

The Banking Ombudsman

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What is banking ombudsman

- The Banking Ombudsman Scheme enables an expeditious and inexpensive forum to bank customers for resolution of complaints relating to certain services rendered by banks. The Banking Ombudsman Scheme is introduced under Section 35 A of the Banking Regulation Act, 1949 by RBI with effect from 1995.

Who is a banking ombudsman:

The Banking Ombudsman is a senior official appointed by the Reserve Bank of India to redress customer complaints against deficiency in certain banking services.

Vision

- To provide an inexpensive, transparent and credible mechanism ensuring fair treatment of the common person utilizing Banking services

Goals:

- ✿ **Solving of grievances:** users of banking services inexpensive & fair to improve customer services.
- ✿ **Feedback/suggestions to Reserve Bank:** about guidelines to banks
 - to improve the level of customer service &
 - to strengthen their internal grievance redressed systems

- ✿ **Create awareness:** about Banking Ombudsman Scheme.
- ✿ **To facilitate:** Quick and fair (non-discriminatory) redressed of grievances through use of IT systems, comprehensive and easily accessible database and enhanced capabilities of staff through training

- **Which are the banks covered under the Banking Ombudsman Scheme, 2006?**

All Scheduled Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks are covered under the Scheme.

Organizational Structure



**Deputy
Governor
(Appellate
Authority)**

Executive Director

Customer Services
Department

Office of the Banking Ombudsman

Grounds of complaints in Banking Services

- Forced closure of deposit accounts without due notice or without sufficient reason.
- Refusal to accept or delay in accepting payment towards taxes, as required by Reserve Bank/Government.
- Refusal to open deposit accounts without any valid reason for refusal.
- Complaints from Non-Resident Indians having accounts in India in relation to their remittances from abroad, deposits and other bank related matters.
- Non-payment or delay in payment of inward remittances.
- Non-payment or inordinate delay in the payment or collection of cheques, drafts, bills etc.,.

Card related problems:

- Charging Of amount for 'Free' Card,
- Authorization Of Loans Over Phone (oral),
- Wrong Billing,
- Excessive Charges,
- Wrong Debits To Account,
- Non-dispensation /Short Dispensation Of Cash From ATM . etc

