

THE BANKING OMBUDSMAN SCHEME 2006

ANNUAL REPORT

2014 - 2015



**RESERVE BANK OF INDIA
CONSUMER EDUCATION AND PROTECTION
DEPARTMENT
CENTRAL OFFICE
MUMBAI**

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S. S. Mundra
Deputy Governor & Appellate Authority

FOREWORD

A substantial increase in the bank customers coupled with a sudden surge in first time users of banking services and the use of various financial services by them has brought into focus the need for strengthened financial regulation and customer education to safeguard, empower and protect the customers. The banks form the pivot of the entire financial system of our country. They are primarily engaged in the business of financial intermediation and the process is embedded with various risks. The trust, the people repose in the banking system is unfathomable, which is one of the primary reasons for the active regulatory initiatives on customer protection by RBI that has gained significance over the years. On the one hand, a well-functioning customer protection regime provides effective safeguards for retail financial services customers, while on the other hand it empowers customers to exercise their rights and fulfill their obligations. RBI has always strived hard to put in place robust customer protection framework. Banking Ombudsman Scheme is one component of this framework, which provides a simple, cost free apex level grievance redress mechanism for bank customers.

The customer base of banks in the country is dominated by low income and middle class customers, who have diverse financial needs for savings/credit/investments/retirement planning etc. The service providers of these products and services are in possession of huge repository of information and have the capability to apply more analytics. On the contrary, the consumers, the recipients of these services, are largely financially illiterate and have limited awareness. They do not have access to the level of information that the service providers have, which has led to a wide gap i.e. asymmetry in information and resources between the service provider and service receiver. These are 'information deprived illiterates', not in the sense of education, albeit in respect of the financial information they possess.

The level of awareness on simple aspects like need for timely payment of the bills, credit card dues and loans etc. is absolutely low among this group of bank customers. They aren't really aware about the unforeseen penalties that they might

end up paying for their failures to make timely payment of bills/ credit card dues. Not only the penalty could be severe, even more importantly, the bad credit behavior can feed into their credit history with credit companies, which can act as an impediment for their future credit requirements. This asymmetry of information leads to grievances, which are typical and pose difficulties in resolution. Unresolved complaints of this group of bank customers ultimately reach Banking Ombudsmen.

For an effective and efficient grievance redress system in any jurisdiction, the redress action should be as closely associated as possible to the initial point where the grievance arises. In effect, the banks themselves should make efforts to redress the complaints of their customers through their internal mechanism. The RBI has recently advised all Public Sector banks and select Private Sector and Foreign banks to appoint Chief Customer Service Officer (CCSO - Internal Ombudsman). The CCSO will be the topmost grievance redress authority within the bank. The complaints will be examined by the bank's internal grievance redress mechanism and in case the bank decides to reject a complaint and/or to provide only partial relief to the complainant, such complaints will be escalated to the CCSO (Internal Ombudsman) for further examination. This will not only improve the banks' customer grievance redress machinery but also enable banks to play more important role in resolution of customer complaints.

During the year under review, there was 11% increase in number of complaints received in the offices of Banking Ombudsmen. This is a sign that the awareness about the Scheme is increasing. The high-point of this report is that the proportion of complaints from rural and semi urban population has increased by 15.6% and 8.5% respectively over the last year. These areas have remained low penetration areas for the Scheme. The situation is changing, though slowly, but surely. The RBI has directed the Banking Ombudsmen to increase awareness of the Scheme in smaller towns and rural areas.

The introduction of Prime Minister Jan Dhan Yojana (PMJDY) by the Government of India and the supplemented financial inclusion efforts of RBI have resulted in massive increase in customer base of banks. This will result in increasing number of complaints. I am confident, the Offices of Banking Ombudsmen will meet the growing challenges.



(S. S. Mundra)

Vision and Goals of the Banking Ombudsmen Offices

Vision

- To act as a visible and credible dispute resolution agency for common persons utilizing banking services.

Goals

- To ensure redress of grievances of users of banking services in an inexpensive, expeditious and fair manner that provides impetus to improve customer services in the banking sector on a continuous basis.
- To provide policy feedback/suggestions to Reserve Bank of India towards framing appropriate and timely guidelines for banks to improve the level of customer service and to strengthen their internal grievance redress systems
- To enhance awareness of the Banking Ombudsman Scheme.
- To facilitate quick and fair (non-discriminatory) redress of grievances through use of IT systems, comprehensive and easily accessible database and enhanced capabilities of staff through capacity building.

EXECUTIVE SUMMARY

Banking Ombudsman Scheme, 1995 was notified by the Reserve Bank of India on June 14, 1995 under section 35A of the Banking Regulation Act, 1949. The aim and objective of the Scheme is to provide a quick and cost free resolution mechanism for complaints relating to deficiency of banking services of common bank customers, who otherwise find it difficult or cost prohibitive to approach any other redressal fora such as courts. The Scheme is applicable to Scheduled Commercial Banks, Scheduled Primary Urban Co-operative Banks and the Regional Rural Banks. The Scheme has undergone several revisions during the years 2002, 2006, 2007 and 2009. Presently, the Banking Ombudsman Scheme 2006, (BOS) as amended up to February 3, 2009, is in operation. There are 15 Banking Ombudsmen with specific State-wise jurisdiction covering all the 29 States and 7 Union Territories.

