and the RTGS participants are required to provide the minimum return information as stated above in the first three lines. Any additional information, in case an RTGS participant intends to provide, may do so in the subsequent three lines.
June 24, 2009	Access to own credit report - DBOD. No. DL.BC. 138/20. 16.042 / 2008-09 Banks and Financial Institutions were advised to ensure strict compliance with the provisions of the Credit Information Companies (Regulation) Act, 2005 as well as the rules and regulations framed there under.

Annex - 3

Exemplary Cases dealt with by BO offices where customers were right

Case 1

The complainant had availed a housing loan of Rs 3,40,000/- from the bank at a fixed rate of interest of 8% per annum at quarterly rests on highest monthly reducing balance. The complainant alleged that the bank had subsequently increased the rate of interest to 12.75% contrary to terms of sanction of the loan. The bank submitted that the customer was sanctioned loan at fixed interest rate, but as per their extant instructions and internal circular, the interest rates are to be reset at the end of every two years on the basis of interest rates prevailing at that time. Accordingly, the fixed interest rates were changed from 8% to 12.75%. During the course of the proceedings before the Banking Ombudsman, the bank re-worked the applicable interest at the contracted rate of interest and refunded the excess amount of Rs 17,936/-, by credit to the complainant's account. However, the bank contended that going forward, the reset interest rate would be applicable. The complainant was also given an exit option, which was not acceptable to him. If the interest rates are subject to periodical rests, it is only fair and reasonable that the same is explicitly stated in the loan agreement and sanction letter in an unambiguous and transparent manner. Further, in choosing to provide a fixed rate loan to

the customer, the bank has consciously decided to carry the interest rate risk associated with the product. The loan also carried a higher interest rate compared to floating rate product as a premium towards the interest rate risk. BO passed an Award advising the bank to strictly abide by the terms and conditions of the original arrangement and not give effect to their proposal to increase interest rate on the loan, unless explicitly consented to by the complainant in writing. The bank was also advised to pay an amount of Rs 1,000 to the complainant towards the cost of pursuing this remedy to his grievance. The bank has implemented the Award.

Case 2

The complainant was maintaining a current account and approached the bank to convert his current account to cash credit account. For the said purpose he had pledged NSC amounting to Rs.1,20,000/-. Subsequently the bank neither sanctioned him a cash credit limit nor returned the certificates. In the meantime the certificates were matured for payment and he requested the bank to return the certificates. The bank failed to return the certificates stating that the certificates had been misplaced.

The complainant approached us with a request to redress his grievances. On



taking up the matter with the bank, the bank assured to take up the matter with the post office for issue of duplicate NSCs. On receipt of the duplicate NSCs from the concerned post office, the complainant was compensated for the loss of the original certificates. The complainant submitted a letter of satisfaction to the BO.

Case 3

A complaint relating to non-credit of cheque amount into the account of the complainant was received. The complainant had reportedly taken up the matter with the bank several times but there was no response by the bank towards credit of the cheque amount. The complainant approached the BO for resolution of his grievances. On receipt of the complaint, BO questioned the bank as to what action had been taken on the complaint by them. The bank reported that the cheque in question was lost in transit resulting in non-credit of the cheque amount to the complainant's account. At the instance of BO, the bank took up the matter with UTI Mutual Fund, Patna by submitting letter of undertaking and death certificate. The Mutual Fund issued a duplicate cheque and the amount was credited to the complainant's account. The complainant submitted a letter of satisfaction.

Case 4

A complainant approached the BO alleging that the bank from which he had availed a housing loan had

been charging a higher rate of interest. Initially he applied for a housing loan of Rs.8,50,000/- at the fixed rate of interest. The rate of interest applicable on the loan was 9.25% as per the brochure provided by the bank. However, the complainant alleged that the loan was sanctioned at an interest rate of 9.75% without explaining about the terms and conditions of the loan at the time of sanction. On taking up the case with the bank, the bank informed BO that the higher rate of interest charged on the loan had since been rectified by the bank's data center and excess interest charged on the loan was adjusted and credited to the complainant's account.

Case 5

BO received a complaint where the complainant alleged that on her husband's death, she approached the concerned bank on November 27, 2008 for payment of family pension and all the formalities were completed as required by the bank. The Treasury Officer had converted the pension into family pension and advised the bank on October 18, 2008 to make payment to the widow. Though she had been approaching the bank there was no response from the bank. BO questioned the bank as to what action had been taken by them on the complaint. On persuasion, the bank redressed the grievances and paid the family pension to the complainant.

Case 6

The complainant was maintaining

Priority Banking Savings accounts with a private sector bank. This account was opened a year back with average quarterly balance requirement of Rs.1 lakh and the customer was promised several services, which were allegedly not provided to him. These services included cheque collection from his residence, valet parking at the branch, use of office for personal meetings, credit card facility, demat services, portfolio services and timely response to transaction queries. It was observed that the bank had introduced the priority banking service product without first ensuring that its branches were properly equipped to provide the promised services to all such customers. The bank was also found deficient in as much as it had not communicated to the customer the various conditions linked to the promised services. It was not considered fair that the customer was made to maintain an average quarterly balance of Rs. 1 lakh without providing all the promised services. Thus, had the customer maintained a normal savings bank account with average quarterly balance requirement of Rs.5000/-, he would have had an opportunity to invest Rs.95,000/- in fixed deposit to earn higher interest. BO passed an award against the bank for payment of interest at fixed deposit rate of interest applicable at the time of opening the account plus 2% (with quarterly compounding) from the date of opening of account to the date on which the bank pays the interest.

