

## **RIGHT TO FAIR TREATMENT**

The financial services provider must:

- Ensure that staff members attend to customers and their business promptly and courteously.
- Not discriminate unfairly against any customer on grounds such as gender, age, religion, caste and physical ability. The financial services provider may, however, have certain special products which are specifically designed for members of a target market group or may use defensible, commercially acceptable economic rationale for discriminating between customers. For instance, a young healthy customer and an old infirm customer may reasonably be offered different term life insurance premium rates. When asked, the financial services provider should provide customers with the reason for such discrimination.

Customers must behave courteously and honestly with the financial services provider.

- Customers should approach the available internal resolution/grievance redressal mechanism before approaching alternate fora

## **RIGHT TO TRANSPARENCY, FAIR AND HONEST DEALING –**

The financial services provider must

- Provide customers with product terms and conditions that are in simple language, easily understandable, and with sufficient information that the customer could be reasonably expected to make an appropriate choice of product. The key risks associated with the product as well as any features that may especially disadvantage the customer should be made known to him/her. Most Important Terms and Conditions (MITC) should be clearly brought to the notice of the customer while offering the product. In general, product terms should not inhibit a customer's future choice. Features of the product that do inhibit future choice should be part of the MITC.
- Provide, wherever possible and when asked, directions to informational resources that allow the customer to compare product features and fees with those of similar products offered by the competition. For the poor or those with limited access to

information, the financial services provider should endeavor to collect and share such information when requested.

- Communicate to the customers any changes in the terms and conditions, fees, service charges, discontinuation of particular products, relocation of provider offices, changes in working hours, change in telephone numbers etc. with reasonable advance notice. Disclosure of information is an on-going process through the life-cycle of the product and must be diligently followed by the financial services provider. The provider may begin with web-site disclosure as a general thumb rule for all communications and graduate to other means of communication. Further, such information should be made easily accessible to the customer through a variety of channels, once the provider reaches a particular level of preparedness.
- A common industry supported portal may be envisaged to provide access to similar products or to enable the customer to compare products and prices. The financial service provider must make known to the customer the availability of the portal.
- Advise the customer at the time of selling the product of the rights and obligations embedded in law or regulation, as well as the need to report any critical incidents that they encounter, suspect or discover.
- When engaged by the customer for advice, provide advice consistent with the interests of the customer.
- Not terminate a customer relationship without giving reasonable or contractual prior notice to the customer.
- Assist the customer in managing their financial relationship, including by providing regular account statements and alerts.
- Ensure that all marketing and promotional material sent to the customer is clear and not misleading to the target customer.
- Not threaten the customer with physical harm, exert influence that is outside normal and reasonable business practice, or engage in behavior that would reasonably be construed as unwarranted harassment.

## **RIGHT TO SUITABILITY**

- The financial services provider should have a Board approved policy for assessing suitability of products for clients prior to sale. The policy will need to ensure proportionality, that is, a product like a simple savings bank account might be deemed universally suitable whereas a product such as a loan or insurance or third party products will require the provider to undertake the necessary due diligence prior

to sale. The providers have the freedom to choose their own modus operandi for implementation.

- Exclusions for assessing suitability include ordinary savings bank account, current account, crop insurance for agriculture loans, KCC and other products identified from time to time
- Any customer has the responsibility to provide honestly any relevant and reasonable information that is demanded by the financial services provider to make a determination of suitability.
- The financial services providers should examine the structure of its fees / service charges / penalties to ensure that they are reasonable.

### **RIGHT TO PRIVACY**

- Every customer's personal information is to be treated as private and confidential, and, as a general rule, will not be disclosed by the financial services provider to other companies for any purpose unless :
  - The customer has authorized disclosure
  - Disclosure is compelled by law
  - It has a duty to the public to disclose i.e. in public interest
  - It has to protect its interests through disclosure
  - It is for a mandated business purpose such as disclosure of default to credit information companies or debt collection agencies
- The financial services provider must communicate any such likely disclosures to the customer.

### **RIGHT TO GRIEVANCE REDRESS AND COMPENSATION**

- The financial services provider must set up a grievance redressal procedure and clearly indicate the grievance resolution authority to be approached. The name and address of this official and the time for resolution of complaints should be clearly accessible at all service delivery locations. The complainant should be informed of the option to escalate his complaint to the Ombudsman if the complaint is not addressed within a pre-set time.

The financial services provider must also

- Acknowledge a formal complaint (including complaints lodged through information technology) within three working days and work to resolve it within a reasonable period, not exceeding 30 days (including the time for escalation and examination of the complaint by the highest official responsible for grievance redress). The 30 days may be calculated after obtaining all the necessary information from the customer by the service providers.
- Provide all eligible customers with the details of the Ombudsman Scheme for resolution of a complaint if the customer is not satisfied with the resolution of a dispute, or with the outcome of a dispute handling process in relation to deficiency in service by a financial services provider.
- Display clearly at customer contact points the name and contact details of the Nodal Officer responsible for grievance redress, as also the name and contact details of the Ombudsman under whose jurisdiction the financial services provider is functioning. The Nodal Officer will be the first point of contact for redressal of customer complaints if the officials who are normally in contact with the customer are unable to resolve the customer's grievance.
- Place in the public domain its compensation policy for delays / lapses in conducting / settling customer transactions within the stipulated time and in accordance with the agreed terms of contract.
- Clearly spell out at the time of establishing a customer relationship the liability for losses, as well as the rights and responsibilities of all parties, in the event of products not performing as per specifications or things going wrong. For instance, the moment a customer has informed the financial services provider that an electronic purse has been lost or stolen or that someone else knows the customer's PIN, the provider must take immediate steps to prevent the customer's account from being accessed. In this case, the customer may be held liable for losses if they have not informed the financial services provider as soon as reasonably practicable after having discovered the loss or theft, or that unauthorized transactions have been conducted on their accounts.
- Unless the financial services provider can show beyond reasonable doubt to the customer and the grievance redress mechanism that the customer acted fraudulently or without reasonable care, it will refund the customer the amount of any disputed transaction together with any interest and associated charges.

- The financial services provider will not be liable for any losses caused by circumstances that are beyond its reasonable control (such as market changes, performance of the product due to market variables etc.).

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