Brief review of operations of the BO Scheme in 2014-15

- 85131 complaints were received by 15 Offices of the Banking Ombudsmen during the year.
- Complaints increased by 11.2% compared to the previous year.
- Offices of Banking Ombudsmen maintained a disposal rate of 96%.
- 87 Awards were issued by the Banking Ombudsmen during the year.
- 73 appeals were received by the Appellate Authority during the year against the Awards/decisions of Banking Ombudsmen.
- Complaints pertaining to failure to meet commitments, non-observance of fair practices code, BCSBI Codes taken together constituted the largest category of complaints with 29.2% of complaints received.

- Card related complaints comprised 21.3% of total complaints received. Complaints pertaining to ATM/Debit card operations comprised 12.5% of total complaints received whereas, 8.8% complaints were pertaining to credit card operations.
- Complaints in the category of Pension (6.8%), Levy of charges without prior notice (6.5%), Loans and Advances (5.7%), Deposit Accounts (5.5%), Remittances (3.2%) were other major areas of complaints.
- 178 complaints were received by the offices of Banking Ombudsmen through the Government of India CPGRAMS portal.
- 454 applications under Right to Information Act were received during the year.
- Average cost of handling a complaint was ₹ 4541/-.
- Offices of Banking Ombudsmen organized awareness campaigns/outreach activities, Town Hall events, advertisement campaigns to spread awareness about the Scheme especially in rural and semi-urban areas.

1. The Banking Ombudsman Scheme 2006

1.1 The word 'ombudsman' originated from Sweden which, in 1809, established the position of *Justlieombudsman* to oversee government administration. It denotes loosely as 'citizen's defender' or 'representative of the people'. Since 1809, it has been adopted in many parts of the world, in both government and private industry (eg. banking and insurance) settings. The word *ombudsman* is not gender specific.

1.2 New Zealand became the first English speaking country to appoint an ombudsman in 1962. The office of the United Kingdom Ombudsman was established in 1967. The first Ombudsman in Australia was appointed in Western Australia in 1971, and was followed by the appointment of an ombudsman in Victoria in 1972, and in Queensland and New South Wales in 1974. The United Kingdom's Financial Ombudsman Service is an ombudsman established in 2001 as a result of the Financial Services and Markets Act 2000 to help settle disputes between consumers and UK-based businesses providing financial services, such as banks, building societies, insurance companies, investment firms, financial advisers and finance companies. The Financial Ombudsman Service is funded by the UK's financial services sector through a combination of statutory levies and case fees. These are paid by financial businesses that are regulated by the Financial Conduct Authority or licensed by the Office of Fair Trading and are automatically covered by law by the ombudsman service. The payment of these statutory levies and fees are not optional and are payable whether or not a complaint is upheld by the Financial Ombudsman Service. The service is free to consumers.

1.3 The 'Narasimhan' Committee on "Banking and Financial Sector Reforms" recommended introduction of the "Banking Ombudsman Scheme 1995" as a part of Financial Sector Policy and Systems Reforms 1991-92 to 1995-96. The RBI accepted the recommendation and as a part of banking policy, Dr. C. Rangarajan; Governor, announced the "The Banking Ombudsman Scheme" on June 14, 1995. The scheme was notified under Section 35 of the Banking Regulation Act, 1949. It covers all Scheduled Commercial Banks, Regional Rural Banks and the Scheduled Primary Co-operative Banks having business in India. RBI has set up 15 offices of Banking Ombudsmen which cover 29 states and 7 Union Territories of India. The aim and objective of the Scheme is to provide a quick and cost free resolution

mechanism for complaints on deficiency of banking services for common bank customers, who otherwise find it difficult or cost prohibitive to approach any other redressal for a such as courts.

1.4 The Scheme is reviewed periodically by the RBI to expand its scope to all newly introduced banking services and products. As on date the Scheme specifies 27 grounds of complaints which customer complaints relating to ATM/debit/credit cards, recovery agents, failure of banks to provide promised services, levying service charges without prior notice to the customer, non-adherence to the fair practices code/BCSBI Codes, internet banking etc.

1.5 The objective of the Scheme is mainly settlement of dispute through conciliation and mutual agreement between customers and banks with the Banking Ombudsman acting as the mediator. The underlying advantage of the Scheme being administered by the RBI is that, it gives insights to many systemic issues which act as inputs while framing appropriate regulatory guidelines.

1.6 Over the years the Banking Ombudsman Scheme has done a great deal to ensure the public's faith in the banking system and its processes. The acceptability of the Scheme among bank customers is evidenced in the number of complaints received by the offices of Banking Ombudsman which is steadily increasing every year and now exceeds 85000. The Ombudsman scheme is a very important channel for redressal of grievances by the general public against banking services. The Scheme does not oust the jurisdiction of other courts, and hence, aggrieved people do not hesitate in using the mechanism of Banking Ombudsman as a primary forum for resolution of disputes regarding banks. The Banking Ombudsman is in a position to do justice in an individual case, as he is not bound by the precedents and the proceedings adopted by him/her are summary in nature, while resolving disputes between aggrieved customer and the bank.