Case 7

A cheque drawn by the EPF

Department on the ABC Bank's Nasik branch for Rs.21.36 lakh was sent to XYZ Bank, New Delhi for credit to the account of the complainant. The amount was not credited to the complainant's account advising that it had not received the cheque. The complainant, however, obtained the Proof of Delivery from Post Office in support of the claim that it was delivered to the XYZ bank.. It transpired that the XYZ bank had actually misplaced the cheque before sending it for collection to ABC Bank and it had already furnished an affidavit to the EPF Department reporting the misplacement of the cheque and requesting for a duplicate cheque. With the intervention of BO, the bank credited an amount of Rs.18,894/- as interest on the delayed payment since date of deposit of the cheque.

Case 8

The complainant was holding a credit card of a foreign bank. He complained that a caller from the bank persisted in selling Medical Insurance Benefit Scheme to the card holder though he as well as his family members did not require the same. After a few days he received a policy in the name of his son and daughter without taking his approval. When he called up the bank in June 2006, he was assured that the policies would be cancelled and later it was confirmed as well. But after a few days, he was advised to send a cancellation request by



fax. The statement received showed unpaid balance. The complainant again sent two faxes in August and September 2006 for cancellation of the policies. In the conciliation meeting held by BO on 19 January 2009, the bank official stated that there was a recorded telephonic conversation with an Insurance Company and the bank had debited the account of the customer on the mandate received by the Insurance Company. There was no written mandate with the bank from the customer for debiting his account for premium of the policies of the Insurance Company. The bank failed to resolve the complaint for 2/3 years. However, with the intervention of BO, the debits of Rs.23,246/- were reversed.

Case 9

The complainant maintaining an account at Bank A attempted a withdrawal of Rs.25,000/- from Bank B's ATM, but no cash was dispensed. However, his account was debited. He immediately complained to Bank A and then to Banking Ombudsman subsequently. Bank A retrieved the JP log of 20.4.2008 from Bank B, which was not legible and confirmed that the transaction was successful. However, BO observed that the JP log appeared to be of 20.1.2008 and not of 20.4.2008, the reply was that actually the digit was 4 but appearing as 1 because of faulty printing. As we were still not convinced and insisted for a legible copy of JP log, Bank A informed after one month that they had

received the amount from Bank B and the complainant's account had been credited. In fact, Bank B had possibly misinformed Bank A.

Case 10

An employee of a PSU had availed a housing loan of Rs 385000/- from XYZ Bank, under the tie-up arrangement between the bank and the PSU. The loan was offered at fixed rate of 7.5%. The bank subsequently increased the rate of interest from 7.5% to 8.5% and changed the EMI. When the matter was taken up with the bank, he was informed that as per the terms and conditions and the MOU, the fixed rate applicable for housing loan is 'adjusted interest rate' on the date of the agreement. The 'adjusted interest rate' was 'quoted rate' +/- changes in the BPLR of the bank on the date of agreement between the bank and the employees of the PSU. At the time of sanction of the loan, the BPLR was 11.50% so the 'adjusted interest rate' would be 8.5% and therefore the bank had charged the interest accordingly which would be reset after 5 years i.e. from 26.9.2006.

As the bank's response was not convincing, he approached the BO. On calling for their comments, the bank informed that they were charging the interest in terms of the MOU entered between the bank and the PSU and that it was in sync with the terms and conditions of the loan. BO advised the bank to furnish copies of the sanction letter, agreement with the complainant and copy of the MOU. On

scrutinizing the aforesaid documents, it was observed that the rate of interest mentioned in the agreement at clause 7 was 8.5% (Fixed) and at clause 6 which was applicable to Floating rate, no entries were made. The sanction letter indicated 8.5% at fixed rate for 5 years to be reset after 5 years. Scrutiny of housing loan passbook disclosed that the bank was charging 7.5 % fixed interest from November 26, 2006 for 168 months at an EMI of Rs 3710/-. The bank had not carried out the documentation of the loan properly, as there was a discrepancy in the housing loan passbook and the agreement with respect to rate of interest. The increase in EMI was not justifiable. Therefore, BO passed the benefit of doubt to the complainant and directed the bank to consider the rate of interest at 7.5% fixed for 5 years and reset thereafter and refund the excess EMI recovered. Bank complied with the order of BO.

Case 11

A complaint was received by BO from an exporter in China. They had consigned Mulberry Silk to a company at Bangalore during May 2008. The payment was to be made by the ABC Bank, Bangalore on DP basis. Payment was not forthcoming despite requests and personal visits. The matter was taken up with senior officials of the bank with a view to uphold the image of the country and the Indian financial system. With the intervention of this forum, the payment of USD 78466.77 was made by the bank in a short span of time notwithstanding the fraud of

larger proportion at the branch. The overseas exporter overwhelmed by the involvement of all functionaries, appreciated BO profusely.

Case 12

A complainant approached the BO regarding return of her ECS payment despite holding sufficient balance in her account. Two banks were involved in the complaint. The receiving bank maintained that the ECS was not honoured by the complainant's banker and produced a copy of return memo. Subsequently, on the complainant taking up the matter, the complainant's banker issued a certificate that credit has been passed to the receiving bank. However, the receiving bank denied having received the credit.

Because of the dispute between the two banks, the complainant was left high and dry. BO called the officials of both the banks and held a meeting and advised them to investigate the matter immediately. The complainant's banker at last located the credit which was lying with their service branch. Thus, it came to light that the bank had issued the certificate without conducting adequate internal enquiry. The complainant's banker was, therefore, advised to pay interest for the period of delay besides tendering apology to the complainant for misrepresentation of facts and inconvenience caused to its customer (complainant)

Case 13

A complaint was lodged by a borrower of a nationalized bank who had availed



a housing loan of Rs.5.00 lakh along with her husband as a joint applicant during the year 2004. In the year 2005, the bank had introduced a mortgage redemption insurance scheme and directed the complainant to insure themselves under the scheme as it was compulsory and debited their HL account with Rs.15746/- and EMI was accordingly readjusted. After the demise of her husband in 2008, she approached the bank with a request to adjust the insurance cover taken by them and close the loan account. However, the bank replied that the premium debited to her HL was not remitted to LIC of India inadvertently and hence no policy was issued. Further, they also stated that as per their Head Office instructions on the subject only the first borrower was covered under the scheme i.e. the borrower herself.