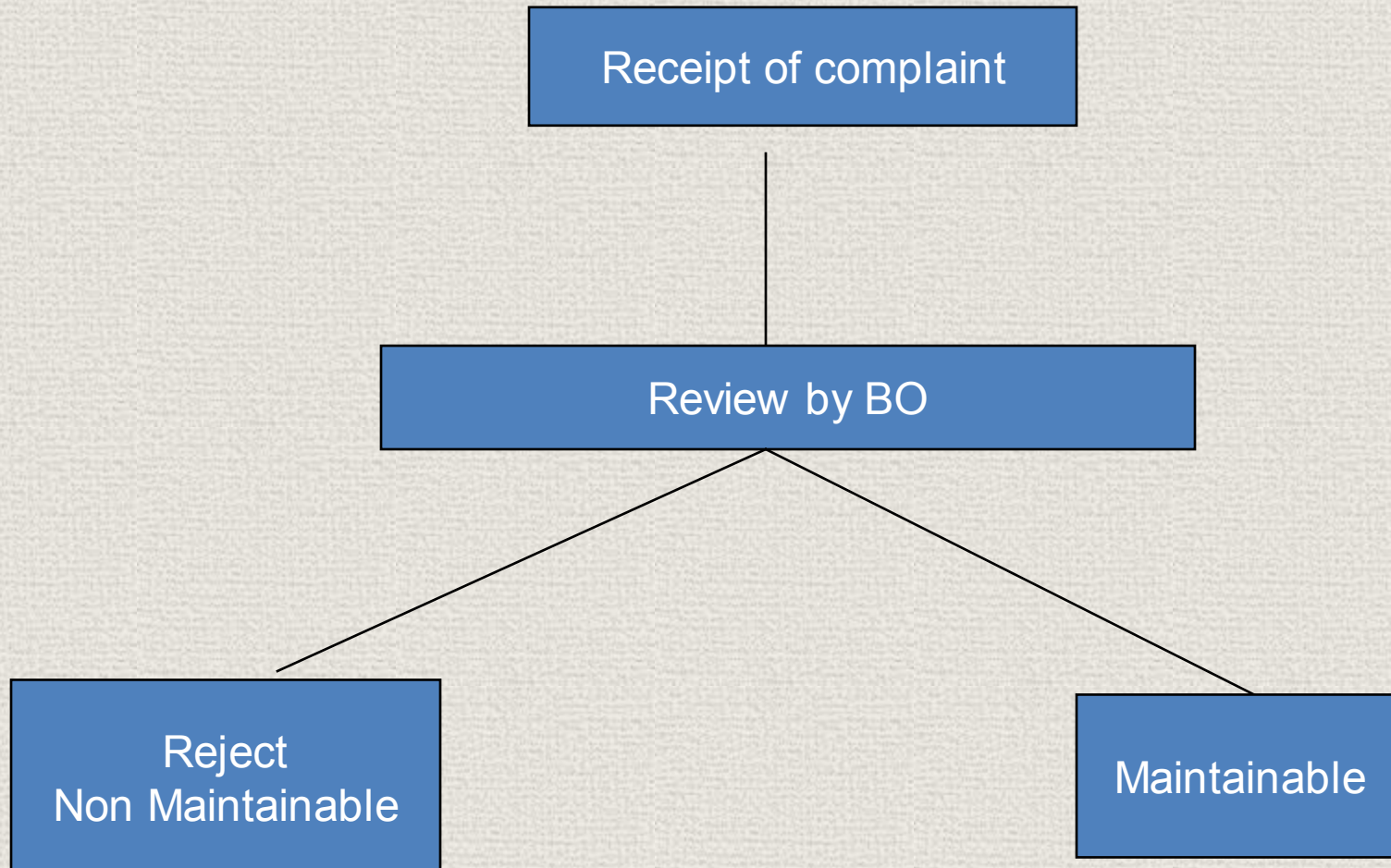
Procedure for lodging complaints

- Essential – grievance to be taken up with bank first;
- Aggrieved persons not satisfied by a bank's service and its resolution of complaint can apply to the Banking Ombudsman within one year;
- The case is taken to court or arbitrator to solve
- Complaint in prescribed format or in any other but incorporating all the required information.
- the complaint is not frivolous in nature;
- the complaint is made before the expiry of the period of limitation prescribed under the Indian Limitation Act, 1963 for such claims.

- Complaints can be submitted online/ email/in hard copy
- Complaints from individuals/ their representatives(except advocates)/GOI/RBI



Redressal Process:



Excluded

- Complaints arising out of frauds and forgery and subjudice cases (Supreme Court's observation that it would not be appropriate for BOs to give a finding on forgery or to form an opinion on cases already referred to courts)

Benefits of the BO scheme

- Prompt and impartial resolution of complaints
- No cost to the customer
- Assessment based on overall fairness, good business practices, accepted banking law and practice
- Focus on customer education and financial literacy
- Customer Awareness and Empowerment

Appointment and Tenure of Banking Ombudsman

- The Reserve Bank may appoint one or more of its officers in the rank of Chief General Manager or General Manager to be known as the banking ombudsmen

- They carry out the functions entrusted to them by or under the scheme
- This appointment may be made for a period not exceeding three years at a time

Qualification

The Banking Ombudsman shall be a person of repute experience in the field of

- Law
- Banking
- Financial services
- Public administration or
- Management sectors

Qualification (Cont.)

- If such person is a civil servant he should be in the rank of joint secretary or above in the Government of India and
- In case of such person being from banking sector, he should have had the experience of working as a whole time Director in a public sector or equivalent position

Territorial Jurisdiction and Location of Office

- The Reserve Bank shall specify the territorial limits to which the authority of each of the banking ombudsman shall extend
- The office of the banking ombudsman will be located at such places as may be specified by the Reserve Bank

15 OBOs are situated across country:

- ▶ Ahmedabad
- ▶ Bangalore
- ▶ Bhopal
- ▶ Bhubaneswar
- ▶ Chandigarh
- ▶ Chennai
- ▶ Guwahati
- ▶ Hyderabad
- ▶ Jaipur
- ▶ Kanpur
- ▶ Kolkata
- ▶ Mumbai
- ▶ New Delhi
- ▶ Patna
- ▶ Thiruvananthapuram

General Powers of Banking Ombudsmen

- To receive complaints relating to banking services
- To consider such complaints relating to the deficiencies in the banking and other services and facilitate their satisfaction or settlement by agreement through conciliation and mediation between the bank and the aggrieved parties or by passing an award in accordance with the scheme

Powers to Call for Information

- Banking Ombudsman may require the bank against whom the complaint is made or any other bank concerned with the complaint to provide any information or furnish certified copy of any document relating to the complaint which is or alleged to be in its possession
- The Banking Ombudsman shall maintain confidentiality of such information

Thank you