1.7 During the year 2014-15 the 15 offices of Banking Ombudsmen received 85131 complaints. A detailed analysis of the complaints handled by the offices of Banking Ombudsmen during the year is given in the ensuing chapters.

Profile of customer complaints handled by OBOs

Particulars	2012-13	2013-14	2014-15
Complaints brought forward from the previous year	4642	5479	3307
Complaints received	70541	76573	85131
Total No of complaints handled	75183	82052	88438
Complaints disposed	69704	78745	84660
Complaints pending at the end of the year	5479 (7%)	3307 (4%)	3778 (4%)
Complaints Pending for less than one month	3281 (4.36%)	2432 (3%)	2375 (2.55%)
Complaints Pending for one to two months	1675 (2%)	838 (1%)	1207 (1.23%)
Complaints Pending for two to three months	492 (0.6%)	36 (0.04%)	105 (0.12%)
Complaints Pending for more than three months	31 (0.04%)	1 (0.001%)	91 (0.1%)
Appeals pending at beginning of the year	13	0	30
Appeals received	52	107	73
Total no. of Appeals handled	65	107	103
Appeals Disposed	65	77	88
Appeals pending at the end of the year	Nil	30	15
Representations to review the decision of BOs (Non-appealable)	308	531	810

2. Receipt of Complaints

2.1 During the year 2014-15, 15 OBOs covering 29 States and 7 Union Territories, received 85131 complaints. Comparative position of complaints received during the last three years is given in Table 1.

Table 1 - Number of complaints received by OBOs

	2012-13	2013-14	2014-15
No. of OBOs	15	15	15
Complaints received during the year	70541	76573	85131

Compared to previous year the number of complaints received in the year 2014-15 has increased by 11.2%. This is an indication that the awareness about the BOS is increasing and the outreach activities and other awareness initiatives undertaken by OBOs and Regional Offices of RBI are showing results.

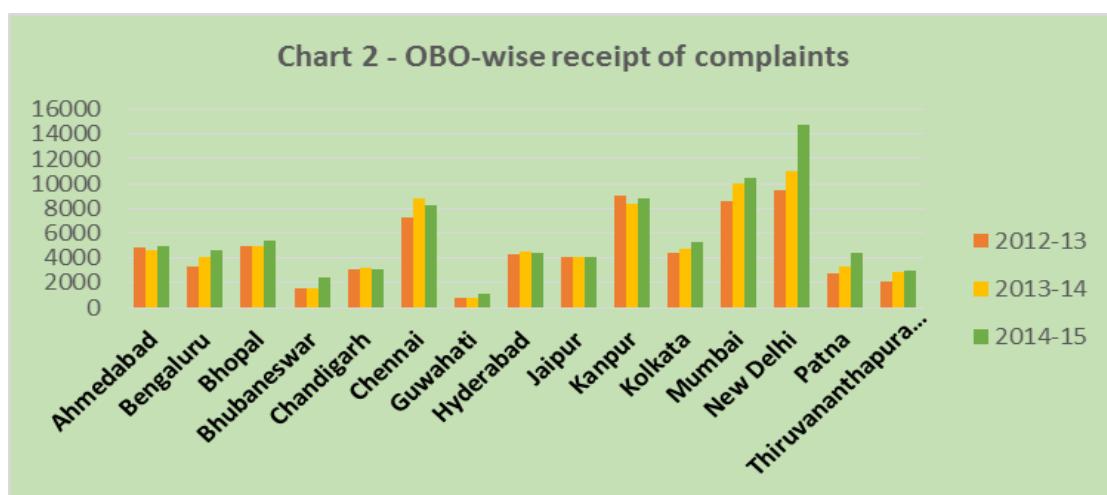


OBO-wise receipt of complaints

2.2 OBO-wise position of complaints received during the last three years is given in Table 2 and Chart 2.

Table 2- OBO-wise receipt of complaints

OBO	No. of complaints received during			% change in 2014-15 over 2013-14	% to total complaints
	2012-13	2013-14	2014-15		
Ahmedabad	4838	4588	4965	8.22	5.83
Bengaluru	3318	4101	4610	12.41	5.42
Bhopal	4920	4907	5451	11.09	6.40
Bhubaneswar	1523	1498	2448	63.42	2.88
Chandigarh	3094	3162	3131	-0.98	3.68
Chennai	7255	8775	8285	-5.58	9.73
Guwahati	807	770	1054	36.88	1.24
Hyderabad	4303	4477	4366	-2.48	5.13
Jaipur	4099	4104	4088	-0.39	4.80
Kanpur	9012	8389	8818	5.11	10.36
Kolkata	4388	4698	5277	12.32	6.20
Mumbai	8607	9965	10446	4.83	12.27
New Delhi	9444	11045	14712	33.20	17.28
Patna	2785	3253	4456	36.98	5.23
Thiruvananthapuram	2148	2841	3024	6.44	3.55
Total	70541	76573	85131	11.18	