Since the matter was not resolved, a conciliation meeting was held. The bank argued that the scheme was introduced in 2005 and it was not compulsory as stated by the complainant, but was optional. BO enquired the bank as to whether this fact was brought to the notice of the complainant for which the bank replied that there were no records available in the bank to indicate that contents of the scheme were brought to the notice of the complainant. BO took a stand that the details of the scheme should have been brought to the notice of all the eligible constituents of the bank and observed that there was wide communication gap in the

bank. Further, BO wanted to know why the premium recovered from the borrower was not remitted to the LIC of India and where was the premium recovered from the complainant parked during the three years. The bank stated that the premium was held in their 'Suspense A/c'. BO took the stand that the bank was grossly negligent in not remitting the premium recovered from the complainant. It should have shown more diligence and asked the bank to credit the insured amount to the HL account of the complainant for closing as on the date of death of her husband and refund any excess amount remitted/charged thereafter to the complainant within 15 days. Since the bank did not comply with the resolution, BO later passed an award.

Case 14

The complainant was a school teacher. His salary account was maintained with a bank branch. The bank issued an ATM Card to the complainant. One day he found that his ATM Card along with a slip having the PIN was lost. Immediately, he lodged an FIR at the nearest Police Station. He reported the matter at the concerned bank branch requesting for deactivation of the Card. The branch informed him that the lost card had been deactivated and issued him a new ATM card. Two months later, a loan was sanctioned to him by the branch and the amount was credited to his account. However, he found that the entire loan amount was withdrawn by somebody by using the lost card. He immediately made

a complaint at the bank branch and claimed from the bank the amount withdrawn by miscreant using the lost card. The bank branch, however, rejected his claim stating that he was in fault for divulging the PIN to fraudster deliberately or intentionally violating the standing instruction regarding the secrecy of the PIN, which was stated to be a contributory negligence on the part of the complainant. Being unsatisfied with the response of the bank, he lodged a complaint before the BO against the branch. On hearing both the sides, the BO came to the conclusion that, the bank branch failed to de-activate the lost card as soon as the matter was brought to their notice. The mis-deed could have been averted if the bank had de-activated the lost card immediately which was, however, de-activated only after fraudulent withdrawals were brought to the notice of the bank. BO passed an Award in favour of the complainant ordering the bank to pay the compensation to the complainant to the extent of amount of unauthorized withdraws along with interest with Fixed Deposit rate on the amount for the period from the date of fraudulent withdraws till the date of the payment of compensation.

Case 15

A complainant (a firm) alleged that the bank suddenly debited Rs. 2.42 lakh in December 2007 and Rs. 6.75 lakh in January 2008 in its current account towards service charges (transaction charges, cash denomination charges etc.) as against usual monthly charge

of Rs. 0.15 lakh. On enquiry, the bank told that the service charges were revised in the month of October 2007. The complainant claimed that the bank did not inform revision of charges in advance. Further, when the complainant wanted to change the account type to the one having lesser charges, the bank told it to wait till the end of quarter as the change will be effective from start of a quarter. The bank charged him Rs. 12 lakh (approx) till March 2008. The bank claimed that it informed the revised charges through notice placed on its notice board. In the conciliation meeting the bank failed to furnish any supporting document to substantiate its claim of having informed revised charges in advance. The bank was unable to justify its stand that the customer can change the account type only wef start of a quarter as in the instant case it led to forced payment of charges till end of quarter. The bank was directed to not levy revised charges from October 2007 till March 2008 as it is deficient in not intimating the complainant in advance about the revision in charges for the services rendered by it. The bank complied with the order.

Case 16

A complainant claimed that she had Rs. 5.56 lakh in her SB account in May 2006 and when she checked the balance after a year, more than Rs. 5.5 lakh is withdrawn without her knowledge. She claimed that she was out of the city during the period and she did not withdraw the

receipt of the letter. We concluded that a provision in agreement to change repayment terms of loan does not entitle the bank to unilaterally change the mode of repricing loan and it failed to inform complainant before effecting the change. Thus, complainant had no opportunity to exit the loan when the terms are changed by bank to his disadvantage. The bank's action was not in keeping with the terms of loan sanction accepted by the borrower and the terms were changed by the bank without the consent of the borrower and it was directed to pay the difference in interest charged on the loan availed by the complainant. Bank paid an amount of Rs 11, 85,309.29 to the complainant.

Case 18

Two complainants, husband and wife invested Rs. Five lakh and Rs.Ten lakh respectively under Capital Gains Account Scheme 1988 (CGAS 1988) for three years, with ‘C’ bank on July 20, 2004, being the proceeds of sale of property. They alleged that the rate of interest offered at the time of investment was 10.5% p.a. and the same was also stated in the FD receipts duly signed by the bank officials. However, at maturity, the bank claimed that the rate of interest on FD receipts was mistakenly stated as 10.5% p.a. and it paid interest at 5.5% p.a. only. The complainants sought relief that the bank be directed to pay them the amount of difference in interest and a reasonable compensation for the mental agony.

