

“INTERNAL OMBUDSMAN SCHEME”

1. TITLE, COMMENCEMENT & EXTENT

The Reserve Bank of India, vide communication dated September 3, 2018 advised the Bank to implement the Internal Ombudsman Scheme. The Internal Ombudsman (IO) will be working as an independent authority to review the complaints that are partly or wholly rejected by the Bank.

2. OBJECTIVES OF THE SCHEME

2.1 To ensure that all complaints, which are rejected or partially accepted by the Bank, are examined by the Internal Ombudsman so that escalation of grievances to Banking Ombudsman (BO) at RBI are minimized.

2.2 To enhance the customer confidence in the Bank's systems and to hasten the process of grievance redressal, making it more transparent.

2.3 To enable customer grievances to be considered by an independent body, instead of Banking Ombudsman.

The presence of IO at the apex level of Grievance Redressal Mechanism of the Bank would help enhancing the impartiality of the mechanism, as the grievance resolution would have an independent view point as a precursor to the B.O.

3. ESCALATION OF GRIEVANCES TO INTERNAL OMBUDSMAN (IO)

The grievance escalation matrix of the Bank is as follows: - (The customer can approach Bank officials from LEVEL I TO LEVEL III)

a) LEVEL I - **Branch Manager (The first point for immediate redressal of grievance)**

b) LEVEL II- **Regional Manager**

(If not satisfied at Level 1)

c) LEVEL III - **Associate Vice President H O (Accounts and Operations)**

(If not satisfied at Level II) **(Principal Nodal Officer)**

d) LEVEL IV - **Internal Ombudsman (IO)**

(If not satisfied at Level III)

(Customers will not approach the I.O. directly. Bank will internally escalate all rejected/partially accepted grievances cases to I.O. for his consideration and final decision. The final communication to the complainant shall mention that the complaint has been examined by the I.O. and still if he is not satisfied, he can approach the Banking Ombudsman, i.e. Level V.)

e) LEVEL V - **Banking Ombudsman at RBI (B.O.).**

(If not satisfied at Level IV)

4. POWER, JURISDICTION AND REPORTING

4.1 Internal Ombudsman shall not handle complaints received directly from the customers or members of public.

4.2 The Internal Ombudsman will deal only with the complaints that have already been examined by the bank's internal grievance redressal mechanism and have remained partly or wholly un-redressed.

4.3 Internal Ombudsman shall examine all customer grievances including complaints of deficiency in service on the part of the bank as also those listed under Clause 8 of the Banking Ombudsman Scheme, 2006 (as amended from time to time) received by banks and which are partly or wholly rejected by bank's internal grievance redressal mechanism, excepting the following:

- Complaints related to frauds, misappropriation etc., except in respect of deficiency of service, if any, on the part of the bank.
- Complaints / references relating to a) internal administration, b) human resources, c) pay and emoluments of staff;
- References in the nature of suggestions, requests for concessions in rate of interest charged, rejection of loan proposal, modifications in sanction terms and conditions, enhancement in credit limit, waiver / write-off of loans, etc. which are primarily in the nature of commercial decisions.
- Complaints which have been decided by or are already pending in other fora such as consumer fora, Courts, Debt Recovery Tribunals, etc.

4.4 The Internal Ombudsman shall analyze the pattern of complaints such as product / category wise, consumer groups wise, based on geographical location, etc. and suggest means for taking actions to address the root cause of complaints of different nature.

4.5 The Internal Ombudsman shall examine the complaints on the basis of records/ documents available with the bank and comments / clarifications furnished by the bank to specific queries of the Internal Ombudsman.

4.6 The Internal Ombudsman may hold meetings with concerned functionaries/ departments of the bank and seek any record / document available with the bank that is necessary for examining the complaint. To ensure resolution through conciliation, the Internal Ombudsman may seek direct feedback / clarifications from the complainant.

4.7 In, cases of conciliation, where the decision of the Internal Ombudsman is accepted by the complainant, the Internal Ombudsman shall obtain and keep on record, a statement showing the terms of the agreement duly signed by the complainant.

4.8 The Internal Ombudsman shall not represent the bank in legal cases arising out of complaints examined by the bank or the Internal Ombudsman.

4.9 The Internal Ombudsman shall report to the Managing Director / *General Manager* of the bank handling customer grievances.

4.10 The Internal Ombudsman shall immediately refer back to bank all such complaints which are outside the purview of the Scheme.

4.11 The contact details of I.O. will not be provided in the public domain, as the I.O. shall not entertain and examine FIRST RESORT complaints, which need to be first examined by the Bank's Internal Grievance Redressal Mechanism. In case the I.O. happens to receive FIRST RESORT complaints, he/she shall forward such complaints to the Bank's Internal Grievance Redressal functionary.

