

## UNIT 8 - Banking Ombudsman - Meaning, Functions and Working



- The Banking Ombudsman Scheme was introduced under **Section 35 A of the Banking Regulation Act, 1949** by **RBI** with effect from **1995**.
- The Banking Ombudsman Scheme was **first introduced in India in 1995** and it was **revised in 2002**.
- Current Banking Ombudsman Scheme introduced in **2006**.
- **From 2002 until 2006, around 36,000 complaints** have been dealt by the Banking Ombudsmen.
- Banking Ombudsman is appointed by **Reserve Bank of India**.
- Banking Ombudsman is a senior official appointed by RBI. He handle and redress customer complaints against deficiency in certain banking services.

- The **offices** of Banking Ombudsman is mostly situated at **State Capitals**.
- **Around 15** Banking Ombudsmen have been appointed.
- **All Scheduled Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks** are covered under the Banking Ombudsman Scheme.

### ○ **Grounds of Complaints**

One can file a complaint on the following grounds of complaints:

1. Any excessive delay or non - payment of collection of cheques, drafts, bills etc.
2. Without any sufficient cause non acceptance of small denomination notes.
3. Charging any commission for acceptance of small denominations notes
4. Any delay in payment of inward remittances or non payment of inward remittances.
5. If any banking organization refuses to accept taxes or any delaying in accepting taxes (as required by RBI or Government of India).
6. Any delay in issuing government securities
7. Refusal to issue or redemption of government securities.
8. Without any sufficient reason, forced close the deposit accounts by bankers.
9. If any banker refuse to close the accounts
10. If any banker deliberately delaying in closing the accounts.
11. Non compliance of the provisions of Banking Codes and Standard Board of India.
12. If any banker commits non - observance of Reserve Bank of India's guidelines or instructions or any violation of the directives issued by the Reserve Bank in relation to banking or other services.
13. Without any sufficient cause, non acceptance of coins tendered or charging of commission in respect thereof.
14. Delay or Failure in issue of drafts, pay orders or banker's cheques.
15. Performance of work is not as per prescribed working hours.
16. Delay or failure in providing any bank facility.
17. Complaints file by Non - resident Indians having accounts in India in relation to their remittance from abroad, deposits and other bank related matters.
18. Without any reason, refusal to open deposit accounts.
19. Without adequate prior notice to the customer, charges levied by the banker.
20. Any violation of guidelines or instructions of RBI on ATM/Debit Card/Credit Card operations.

21. Non - disbursement or delay in disbursement of pension.

## Other Grounds

A customer can also file a complaint on the following grounds of deficiency in service with respect to loans and advances:

1. The Banking Ombudsman may also deal with such other matter as may be specified by the Reserve Bank from time to time.
2. Without any valid reason non - acceptance of application of loans.
3. Any violation of the provisions of the fair practices code for lenders as adopted by the bank or Code of Bank's Commitment to Customers, as the case may be.
4. Any type of violation of the instruction, guidelines, recommendations of the RBI
5. If any non - observance of Reserve Bank Directives on interest rates;
6. Any delays in sanction of loan applications

## Reasons, when you can File a Complaint

1. If the reply is not received from the bank within a period of one month after the concerned bank has received complaint representation.
2. If bank rejects the complaint.
3. If the complainant is not satisfied with bank's reply.
  - o Banking Ombudsman does not charge any fee for filing and resolving customer's complaints.
  - o If any loss suffered by the complainant then complainant is limited to the **amount arising directly out of the act or omission of the bank or Rs. 20 Lakhs whichever is lower.**

## Recent Amendments

- o Reserve Bank of India has widen the scope of its Banking Ombudsman scheme, 2006, to include deficiencies arising out of sale of Insurance/ mutual fund/ other third-party investment products by Banks. For example, if IDBI bank is selling mutual funds of Reliance Mutual Funds. If Reliance Mutual funds did not provide the promised services, then IDBI bank will be made liable for the damages.
- o Under the amended scheme a customer would also be able to file a complaint against the Bank for its non-adherence to RBI instruction with regards to Mobile Banking/Electronic Banking services in India.

- The procedure for complaints settled by agreement under the scheme has also been revised. Appeal has now been award for the complaints closed under 13(C) of the existing scheme related to rejection which was not available earlier.

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