‘C’ bank submitted that the complainants initially deposited the subject amount in Fixed Deposit (FD) for a period of 91 days which carried an interest rate of 5.5% p.a. The deposits were foreclosed before maturity and kept in the CGAS for a period of 3 years. The interest rate was mistakenly mentioned as 10.5% p.a. in the said fixed deposit receipts since the interest rate was not corrected from the old rate of 10.5% p.a. to the ruling rate of 5.5% p.a. (applicable for the Capital Gains Account) in the computer (system). The bank acknowledged its mistake.

The bank also contended that the rate of interest on the CGAS deposits made for a period of three years was fixed at 5.5% p.a. w.e.f. 01.01.2004 as applicable for other deposits. The said rate of interest was applicable till 14.11.2004. They invested the sale proceeds of their property in CGAS to avail tax benefit from Capital Gains Tax. The scheme does not provide for double benefit by way of tax exemption and higher rate of interest for the investment. As per the RBI guidelines, with effect from October 22, 1997, banks were free to fix their own interest rates on domestic term deposits of 30 days and above and the RBI has directed that individual banks should adopt uniform rates at all their branches and for all customers. The bank cannot discriminate the payment of interest among its own customers as per the RBI guidelines.

The issue to be decided was whether

the bank should pay the committed rate of interest to the customer as claimed by the complainants or the claim of a bonafide mistake by the bank be accepted. It was observed from both the application forms for deposit submitted by the complainants to the bank and the deposit receipts issued by the bank that Capital Gains Account was clearly mentioned thereon. Thus, the complainants intended to avail the benefit of tax exemption on capital gains on the proceeds of the sale as per the Capital Gains Account Scheme formulated by the Central Government. As per Para 8 of the said Scheme, interest rate on the deposit is to be specified by the RBI from time to time. Further, in terms of RBI Circular DBOD No.Dir.BC.121 / 13.01.01 / 97 dated October 21, 1997 banks have been granted freedom to fix the rate of interest for term deposits of 30 days and above including under CGAS, 1988.

On taking into account the facts that subject amounts were initially parked in another deposit account and subsequently deposited under the Capital Gains Account Scheme and that Capital Gains Account was mentioned on the deposit application forms and the deposit receipts, it was clear that the depositors were aware of the provisions of the Capital Gains Account Scheme. It was ascertained from certain other public sector banks that they were also offering interest rates in the range of 5.5% to 5.75% on such deposits in the relevant period.



Payment of interest at a rate other than the uniform interest rate fixed by the bank for specific deposit accounts would lead to discrimination amongst depositors. Thus, even though the bank was at fault for not paying the committed amount, the complaint was rejected under clause 13(d) of Banking Ombudsman Scheme, 2006 as otherwise, it would lead to violations of the provisions of the RBI instructions to bank vide circular DBOD No.120 / 13.01.01 / 97 dated October 21, 1997 in terms of which banks have to adopt uniform interest rates at all their branches and for all customers.

Case 19

A logistic management company preferred a complaint before the Banking Ombudsman against a bank that it has unreasonably and unilaterally recovered from them exorbitant amount of pre closure charges at the time of preclosure of the credit facilities availed by it and requested for refund of the excess preclosure amount. The bank stated that it charged pre closure charges as the term loan was pre-closed by the complainant after six months of sanction of the same, whereas the tenure of the loan was 5 years. The bank charged higher quantum of pre-closure charges due to the extraordinary economic condition prevailing at the time of loan closure. The bank had high cost of funds at the time of sanction of the facility and it faced low rates of return at the time of loan closure. Hence, higher rate of

pre closure charge was levied on the complainant to cover the loss between cost of funds and returns thereon. The bank submitted its calculation sheets etc.

In the loan agreement the pre closure charge is stated as 1% of the outstanding amount of loan. The bank tried to establish its claim for charging higher pre closure charges than the rate agreed to by the customer on the basis of the indemnity clause in sanction letter signed by the customer. As the loan agreement specifically states 1% pre closure charge, any higher rate charged by the bank is violation of the agreement. The bank was directed to consider the issue afresh and refund the excess amount of pre closure charges received from the complainant. The bank confirmed having refunded Rs.28,47,873.90 to the complainant towards the excess prepayment charges levied and the balance service tax amount will be refunded on receipt of the same from the tax authorities..

Case 20

The complainant represented that the payment of insurance premium had not been authorized by her. Further, she informed that the insurance officials had not contacted her and she had not signed any insurance proposal papers. The bank officials informed that the bank had investigated the complaint and that the signature of the complainant appearing on the insurance company's 'authorization for payment through credit card' tallied with the signature appearing on the application for credit

card. On a careful examination of the complaint and the bank's reply thereto, the BO observed that

- i) The card issuer (bank) debited the credit card account of the complainant solely on the basis of the 'authorization for payment through credit card' reportedly signed by the card holder and received by the bank/card issuer from the insurance company.
- ii) The signature appearing on the photocopy of the 'authorization for payment through credit card' furnished by the bank did not match with the signature of the card holder appearing on the other documents including the copy of the card application form submitted to this Office by the bank. The bank's stand that the cardholder had signed the authorization was, therefore, not found substantiated.
- iii) The 'authorization for payment through credit card' form indicated the contact number of the cardholder as 9230506205, which was different from the phone number (9830159299) on the credit card application form.

The bank was unable to convince the complainant that she had authorized the bank to debit the card account on account of the transaction in question as envisaged in para 8.14.1 (d) of the Code of Bank's Commitment to Customers (BCSBI).