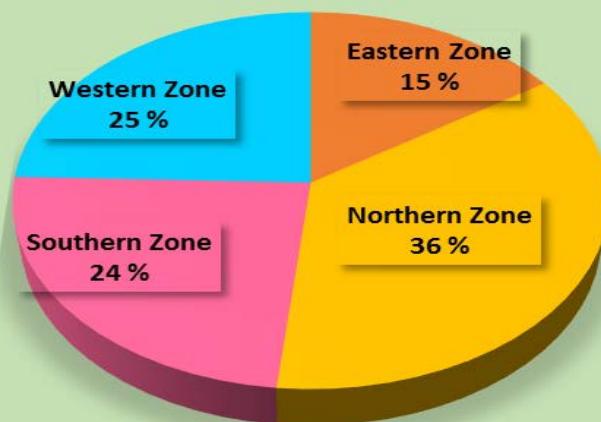


The trend in receipt of complaints received in the OBOs continued this year also, with OBO New Delhi receiving highest number of complaints (14712). Four metro centres OBOs viz. New Delhi, Chennai, Kolkata, Mumbai and two non-metro centres viz. OBO Kanpur and Bhopal put together, accounted for 62% of the total complaints received.

Table 3 - Zone-wise receipt of complaints

EASTERN ZONE	2013-14	2014-15	% change
Bhubaneswar	1498	2448	63.42
Guwahati	770	1054	36.88
Kolkata	4698	5277	12.32
Patna	3253	4456	36.98
	10219	13235	29.5%
NORTHERN ZONE			
Chandigarh	3162	3131	-0.98
Jaipur	4104	4088	-0.39
Kanpur	8389	8818	5.11
New Delhi	11045	14712	33.20
	26700	30749	15.2%
SOUTHERN ZONE			
Bengaluru	4101	4610	12.41
Chennai	8775	8285	-5.58
Hyderabad	4477	4366	-2.48
Thiruvananthapuram	2841	3024	6.44
	20194	20285	0.5%
WESTERN ZONE			
Ahmedabad	4588	4965	8.22
Bhopal	4907	5451	11.09
Mumbai	9965	10446	4.83
	19460	20862	7.2%

Chart 3 - Zone-wise receipt of complaints



Northern Zone accounted for 36% of total complaints received, followed by Western Zone 25%, Southern Zone 24% and Eastern Zone 15%. Eastern Zone witnessed 29.5% increase in number of complaints received, over the last year. In Northern Zone complaints increased by 15.2% whereas in Western and Southern Zones the rate of increase was 7.2% and 0.5% respectively.

Population group-wise distribution of complaints received

2.3 Comparative position of last three years' Population group-wise distribution of complaints is given in Table 4 and Chart 4.

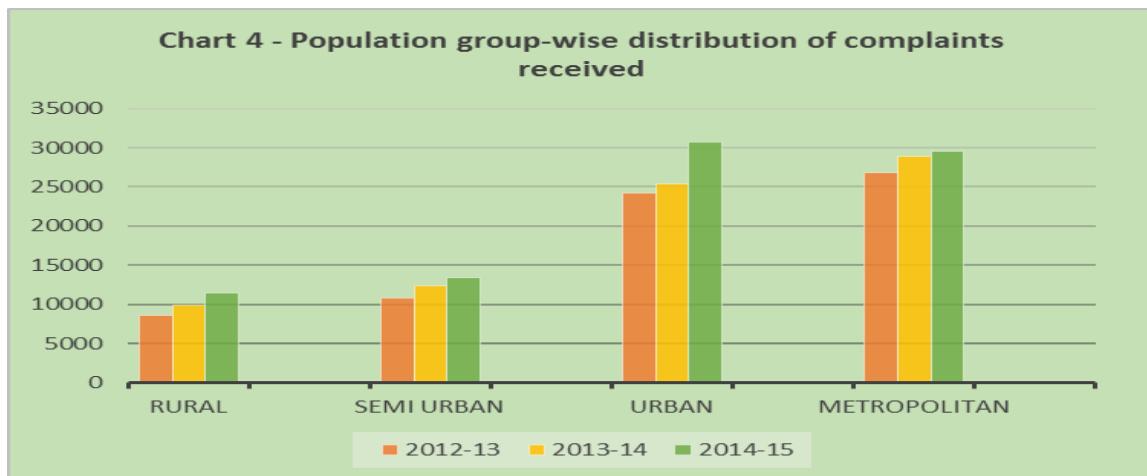
Table 4 - Population group-wise distribution of complaints received

Population Group	No of complaints received during			% increase decrease (Year-on-year)
	2012-13	2013-14	2014-15	
Rural	8598 (12%)	9927 (13%)	11484 (13%)	15.6%
Semi Urban	10868 (16%)	12314 (16%)	13363 (16%)	8.5%
Urban	24246 (34%)	25448 (33%)	30710 (36%)	17%
Metropolitan	26829 (38%)	28884 (38%)	29574 (35%)	2%
Total	70541	76573	85131	

(Figures in bracket indicate %age to total complaints of respective years.)

Over the years Urban and Metropolitan population have remained major group of complainants under the BOS. During the current year also 71% of the complaints were received from this group. Year-on-year basis, the complaints from Rural population and Semi-urban population increased by 15.6% and 8.5% respectively, whereas in Urban and Metropolitan population groups, the increase was 17% and 2% respectively. OBOs have placed more trust on the awareness campaigns and outreach activities in smaller towns and rural areas. Increase in receipt of complaints from these areas are indicative of success of focused attention provided by OBOs in

their outreach activities and awareness programmes. Brief details of these activities by OBOs are given in Chapter No. 9 - "Other Developments".