4.12 The I.O. shall exercise general powers of superintendence and control over his office and shall be responsible for the conduct of business there at.

4.13 The Bank shall examine the grievances as per its Internal Grievance Redressal Mechanism and in case the Bank decides to reject or to provide only partial relief to the complainant, it should invariably forward such cases to the I.O. for further examination. The advice to the complainant after examination by I.O. in such cases should necessarily have a clause that the grievance has also been examined by the I.O.

4.14 The Bank shall internally escalate all such complaints to Internal Ombudsman ***within two weeks of receipt of complaint***, before conveying the final decision to the complainant within a period of 30 days, from the receipt of complaint.

4.15 The I.O. shall have the right to access the Bank's records relating to the complaints received, seek detailed comments from the Bank with regard to the complaints, can hold meetings with the functionaries/departments concerned and can also meet the complainants, if required, while examining the complaint for redress. The Bank will furnish all records/documents sought by the I.O. to enable him/her to discharge his/her duties effectively and redress/resolve customer grievances expeditiously.

4.16 Bank shall provide read only access to the Complaint Management Software so that all complaints are accessible to the Internal Ombudsman who shall follow up cases of delayed escalation with the concerned department in the bank. Banks shall also provide access to Internal Ombudsman for adding his/her decisions on complaints escalated to the Internal Ombudsman, in the bank's Complaint Management Software.

4.17 The Internal Ombudsman shall also have read-only access to the Reserve Bank's Complaints Management System to enable the Internal Ombudsman to keep track of the cases forwarded by the Offices of Banking Ombudsman and the decisions by the Banking Ombudsman thereon, including the decision of the Appellate Authority, where applicable.

4.18 The I.O. shall maintain confidentiality of any information or document that may come into his knowledge or possession in the course of discharging his duties and shall not disclose such information or document to any person except with the consent of the person furnishing such information or document, provided that nothing in this clause shall prevent the I.O. from disclosing information or document furnished by a party in a complaint to the other party or parties to the extent considered by him to be reasonably required to comply with any legal requirement or the principles of natural justice and fair play in the proceedings.

4.19 The decision of the I.O. shall be binding on the Bank and Bank is required to accept it. In case the Bank disagrees with the decision of I.O., such cases should be reported to RBI by the I.O. as well as by the Bank with a copy to respective B.O.

4.20 The reference made by the Bank to I.O. for examination should emanate primarily from the highest level of Bank's Internal Grievance Redressal Machinery only i.e. PNO, who is the Associate Vice President (Accounts and operations)

4.21 The Bank's Principal nodal Officer or nodal officers, liaising with offices of RBI Banking Ombudsman, shall not act as I.O. or vice-versa even during the temporary absence of either.

4.22 The I.O. will report the progress to Customer Service Committee of the Board, which will exercise the oversight on the functioning of I.O.. However, aspects relating to fraud, misappropriation etc. shall be reported to Audit Committee of the Board immediately.

4.23 The I.O. shall not represent the Bank in the legal cases arising out of complaints examined by him/her as he/she does not have operational role.

5. OPERATING PROCEDURE

5.1 The I.O. shall take into account the evidence placed before him by the parties, the principles of banking law and practice, directions, instructions and guidelines issued by the Reserve Bank from time to time and such other factors which in his opinion are relevant to the complaint.

5.2 Bank shall, in their final reply to the complainant after obtaining Internal Ombudsman's decision, explicitly mention that the complaint has been examined by the bank's Internal Ombudsman. Only under circumstances, where a resolution has been made by agreement and the Internal Ombudsman had obtained the resolution in writing duly signed by the complainant and furnished to the bank for records, should a reply to the complainant be issued by Internal Ombudsman with an endorsement to the bank.

5.3 In case of disagreement with the Internal Ombudsman's decision, the bank may obtain approval of the Chief Operating Officer and the reply forwarded to the complainant shall mention that the decision of the bank has the approval of the Chief Operating Officer. All such cases shall be subsequently reviewed by the Customer Service Committee of the board.

5.4 Where the complaints falling under Clause 8 of the Banking Ombudsman Scheme, 2006 are not resolved to the satisfaction of the complainant (i.e., partly or wholly rejected complaints) even after examination by Internal Ombudsman, the bank shall necessarily advise the complainant that he/she can approach the Banking Ombudsman for redressal along with complete details and address of the Banking Ombudsman concerned as well as the link to Reserve Bank's portal (www.rbi.org.in -> Complaints -> Banking Ombudsman Scheme -> Complaint Form) for online filing of customer complaints.

5.5 The decision of the Internal Ombudsman shall be mandatorily included in the information submitted by banks to the Banking Ombudsman, while furnishing documents related to the complaints received in the office of the Banking Ombudsman.

5.6 In cases where the complainant has approached the Banking Ombudsman before the Internal Ombudsman has examined the complaint, bank should obtain the views of Internal Ombudsman and include the Internal Ombudsman's views in its submissions to Banking Ombudsman.