Case 21

The dispute related to non-issuance

of NOC by AB bank for which the complainant lodged a complaint with this Office. The complainant availed a loan from the AB bank in February 2006 which was to be repaid in 36 EMIs. The complainant made regular payment of EMIs but in respect of one EMI of Rs.1700/- for the month of July 2006 through the SB a/c of the complainant with another bank i.e. CD bank was debited by the same was not remitted to AB bank. Although all the EMIs were paid by the complainant, due to non-receipt of EMI of July 2006, AB bank declined to issue the NOC. A conciliation meeting was held in the BO Office in which the AB bank reiterated its stance. The CD bank's representatives admitted that they had debited the SB a/c of the complainant towards the EMI of July 2006 but due to some internal reasons it was not remitted to AB bank. The BO observed that due to delay in inter-bank correspondence the complainant/bank's customer should not suffer and he directed the banks to settle the dispute between themselves amicably, if necessary, after due consultation with the higher authorities of respective banks. Immediately the CD bank's representative consulted his controlling authority over phone and told AB bank that it would remit the claimed amount in question to AB bank also, after consulting its higher authority, agreed for the settlement between the banks. Then the dispute was settled and within a week AB bank handed over the NOC to the complainant.



Case 22

The complainant had alleged that a deposit of Rs 20,000/- made in his account by a known person was kept under lien by the bank and later on debited from his account without his knowledge. He had approached the BO requesting for direction to the bank for immediate credit of the amount to his account as it was illegally debited by the bank without prior intimation to him. The matter was taken up with the bank.

The bank in its submission had stated that an amount of Rs 20,000/- was deposited by one person in favour of Y. The depositor had inadvertently mentioned the account number of the complainant instead of that of Y in the deposit slip. The bank had accordingly credited the money to the account number indicated in the deposit slip which happened to be that of the complainant. Subsequently, on receipt of a request letter from the depositor the bank could recognize its mistake and immediately marked a lien on the amount in the account of the complainant. The complainant's account was thereafter debited under intimation to him.

On perusal of the evidences such as deposit slip, request letter of the depositor etc. it was observed that the depositor's name mentioned by the complainant was different from the name indicated in the deposit slip. Further, the amount was intended to be credited to another person although the account number of the complainant was

inadvertently mentioned in the deposit slip. The bank instead of matching the name and account number while effecting the credit had relied on the account number mentioned in the deposit slip which was considered as a bonafide mistake. Therefore, a view was taken that the bank has every right to rectify an error committed by it provided it is a bonafide mistake and is backed by the mandate of the depositor. The fact that the amount was kept under lien for almost a month and the complainant was aware of it was found sufficient to establish that the bank's action was with the full knowledge of the complainant. The matter was disposed in terms of clause 13 (d) of BOS 2006.

Case 23

The complainant claimed to have lost his cheque book and one of his cheques for an amount of Rs 1,00,000/- was encashed within 3 hrs at a branch of the same bank located 100 kilometers away from the place where he had reportedly lost his cheque book. The complainant had lodged a FIR in the nearby police station on the same day. Accordingly, he demanded that the money may be refunded to him by the bank since it was fraudulently encashed by someone else without his knowledge.

The bank submitted that the honour of the cheque by the bank was a valid one since the signature in the alleged lost cheque tallied with the specimen signature recorded at the bank. The bank received the information from

the complainant regarding the loss after a lapse of three days. The bank also showed the video clippings of CCTV to the complainant to recognize the person taking the payment but he failed to identify the person. On the basis of the documents and submission made by the bank a view was taken that the matter required investigation from criminal angle and genuineness of the signature could be established only by making a reference to GEQD. Since adjudication of the matter would have required consideration of elaborate documentary and oral evidence the complaint was disposed in terms of clause 13 (c) of BOS 2006.

Case 24

In terms of an arrangement with X, the bank had collected an amount of Rs 20,47,007/- to be deposited in the account of X. A dacoity occurred just outside the premises of X and the entire amount was looted by the culprits. The bank had filed a criminal case in respect of the dacoity and decided not to credit the amount to the account of X since it was an unforeseen event and the matter was under investigation. Since the representatives of the bank had acknowledged the receipt of cash, X had taken up the matter with the bank requesting it to credit the said amount with interest to its current account. As the bank failed to credit the amount to its account despite repeated follow up X had preferred to lodge a complaint with the BO..

On perusal of the documents submitted

by both the complainant and the bank, BO observed that the fact of acceptance of the cash by the bank is clearly established. The terms of the agreement between both the parties did not spell out the position for any unforeseen circumstances. The bank is expected to have obtained the transit insurance for such transactions. Accordingly, the bank's stand to disown the liability was not in order. More ever, crediting the amount to the account of X is neither dependent upon the completion of the investigation by the police nor settlement of the claim by the Insurance company.

Accordingly, an award was passed directing the bank to compensate the loss of X by crediting an amount of Rs 20,47,007/ along with the interest from the date of receipt till the date of credit in the account of X.

The bank appealed before the Appellate Authority against the award which was dismissed and the award passed by the BO was accepted with a modification directing bank to credit only the amount in question(not the interest) to the account of X. The award has since been implemented.

Case 25

The Credit Card Company had issued an additional credit card to the complainant who had never opted for it. The card holder had contacted the local card office and had requested for return of the card as he had never transacted on the original one and as such did not require the additional

Case 26

Case 27

One complainant applied for a home loan of Rs.20 lakh and deposited Rs.11020/- as processing fee along with other required documents. Later, he complained to this Office requesting for refund of the processing fee paid

by him to the bank, as the bank had not disbursed the loan. After taking up the matter with the bank, they informed that the complainant had himself refused to accept the sanction letter. The bank expressed its inability to refund the processing fee for the above reason as also because the fee was 'non-refundable', levied to cover the cost involved in sanction of the loan application. This was not considered tenable by BO. After putting a great deal of pressure on the bank, the processing fee was refunded to the complainant.

