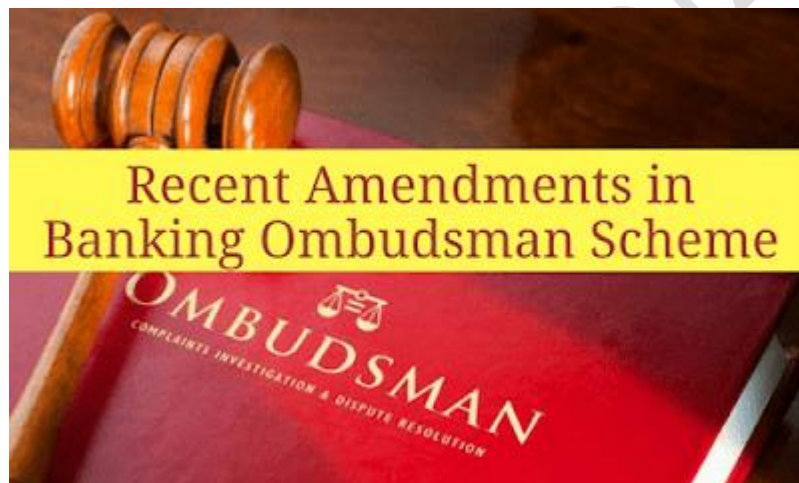


UNIT 9 - Recent Amendments in Banking Ombudsman Scheme



Introduction

Banking Ombudsman scheme is a mechanism created by the RBI to address the complaints raised by bank customers. It is run by the RBI directly to ensure customer protection in the banking industry.

Banking Ombudsman scheme was introduced under section 35A of the Banking regulation Act 1949 by RBI with effect from 1995. The present ombudsman scheme was introduced in 2006.

Banking Ombudsman and his responsibility:

The Banking Ombudsman is the senior official appointed by the RBI. He is responsible to redress customer's complaint against deficiency in certain banking services. At present 15 Ombudsman are appointed by

RBI to settle complaints and they are appointed in the state capitals.

Banks which are covered in this scheme:

- All scheduled commercial banks
- Regional Rural Banks
- Scheduled primary co-operative Banks

How does it work?

Banking Ombudsman can receive and consider any complaint relating to a number of deficiencies related to banking operations including Internet Banking. RBI has mentioned a large number of service deficiencies by banks to customers where a customer can approach the Ombudsman through a complaint.

When one can file a complaint?

When Bank fails to reply within the period of one month after the concern has received or the bank rejects the complaint or if the complainant is not satisfied with the reply given by the bank.

Grounds of complaints:

- Non payment or delay in the payment or collection of cheques
- Non acceptance without sufficient cause of small denomination notes tendered for any purpose.
- Non acceptance of Coins without any sufficient reason.
- Non-adherence to prescribed working hours.
- Failure to issue or delay in issue of draft, pay orders or bankers cheques.
- Non payment or delay in payment of inward remittance.

Recent Amendments

- Reserve Bank of India has widen the scope of its Banking Ombudsman scheme, 2006, to include inter alia, deficiencies arising

out of sale of Insurance/ mutual fund/ other third party investment products by Banks.

- 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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