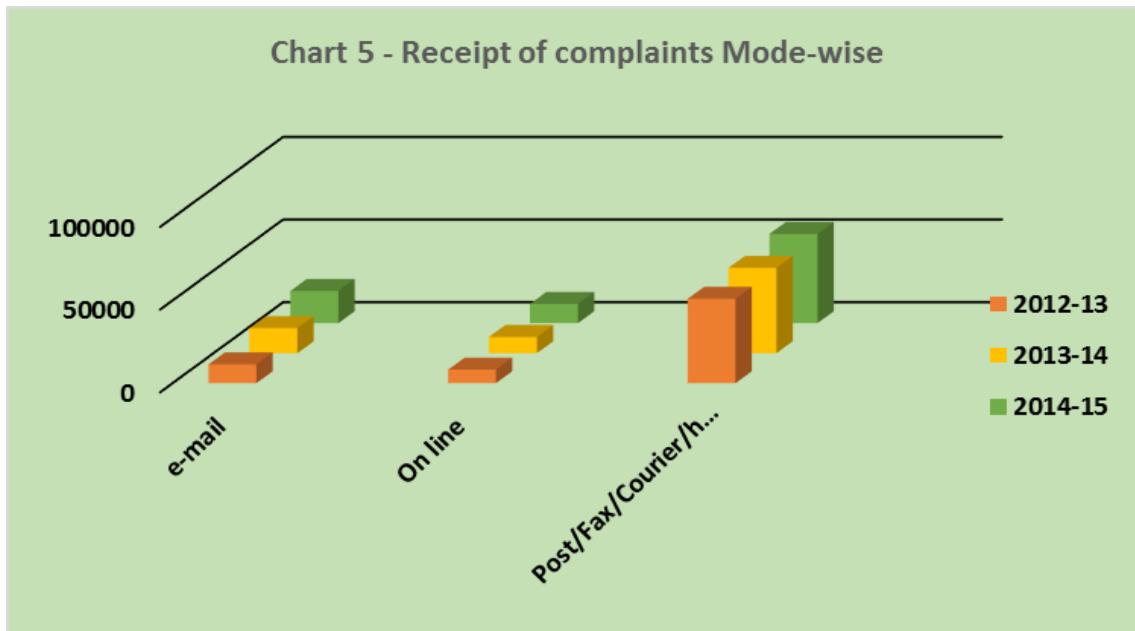
Receipt of complaints Mode-wise

2.4 Complainant can lodge the complaint with the OBO in any mode viz., by hand delivery, by post, courier, by fax or e-mails or the complaint can be lodged by online complaint form placed on the website of RBI. Comparative position of complaints lodged through various modes during the last three years is indicated in Table 5 and Chart 5.

Table 5 – Receipt of complaints Mode-wise

Mode	No. of Complaints received during			% change (Year-on-year)
	2012-13	2013-14	2014-15	
Email	11381 (16%)	15181 (20%)	19508 (23%)	29%
On line	8160 (12%)	9785 (13%)	11634 (14%)	19%
Post/Fax/Courier/hand delivery	51000 (72%)	51607 (67%)	53989 (63%)	5%
Total	70541	76573	85131	

(*Figures in bracket indicate %age to total complaints of respective years.)



Physical mode of lodging complaint (Post/Fax/Courier/hand delivery) continued to predominant mode among bank customers. But the trend reveals that, slowly customers are moving to electronic mode for lodging complaints. This is evident from the data of the last three years. The percentage of usage of electronic mode has increased from 28% in 2012-13 to 37% in 2014-15. Year-on-year basis, there was an increase of 29% in complaints lodged by e-mail and 19% in complaints lodged online respectively during the year. However, the growth rate in physical mode is comparatively less at the level of 5%.