5.7 Bank shall use the analysis of complaints handled by Internal Ombudsman in the training programmes / conferences to raise awareness, inter alia, about the patterns of complaints, among the frontline staff, and facilitate consistency in handling of similar complaints. The Internal Ombudsman may also be associated for such trainings, where necessary.

5.8 While assessing the performance of the Internal Ombudsman, in addition to the level of pendency and work done by the Internal Ombudsman towards developing uniformity across the bank in the redressal of complaints, bank should also keep in mind the number of cases where substantive differences are observed between the decisions of the Internal Ombudsman vis-à-vis that given by the Banking Ombudsman subsequently.

5.9 In case where the decision of the I.O. is accepted by the complainant, the former will obtain and keep on record, a statement showing the terms of agreement duly signed by the complainant.

5.10 Bank's replies to complainants on receipt of I.Os comments shall mention explicitly that the complaint has also been examined by I.O.. Only under such circumstances where a resolution had been made by agreement by an I.O. with a complainant and the I.O. had obtained the resolution in writing signed by the complainant and furnish to the Bank for record, a reply to the complainant may be issued by I.O. on behalf of the Bank with an endorsement to the Bank.

5.11 To ensure such agreement mentioned at 5.10, if the I.O. feels the requirement of direct feedback/clarifications from the complainants, I.O. can meet complainants.

5.12 A copy of the decision shall be sent to the complainant and the Bank.

5.13 The decision shall lapse and be of no effect unless the complainant furnishes to the Bank concerned within a period of 30 days from the date of receipt of copy of the decision, his consent for accepting the decision passed by the I.O.

5.14 The Bank shall, unless it has requested the complainant to move/approach to B.O. within one month from the date of receipt by it of the acceptance in writing by the complainant, comply with the decision and intimate compliance to I.O.

5.15 Customer can approach the B.O. only after the complaint is decided by I.O.

5.16 Any person aggrieved by decision of the I.O. on the complaint may move to B.O. within 30 days from the date of receipt of communication of decision from IO of the Bank.

5.17 The I.O. does not have any operational role with Banking Ombudsman. For this purpose Bank's Principal Nodal Officer (PNO)/Nodal Officer (NO) is the designated Senior Officer/Executive appointed in terms of the provisions of the Banking Ombudsman scheme. However, this aspect does not deter any informal dialogue between I.Os & B.Os. for seeking clarification on issues.

5.18 Internal Ombudsman shall be placed in HO or any of the Regional Offices.

6.REPORTING TO RESERVE BANK

6.1 Bank shall put in place a system of periodic reporting of information to Reserve Bank

as indicated below:

- On quarterly basis, the total number of complaints received number of partly or wholly rejected complaints and number of complaints escalated to the Internal Ombudsman;
- (b) On annual basis, the number of cases where the decision of Internal Ombudsman has been rejected with the approval of Chief operating Officer of the bank, to be submitted in April every year; and

- On annual basis, the number of cases closed by Internal Ombudsman and age wise number of cases where the bank was yet to implement the decision of Internal Ombudsman in April every year;
- The reporting format is given in the Annex.

6.2. Bank shall furnish the details of the Internal Ombudsman to the Chief General Manager, Consumer Education and Protection Department, Reserve Bank of India, Central Office, 1st Floor, Amar Building, Sir P M Road, Mumbai-400 001 (email: cgmcepd@rbi.org.in) and to the Banking Ombudsman under whose jurisdiction the bank or Zone / Branch thereof falls in the following format:

i. Name of the Internal Ombudsman; ii. Details of the last position held / organization name;
 iii. Date and period of appointment; iv. Brief professional profile including previous exposure to financial services, and

V. Contact details i.e., address, phone/fax numbers, email address etc.

3. Bank shall furnish the details within five days of fresh appointment of Internal Ombudsman.

7. OVERSIGHT

7.1 BOARD OVERSIGHT

- The Internal Ombudsman shall furnish periodical reports on his / her activities (including the analysis to the Customer Service Committee of the bank's board, preferably at quarterly intervals, but not less than bi annually. Bank shall put in place a system for discussion of cases by the Customer Service Committee of the bank's board where the decision of the Internal Ombudsman has been rejected by the bank, which is to be done with approval of the Chief Operating officer of the bank in terms of Clause 9(9) of the Scheme. The Audit Committee of the board can refer to the Internal Ombudsman in respect of cases mentioned at Clause 8(2)(a) of the Scheme.
- Bank shall conduct an internal audit of the implementation of the Scheme. The audit shall, inter alia, cover aspects relating to the infrastructure (space, information technology, human resources etc.) provided to the Internal Ombudsman and implementation of auto escalation of partly or wholly rejected complaints to the Internal Ombudsman within the timeframe of two weeks as indicated at Clause 9(2). Internal audit shall also look at the actions by the Internal Ombudsman with regard to analysis of complaints, efforts made by Internal Ombudsman and support provided by bank towards raising awareness about types of grievances and developing uniformity of approach in handling of complaints across the bank as also provided for under Clause 9(14). The scope of internal audit shall exclude the decisions taken by the Internal Ombudsman.

