

ii. The Banking Ombudsman Scheme, 2006

The Banking Ombudsman Scheme is framed in pursuance of Sec. 35 A of the B R Act and Reserve Bank of India had vide its notification No.RPCD.BOS. No. 441 / 13.013.01/ 2005-06 dated December 26, 2005 directed all Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks to comply with the Banking Ombudsman Scheme 2006. The direction under Sec. 35 (A) has a statutory force. The present scheme replaces the Banking Ombudsman Scheme 2002 with a saving clause of complaints pending adjudication & execution.

1. Objective of the Scheme

The Scheme is introduced with the object of enabling resolution of complaints relating to certain services rendered by banks and to facilitate the satisfaction or settlement of such complaints.

2. Grounds of complaint

2.1 A complaint on any one of the following grounds alleging deficiency in banking or other services may be filed with the Banking Ombudsman having jurisdiction:

- non-payment or inordinate delay in the payment or collection of cheques, drafts, bills etc.;
- non-acceptance, without sufficient cause, of small denomination notes tendered for any purpose, and for charging of commission in respect thereof;
- non-acceptance, without sufficient cause, of coins tendered and for charging of commission in respect thereof;
- non-payment or delay in payment of inward remittances ;
- failure to issue or delay in issue of drafts, pay orders or bankers' cheques;
- non-adherence to prescribed working hours ;
- failure to honour guarantee or letter of credit commitments ;
- 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;
- delays, non-credit of proceeds to parties' accounts, non-payment of deposit or non-observance of the Reserve Bank directives, if any, applicable to rate of interest on deposits in any savings, current or other account maintained with a bank ;
- delays in receipt of export proceeds, handling of export bills, collection of bills etc., for exporters provided the said complaints pertain to the bank's operations in India;
- complaints from Non-Resident Indians having accounts in India in relation to their remittances from abroad, deposits and other bank related matters;
- refusal to open deposit accounts without any valid reason for refusal;
- levying of charges without adequate prior notice to the customer;
- non-adherence by the bank or its subsidiaries to the instructions of Reserve Bank on ATM/Debit card operations or credit card operations;
- 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);
- refusal to accept or delay in accepting payment towards taxes, as required by Reserve Bank/Government;

- refusal to issue or delay in issuing, or failure to service or delay in servicing or redemption of Government securities;
- forced closure of deposit accounts without due notice or without sufficient reason;
- refusal to close or delay in closing the accounts;
- non-adherence to the fair practices code as adopted by the bank; and
- any other matter relating to the violation of the directives issued by the Reserve Bank in relation to banking or other services.

2.2 A complaint on any one of the following grounds alleging deficiency in banking service in respect of loans and advances may be filed with the Banking Ombudsman having jurisdiction:

a. non-observance of Reserve Bank Directives on interest rates;

b. delays in sanction, disbursement or non-observance of prescribed time schedule for disposal of loan applications; and non-acceptance of application for loans without furnishing valid reasons to the applicant; and

c. non-observance of any other direction or instruction of the Reserve Bank as may be specified by the Reserve Bank for this purpose from time to time.

2.3 The Banking Ombudsman may also deal with such other matter as may be specified by the Reserve Bank from time to time in this behalf.

3. Procedure for filing complaint

a. Any person who has a grievance against a bank on any one or more of the grounds mentioned in Clause 8 of the Scheme may, himself or through his authorised representative (other than an advocate), make a complaint to the Banking Ombudsman within whose jurisdiction the branch or office of the bank complained against is located provided that a complaint arising out of the operations of credit cards, shall be filed before the Banking Ombudsman within whose territorial jurisdiction the billing address of the card holder is located and not the place where the bank concerned or the credit card processing unit is located.

b. The complaint in writing shall be duly signed by the complainant or his authorized representative and shall be, as far as possible, in the form specified in Annexure 'A' or as near as thereto as circumstances admit, stating clearly:

- (i) the name and the address of the complainant,
- (ii) the name and address of the branch or office of the bank against which the complaint is made,
- (iii) the facts giving rise to the complaint,
- (iv) the nature and extent of the loss caused to the complainant, and
- (v) the relief sought for .

c. The complainant shall file along with the complaint, copies of the documents, if any, which he proposes to rely upon and a declaration that the complaint is maintainable under sub-clause (3) of this clause.

d. A complaint made through electronic means shall also be accepted by the Banking Ombudsman and a print out of such complaint shall be taken on the record of the Banking Ombudsman.

e. The Banking Ombudsman shall also entertain complaints covered by this Scheme received by Central Government or Reserve Bank and forwarded to him for disposal.

f. No complaint to the Banking Ombudsman shall lie unless:-

the complainant had, before making a complaint to the Banking Ombudsman, made a written representation to the bank and the bank had rejected the complaint or the complainant had not received any reply within a period of one month after the bank received his representation or the complainant is not satisfied with the reply given to him by the bank;

- the complaint is made not later than one year after the complainant has received the reply of the bank to his representation or, where no reply is received, not later than one year and one month after the date of the representation to the bank;
- the complaint is not in respect of the same subject matter which was settled or dealt with on merits by the Banking Ombudsman in any previous proceedings whether or not received from the same complainant or along with one or more complainants or one or more of the parties concerned with the subject matter;
- the complaint does not pertain to the same subject matter, for which any proceedings before any court, tribunal or arbitrator or any other forum is pending or a decree or Award or order has been passed by any such court, tribunal, arbitrator or forum;
- the complaint is not frivolous or vexatious in nature; and
- the complaint is made before the expiry of the period of limitation prescribed under the Indian Limitation Act, 1963 for such claims.

The complaint when filed within the stipulated time, the Banking Ombudsman will try to conciliate/ mediate between the parties for a settlement. If the settlement is not arrived at, the Banking Ombudsman after considering the matter on merits may reject the complaint or pass an award. The Award if accepted by the complainant within 30 days will bind the Bank. The aggrieved parties can challenge the award for rejection (for making a complaint without any sufficient cause, for not pursuing the complaint and complaints where the inconvenience caused to the complaint) by filing an appeal before the Appellate Authority (Deputy Governor, at RBI) mentioned in Clause 14 of the Scheme. The Appellate Authority may dismiss, modify, remand or uphold the award which, Bank is bound to comply.

Clause 15 of the Scheme provides for display of the purpose of the Scheme, name and address of the Banking Ombudsman to whom the complaints are to be made in prominent places within the premises of all the Bank's branches and wide publication of the scheme. Further, Bank's are advised to designate Nodal Officers at Circles and a Principal Nodal Officer.