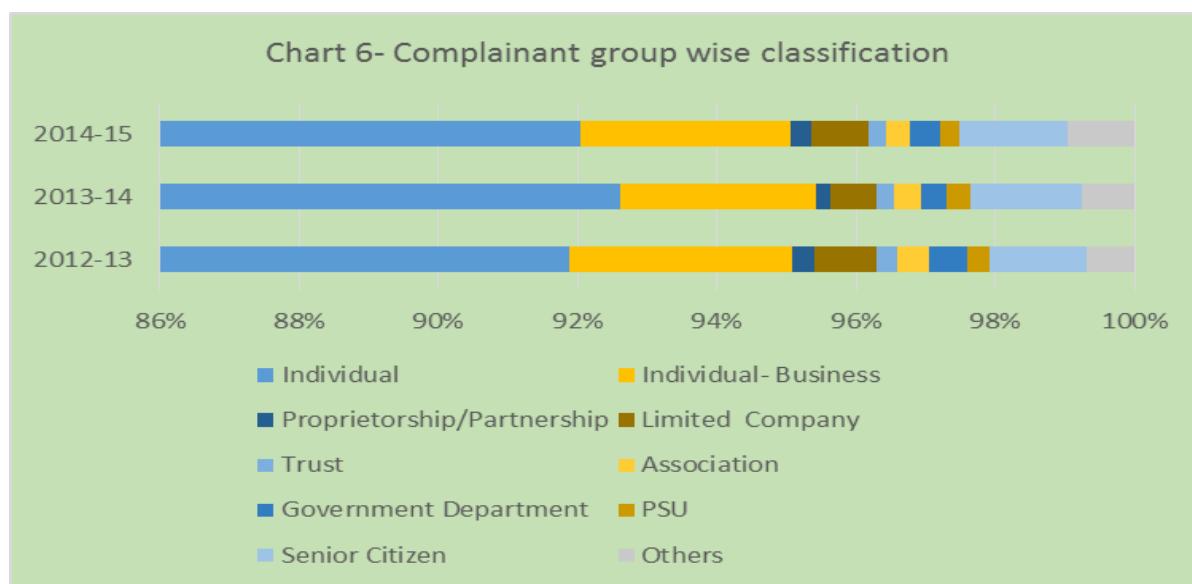
Complainant group-wise classification

2.5 BOS primarily caters to grievance resolution of individual customers of banks. During the year individuals and senior citizens taken together accounted for 93.6 % of the complaints. Break-up of complaints received from various segments of society is given in Table 6 and Chart 6.

Table 6 – Complainant group-wise classification

	Complaints Received		
	2012-13	2013-14	2014-15
Individual	64821 (91.6%)	70913 (92.6%)	78353 (92%)
Individual- Business	2245 (3%)	2163 (2.87%)	2566 (3%)
Proprietorship/Partnership	227 (0.3%)	151 (0.2%)	255 (0.3%)
Limited Company	628 (1%)	510 (0.7%)	699 (0.8%)
Trust	213 (0.3%)	184 (0.2%)	224 (0.3%)
Association	325 (0.6%)	297 (0.4%)	281 (0.3%)
Government Department	390 (0.5%)	287 (0.4%)	376 (0.4%)
PSU	222 (0.6%)	266 (0.3%)	234 (0.3%)
Senior Citizen	987 (1.4%)	1229 (1.6%)	1318 (1.55%)
Others	483 (0.7%)	573 (0.73%)	825 (0.97%)
TOTAL	70541	76573	85131

(*Figures in bracket indicate %age to total complaints of respective years.)

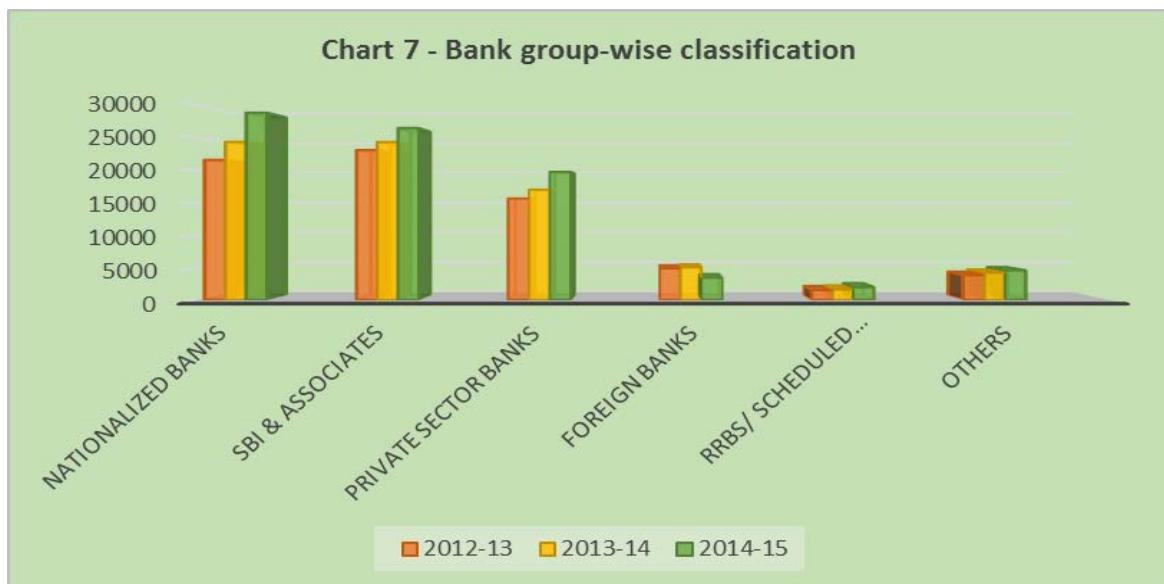


Bank group-wise classification

2.6 Classification of complaints received by OBOs based on bank group is indicated in Table 7 and Chart 7.

Table 7 - Bank group-wise classification

Bank Group	No of Complaints Received During			% change (Year-on-year)
	2012-13	2013-14	2014-15	
Nationalized Banks	21609 (31%)	24391 (32%)	28891 (34%)	18%
SBI & Associates	23134 (33%)	24367 (32%)	26529 (31%)	9%
Private Sector Banks	15653 (22%)	17030 (22%)	19773 (23%)	16%
Foreign Banks	4859 (7%)	5016 (6.5%)	3406 (4%)	- 32%
RRBs/ Scheduled Primary Urban Co-op. Banks	1489 (2%)	1590 (2%)	1966 (2%)	23%
Others	3797 (5%)	4179 (5.5%)	4566 (6%)	9%
Total	70541	76573	85131	



Public Sector Banks accounted for 65% of the total complaints out of which 31% complaints were against SBI & Associates group. Private Sector Banks accounted for 23% whereas Foreign Banks accounted for 4% of total complaints received. Regional Rural Banks and Scheduled Urban Co-operative Banks accounted for 2%

of the complaints received. 6% of the complaints were received against other non-bank entities not covered under the BOS.