Case 28

One complaint was lodged by a nominee of a Fixed Deposit (FD) account holder regarding non-payment of interest at FD rate for delay on the part of the bank in settlement of death claim on the FD account. The bank advised BO that on receipt of claim papers from the complainant, the same were forwarded by them to their Head Office for approval. Further, the records pertaining to nomination had been destroyed during the floods a few years ago in South Gujarat, which resulted in delay in payment. The bank, however, had offered interest at the Savings Bank rate for the delayed period. On scrutiny of both the submissions, it was observed by BO that, despite having nomination registered in the name of the complainant, the bank had asked for additional papers and documents and had sent these to their Head Office for sanction. In terms of the 'Code of Bank's Commitments to its Customers'

payment is to be released in such cases to the nominee within 15 days from the date of receipt of the claim along with required documents. The bank was advised to pay FD interest applicable for the delayed period, instead of paying interest at SB rate, and resolve the grievances of the complainant.

Case 29

A complaint was lodged regarding non-payment of an applicable enhanced family pension as recommended by the Sixth Pay Commission. On examination of the complaint and the bank's reply, it was observed that the bank has been paying normal family pension to the complainant, even though she was eligible for an enhanced family pension as per the recent instructions of her employer institution (Western Railways). We had referred the clarificatory circular issued by the Railways in this regard and observed that the bank was not paying the enhanced family pension since January 2007. As deficiency in banking services was observed, the bank was advised to pay the difference between eligible enhanced family pension payable to her since January 2007 and normal minimum family pension being paid to her as arrears and update the records at their centralized computer centre.

Case 30

The complainant had constantly followed up with the bank with an intention to make payment of outstanding dues on her credit card

The complainant was surprised to see a copy of the mail produced by the bank and denied having received the same. The BO had also called for a detailed statement of dues showing the details i.e. due date of payment and actual date of payment. However, the statement submitted by the bank at the meeting did not reflect these two columns. On examination it was observed that the mail dated April 02, 2009 was a fake mail sent on non-existent e-mail ID. The explanation was called for from the bank for dragging the customer for two years for not providing the correct information about the outstanding dues which has resulted in harassment.

In this regard the complainant's contention was that these terms and conditions were neither explained to him at the time of accepting deposit nor mentioned in the fixed

deposit receipt issued to him. He contended that the bank had accepted the discharged deposit receipt on the counter and informed him that the interest due would be credited to his account. On examination of complaint it was observed that the bank did not maintain transparency while accepting deposits under special deposit scheme as the terms and conditions were not made clear to customer. It had also changed rules of the scheme after 4 months. The revisions brought in the scheme were disadvantageous to depositors who had invested in the scheme prior to July 19, 2007; these were not informed to customers in writing.

On the above background contents of the RBI circular DBOD.No.Dir. BC.39/13.03.00/ 2007-2008 dated October 25, 2007 concerning issues related to deposits accepted under 'lock-in period' were brought to the notice of the bank. In the said circular the RBI has clarified that the special schemes, with lock-in periods and other features referred to at paragraph 1 in the circular, were flouted by some banks; these were not in conformity with RBI's instructions. Further, provisions of clause 2.23 of RBI Master Circular dated July 2, 2007 read as - ***“Deposit Mobilisation Schemes***

Banks need not obtain prior concurrence of the Indian Banks' Association or prior approval of the RBI for introduction of their new domestic deposit

mobilisation schemes. However, before launching new domestic deposit mobilisation schemes with the approval of their respective Boards, banks should ensure that the provisions of RBI directives on interest rates on deposits, premature withdrawal of term deposits, sanction of loans/ advances against term deposits, etc., issued from time to time, are strictly adhered to. Any violation in this regard will be viewed seriously and may attract penalty under the Banking Regulation Act, 1949.”

were also brought to the notice of the bank. On the above background the bank's action was not in conformity with RBI's instructions. The bank was, therefore, advised to settle the interest claim in terms of bank's policy on premature payment of term deposits to regular category and report compliance. The bank settled the complainant's claim by effecting payment of interest as applicable to regular term deposit schemes.

Case 32

On scrutiny of complaints received against one of the banks it was observed that the complaints concerning levy of charges for not maintenance of AQB were on rise. It was more so in respect of special products, in which the accounts were up-graded from ordinary Savings Bank category without seeking clear mandate from the account holders.

It was observed that the bank was



sending certain communication to the customers seeking their approval for transformation of existing product to up-graded one along with a copy of response note to be signed by him. This note was seeking his confirmation on the bank's intent. However, irrespective of receipt of any confirmation from the customer (presumably within prescribed period) the bank was inescapably implementing up-gradation formula and thereafter penalizing the customers for non compliance of terms and conditions of the up-graded product, including levy of charges for non maintenance of AQB. In our view bank's such action was in violation of clause 4.d of BCSBI and hence needed remolding immediately. This aspect was unfolded through a complaint of such nature registered vide above referred number. In this regard it was observed that the bank had reversed charges levied to

the complainant's account only after his raising the issue before BO.

The bank in response to BO, had conveniently stated that the charges were reversed only as a service gesture. In our opinion, the bank had not done any favour to the customer in reversing the charges; it had simply corrected its wrongdoings. The more distressing factor in the matter was that the bank was resorting to this practice since long and hence there was scope to apprehend that the bank might have penalized many such accounts. The bank was advised to do away with such practices and ensure that the BCSBI codes accepted by the banks were religiously followed. Incidentally the bank's attention was also invited to RBI circular dated February 22, 2007; the bank was advised to initiate action for elimination of complaints as outlined in the said circular.

DISCLAIMER

The Reserve Bank of India does not vouch the correctness, propriety or legality of orders and awards passed by Banking Ombudsmen. The object of placing this compendium is merely for the purpose of dissemination of information on the working of the Banking Ombudsman Scheme and the same shall not be treated as an authoritative report on the orders and awards passed by Banking Ombudsmen and the Reserve Bank of India shall not be responsible or liable to any person for any error in its preparation.