7.2 SUPERVISORY OVERSIGHT

- Areas regarding customer service and implementation of the Scheme would be a part of the risk assessment and supervisory review by Department of Banking Supervision of the Reserve Bank.
- The Reserve Bank shall review the cases where decisions of the Internal Ombudsman are not accepted by the bank and the aggrieved customer appeals to the Banking Ombudsman. If in such cases, the original decisions of the Internal Ombudsman are reiterated by the Banking

Ombudsman frequently, then the bank may be subjected to appropriate enforcement action.

Annexure

GROUND OF COMPLAINT

(1) Any person may file a complaint having jurisdiction on any one of the following grounds alleging deficiency in banking including internet banking or other services.

- (a). non-payment or inordinate delay in the payment or collection of cheques, drafts, bills etc.;
- (b). non-acceptance, without sufficient cause, of small denomination notes tendered for any purpose, and for charging of commission in respect thereof;
- (c). non-acceptance, without sufficient cause, of coins tendered and for charging of commission in respect thereof;
- (d). non-payment or delay in payment of inward remittances;
- (e). failure to issue or delay in issue of drafts, pay orders or bankers' cheques
- (f). non-adherence to prescribed working hours;
- (g). failure to provide or delay in providing a banking facility (other than loans and advances) promised in writing by bank or direct selling agents;
- (h). 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 the bank;
 - (i). complaints from Non-Resident Indians having accounts in India in relation to their remittances from abroad, deposits and other bank- related matters;
 - (j). refusal to open deposit accounts without any valid reason for refusal;
 - (k). levying of charges without adequate prior notice to the customer;
- (l). non-adherence to the instructions of Reserve Bank on ATM /Debit Card and Prepaid Card operations in India by the bank or its subsidiaries on any of the following:
 - i. Account debited but cash not dispensed by ATMs
 - ii. Account debited more than once for one withdrawal in ATMs or for POS transaction
 - iii. Less/Excess amount of cash dispensed by ATMs
 - iv. Debit in account without use of the card or details of the card
 - v. Use of stolen/cloned cards
 - vi. Others
- (m). non-adherence to the instructions of Reserve Bank on credit card operations on any of the following:

- i. Unsolicited calls for Add-on Cards, insurance for cards etc.
 - ii. Charging of Annual Fees on Cards issued free for life
 - iii. Wrong Billing/Wrong Debits
 - iv. Threatening calls/ inappropriate approach of recovery by recovery agents including non-observance of Reserve Bank guidelines on engagement of recovery agents
 - v. Wrong reporting of credit information to Credit Information Bureau
 - vi. Delay or failure to review and correct the credit status on account of wrongly reported credit information to Credit Information Bureau.
 - vii. Others
- (n). non-adherence to the instructions of Reserve Bank with regard to Mobile Banking / Electronic Banking service in India by the bank on any of the following:
- i. delay or failure to effect online payment / Fund Transfer,
 - ii. unauthorized electronic payment / Fund Transfer,
- (o). 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.
- (p). refusal to accept or delay in accepting payment towards taxes, as required by Reserve Bank/Government;
- (q). refusal to issue or delay in issuing, or failure to service or delay in servicing or redemption of Government securities;
- (r). forced closure of deposit accounts without due notice or without sufficient reason;
- (s). refusal to close or delay in closing the accounts;
- (t). non-adherence to the fair practices code as adopted by the bank;
- (u). non-adherence to the provisions of the Code of Bank's Commitments to Customers issued by Banking Codes and Standards Board of India and as adopted by the bank ;
- (v). non-observance of Reserve Bank guidelines on engagement of recovery agent.
- (w). non-adherence to Reserve Bank guidelines on para-banking activities like sale of insurance /mutual fund /other third party investment products with regard to following:
- i. improper, unsuitable sale of third party financial products
 - ii. non-transparency /lack of adequate transparency in sale
 - iii. non-disclosure of grievance redressal mechanism available
 - iv. delay or refusal to facilitate after sales service
- (x). any other matter relating to the violation of the directives issued by the Reserve Bank in relation to banking or other services.

(2) A complaint on any one of the following grounds alleging deficiency in banking service in respect of loans and advances.

- (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;
- (c) non-acceptance of application for loans without furnishing valid reasons to the applicant; and
- (d) non-adherence to 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;
- (e) non-observance of Reserve Bank guidelines on engagement of recovery agents ; and
- (f) 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.

(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.