Year-on-year basis, compared to last year, complaints received against Public Sector banks increased by 27% and against Private Sector banks by 16%. On the contrary, there was a 32% decline in complaints against Foreign banks.

The detailed bank-wise (Scheduled Commercial Banks) and complaint category-wise break-up of complaints received during the year 2014-15 is given at Annex VI.

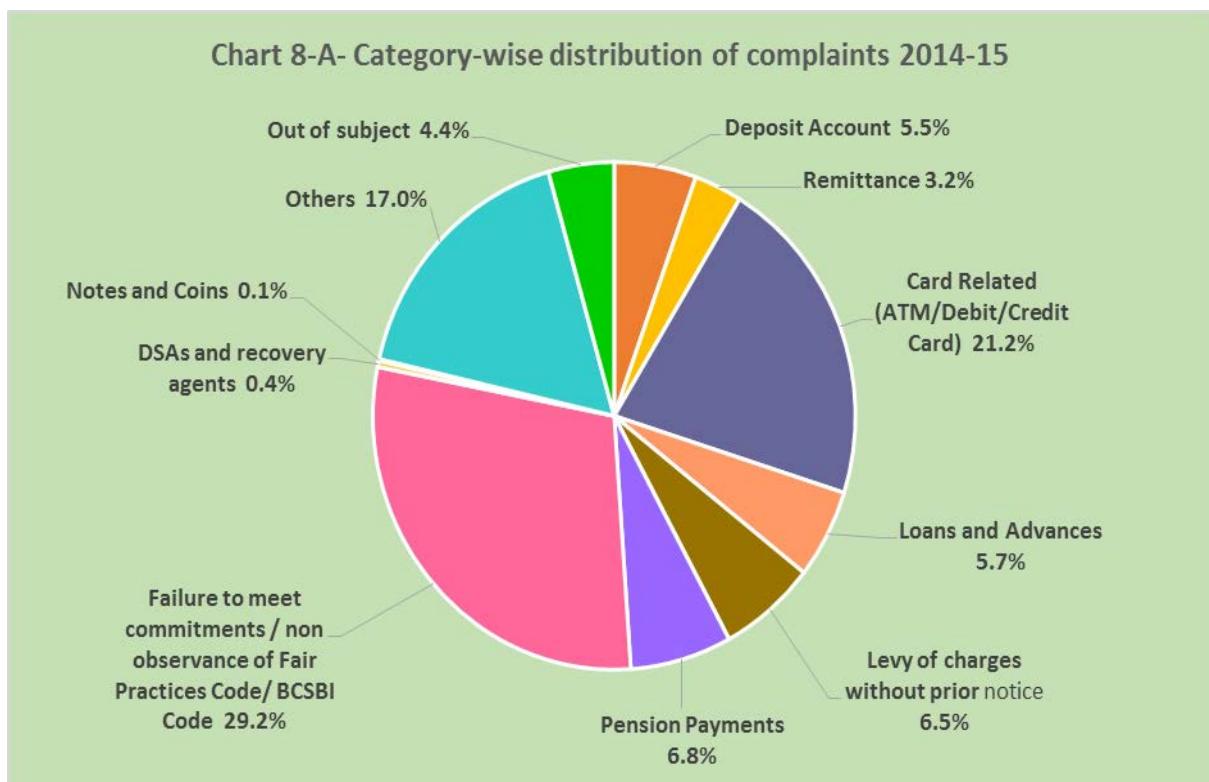
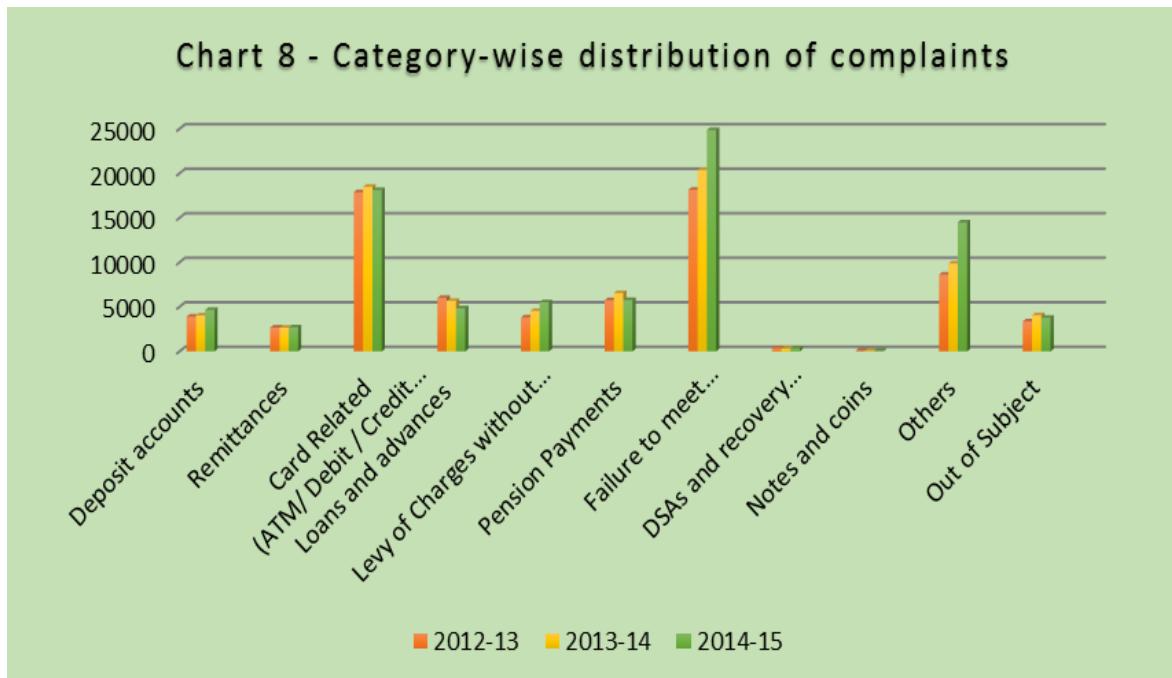
3. Nature of Complaints Handled