Annex 4

Break up of Bank wise (Scheduled Commercial Banks) complaints received in the year 2008-09

Banks	Total Number of Complaints received	Number of Complaints other than credit card complaints /1000 accounts *	Number of credit card complaints /1000 credit /debit card accounts @	Number of complaints per Branch #	Deposit Accounts	Remit- tences	Credit cards	Loans / advances General	Loans / Advances Housing	Charges without prior notice	Pension	Failure on commitments made	Direct selling Agents/ recovery agents	Notes / Coins	Others
Scheduled Commercial Banks	66823				6550	5210	17603	7040	823	4740	2907	11446	2954	110	7440
Public Sector Banks	33141				3353	3523	5916	3867	334	1898	2862	6560	1410	64	3354
Nationalised Banks	14974				1941	1722	1220	2333	203	898	842	3434	780	34	1567
Allahabad Bank	838	0.05	0.06	0.38	105	99	25	139	4	30	33	229	59	4	111
Andhra Bank	619	0.04	0.04	0.46	62	67	141	46	5	10	48	181	7	0	52
Bank of Baroda	1450	0.06	0.05	0.50	157	171	164	235	32	140	45	303	82	3	118
Bank of India	1018	0.04	0.03	0.34	141	118	106	161	25	43	63	219	41	0	101
Bank of Maharashtra	308	0.03	0.02	0.22	50	48	14	28	2	21	27	63	24	1	30
Canara Bank	1443	0.05	0.03	0.52	215	163	145	188	5	50	101	319	113	2	142
Central Bank of India	1163	0.06	0.06	0.34	124	157	30	224	11	59	80	281	38	1	158
Corporation Bank	277	0.04	0.01	0.28	55	42	23	42	3	15	4	54	8	1	30
Dena Bank	334	0.05	0.02	0.31	23	46	17	34	5	38	50	47	17	2	55
Indian Bank	558	0.04	0.01	0.35	64	28	24	158	4	26	30	179	18	1	26
Indian Overseas Bank	549	0.04	0.03	0.28	50	41	32	134	2	20	29	191	13	2	35
Oriental Bank of Commerce	497	0.07	0.02	0.36	136	64	24	70	8	42	10	84	19	1	39
Punjab National Bank	2210	0.07	0.03	0.51	305	282	188	341	28	146	181	420	80	6	233



Banks	Total Number of Complaints received	Number of Complaints other than credit card complaints /1000 accounts *	Number of credit card complaints /1000 credit /debit card accounts @	Number of complaints per Branch #	Deposit Accounts	Remit- tences	Credit cards	Loans / advances General	Loans / Advances Housing	Charges without prior notice	Pension	Failure on commit- ments made	Direct selling Agents/ recovery agents	Notes / Coins	Others
Punjab and Sind Bank	186	0.04	0.00	0.21	33	22	0	21	8	8	10	46	11	1	26
Syndicate Bank	782	0.04	0.02	0.34	100	59	60	130	10	44	31	196	44	0	108
UCO Bank	605	0.05	0.07	0.31	58	88	28	93	10	35	31	139	56	1	66
Union Bank of India	1110	0.06	0.04	0.45	106	116	140	192	11	73	48	255	58	4	107
United Bank of India	245	0.02	0.01	0.17	50	30	5	19	0	7	12	56	51	0	15
Vijaya Bank	232	0.04	0.02	0.21	23	24	16	40	15	12	5	51	10	1	35
IDBI Bank	550	0.20	0.02	1.09	84	57	38	38	15	79	4	121	31	3	80
State Bank Group	18167				1412	1801	4696	1534	131	1000	2020	3126	630	30	1787
State Bank of India	15306	0.13	0.09	1.46	1195	1454	4295	1079	112	697	1785	2631	578	27	1453
State Bank of Bikaner and Jaipur	979	0.12	0.07	1.08	43	130	159	212	1	143	99	78	5	3	106
State Bank of Hyderabad	355	0.03	0.03	0.35	18	49	82	28	1	25	23	93	3	0	33
State Bank of Indore	360	0.10	0.03	0.75	26	56	36	31	1	28	26	105	17	0	34
State Bank of Mysore	222	0.03	0.02	0.33	16	43	29	11	0	7	21	43	2	0	50
State Bank of Patiala	321	0.11	0.02	0.39	77	31	37	30	12	17	29	58	6	0	24
State Bank of Saurashtra	46	0.01	0.00	0.10	1	1	8	10	4	12	2	4	2	0	2
State Bank of Travancore	578	0.21	0.02	0.80	36	37	50	133	0	71	35	114	17	0	85
Private Sector Banks	21982				2470	1386	5950	2291	375	2080	33	3736	1016	35	2610

Old Private Sector Banks	1177				126	94	73	191	13	132	6	326	58	4	154
Bank of Rajasthan Ltd.	163	0.08	0.06	0.34	14	27	18	17	0	45	4	21	4	3	10
Bharat Overseas Bank Ltd.	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Catholic Syrian Bank Ltd.	57	0.04	0.00	0.16	3	4	0	12	0	4	0	27	2	0	5
City Union Bank Ltd.	30	0.05	0.02	0.16	1	1	2	8	0	2	0	14	0	0	2
Dhanalakshmi Bank Ltd.	31	0.04	0.00	0.16	1	3	1	7	0	3	0	7	2	0	7
Federal Bank Ltd.	209	0.06	0.00	0.34	13	10	5	39	3	27	0	69	17	1	25
ING Vysya Bank Ltd.	274	0.13	0.03	0.66	27	17	29	25	6	22	0	77	12	0	59
Jammu and Kashmir Bank Ltd.	43	0.01	0.00	0.09	14	7	0	10	1	0	0	9	0	0	2
Karnataka Bank Ltd.	38	0.02	0.00	0.08	6	4	0	2	0	3	0	6	11	0	6
Karur Vysya Bank Ltd.	80	0.04	0.00	0.27	9	5	6	11	1	4	2	31	2	0	
Laxmi Vilas Bank Ltd.	46	0.05	0.00	0.18	2	1	3	18	0	1	0	18	1	0	2
Lord Krishna Bank Ltd.	3	0.00	0.00	0.00	0	2	0	0	0	0	0	0	0	0	1
Nainital Bank Ltd.	19	0.06	0.00	0.22	2	5	0	4	0	2	0	1	2	0	3
Ratnakar Bank Ltd.	3	0.01	0.00	0.04	0	0	0	1	0	0	0	0	0	0	2
Sangli Bank Ltd.	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
SBI Commercial and	1	0.09	0.00	0.33	0	0	0	0	0	1	0	0	0	0	0
International Bank Ltd.	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
South Indian Bank Ltd.	126	0.07	0.01	0.25	29	7	7	20	2	14	0	31	4	0	12
Tamilnad Mercantile Bank Ltd.	54	0.04	0.80	0.25	5	1	2	17	0	4	0	15	1	0	9
New Private Sector Banks	20805				2344	1292	5877	2100	362	1948	27	3410	958	31	2456
Axis Bank	1733	0.17	0.04	2.69	200	137	329	57	33	400	3	260	88	2	224
Centurian Bank of Punjab Ltd.	31	0.01	0.00	0.08	8	1	4	4	2	3	0	5	1	0	3
Development Credit Bank Ltd.	93	0.17	0.01	0.89	5	9	5	15	3	10	0	15	8	0	23
HDFC Bank Ltd.	6584	0.43	0.13	8.91	820	356	1869	625	101	558	10	1039	393	14	799
ICICI Bank Ltd.	11453	0.28	0.17	10.24	1183	725	3560	1288	215	864	13	1914	403	15	1273



Banks	Total Number of Complaints received	Number of Complaints other than credit card complaints /1000 accounts *	Number of credit card complaints /1000 credit /debit card accounts @	Number of complaints per Branch #	Deposit Accounts	Remit- tences	Credit cards	Loans / advances General	Loans / Advances Housing	Charges without prior notice	Pension	Failure on commit- ments made	Direct selling Agents/ recovery agents	Notes / Coins	Others
Indus Ind Bank Ltd.	281	0.19	0.01	1.46	56	29	6	18	1	59	0	72	11	0	29
Kotak Mahindra Bank Ltd.	602	0.71	0.12	3.36	69	32	101	91	7	49	1	99	54	0	99
Yes Bank Ltd.	28	0.07	0.03	0.57	3	3	3	2	0	5	0	6	0	0	6
Foreign Banks	11700				727	301	5737	882	114	762	12	1150	528	11	1476
ABN Amro Bank Ltd	1844	1.02	0.65	65.86	111	32	942	131	21	93	3	199	56	2	254
Abu Dhabi Commercial Bank Ltd.	5	0.40	0.00	2.50	0	0	1	0	0	0	0	0	4	0	0
American Express Bank Ltd.	98	0.00	0.14	98.00	6	3	60	4	0	4	0	9	2	0	10
Antwerp Bank Ltd.	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Arab Bangladesh Bank Ltd.	1	2.40	0.00	1.00	0	0	0	0	0	0	0	0	0	0	1
Bank of America NA	3	0.36	0.00	0.75	0	0	1	0	0	0	0	0	0	0	2
Bank of International Indonesia	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Bank of Bahrain & Kuwait B.S.C.	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Bank of Ceylon	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Bank of Nova Scotia	1	0.00	0.00	0.20	0	0	1	0	0	0	0	0	0	0	0
Bank of Tokyo-Mitsubishi UFJ Ltd.	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Barclays Bank PLC	1925	1.31	1.59	385.00	46	63	1065	149	7	167	2	153	39	2	232

BNP Paribas	7	0.11	0.00	0.78	3	0	0	3	0	0	0	0	0	0	1
Calyon Bank	2	2.34	0.00	0.33	0	0	0	0	0	0	0	2	0	0	0
Chinatrust Commercial Bank	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Citibank N.A.	2563	0.34	0.23	94.93	184	77	1145	244	26	126	0	200	167	3	391
Development Bank of Singapore Ltd.	3	0.02	0.00	1.50	1	0	2	0	0	0	0	0	0	0	0
Deutsche Bank AG	417	0.55	0.25	41.70	28	7	196	45	3	21	3	41	9	1	63
HSBC Ltd.	2838	0.35	0.57	60.38	204	55	1418	189	19	212	3	322	68	2	346
J P Morgan Chase Bank	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Krung Thai Bank Public Co. Ltd.	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Mashreqbank PSC	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Mauritious Bank	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Mizuhho Corporate Bank Ltd.	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Oman International Bank S.A.O.G.	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Shinhan Bank	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Societe Generale	1	0.05	0.00	0.50	0	0	0	1	0	0	0	0	0	0	0
Sonali Bank	1	0.00	0.00	0.50	0	0	1	0	0	0	0	0	0	0	0
Standard Chartered Bank Ltd.	1991	0.34	0.44	21.88	144	64	905	116	38	139	1	224	183	1	176
SCBs/RRBs/Others	2294				156	125	45	291	20	54	9	378	64	3	1149
Total	69117				6706	5335	17648	7331	843	4794	2916	11824	3018	113	8589

*The number of accounts as on March 31, 2008

@The number of credit card account as on June 30, 2009

#The number of branches as on March 31, 2008