3.1 Grounds of complaints on which the complaints can be lodged with the BO are laid down in the BOS. There are 27 grounds of complaints regarding deficiency in banking services covering almost entire gamut of banking services. Periodically these grounds are reviewed to cater to various new products and services in the banking sector. Complaints received under these grounds are broadly categorized into major heads indicated in Table 8 and Chart 8.

Table 8 – Category-wise distribution of complaints

	No. of complaints received		
	2012-13	2013-14	2014-15
Deposit accounts	3913 (6%)	4032 (5.3%)	4661 (5.5%)
Remittances	2664 (4%)	2659 (3.5%)	2700 (3.2%)
Card Related (ATM/ Debit / Credit Card)	17867 (25%)	18474 (24.1%)	18123 (21.2%)
Loans and advances	5996 (9%)	5655 (7.4%)	4846 (5.7%)
Levy of Charges without prior notice	3817 (5%)	4547 (5.9%)	5510 (6.5%)
Pension Payments	5740 (8%)	6555 (8.5%)	5777 (6.8%)
Failure to meet commitments /Non observance of fair practices code/BCSBI Codes	18130 (26%)	20368 (26.6%)	24850 (29.2%)
DSAs and recovery agents	351 (0.8%)	295 (0.4%)	347 (0.4%)
Notes and coins	56 (0.2%)	63 (0.1%)	61 (0.1%)
Others	8635 (12%)	9861 (12.9%)	14482 (17%)
Out of Subject	3372 (5%)	4064 (5.3%)	3774 (4.4%)
Total	70541	76573	85131

(Figures in bracket indicate %age to total complaints of respective years.)



3.2 The complaints pertaining to failure to meet commitments, non-observance of fair practices code, BCSBI Codes constituted the major category of complaints received with 29.2% of complaints received. Lack of awareness about the Codes amongst

bank staff as also the customers and lack of bank's commitment to adhere to agreed terms & conditions are major reasons for these complaints. The banks need to pay more attention to this aspect through sensitization and training of their staff.

3.3 Card related complaints comprised 21.2% of the total complaints and was the second largest category of complaints. On a year-on-year basis compared to last year there was a small decrease of 2% in card related complaints during the year. Out of a total of 18123 card related complaints, 10651 complaints were pertaining to ATM/Debit Cards (12.51% of complaints received). Of these, 6990 complaints were about failure of ATM cash withdrawal transactions involving short payment/non-payment of cash. With expansion of customer base and the ATM network, proportion of such complaints is on the rise. These complaints also involve alleged fraudulent withdrawals from ATMs. In all such complaints BOs mainly rely on the documentary evidence such as JP Log, electronic journal, switch report etc. The CCTV footage is an important evidence in deciding the nature of the transaction, whether authorized or fraudulent and the veracity of the complainant's contention. CCTV footage has also thrown light on some dubious practices employed by fraudsters.

In card related complaints, 7472 (8.8% of complaints received) complaints pertained to credit card operations of banks. These complaints were mainly about issue of unsolicited cards, sale of unsolicited insurance policies and recovery of premium along with card charges, charging of annual fees in spite of being offered as 'free' card, authorization of loans over phone, wrong billing, settlement offers conveyed telephonically, non-settlement of insurance claims after the demise of the card holder, exorbitant charges, high-handed practices by recovery agents, wrong reporting of credit information by banks to Credit Information Companies etc.

3.4 Complaints on 'loans and advances' accounted for 5.7 % of the complaints received. These complaints mainly pertained to non-sanction/delay in sanction of loans, charging of excessive rate of interest, non-return of title deeds, non-issuance of no due certificate, education loans, wrong/delayed reporting to CIBIL etc.

3.5 Pension related complaints at 6.8% of the complaints received, declined by 13% compared to last year. Major reasons for pension related complaints were delayed payments, errors in calculations, difficulties in converting the pension to family pension on demise of pensioner etc.

3.6 Complaints under the category 'levy of charges without prior notice' constituted 6.5% of the complaints received. These were mainly regarding charges for non-maintenance of minimum balance, processing fees, pre-payment penalties in loan accounts, cheque collection charges, etc.

3.7 Complaints in the category of 'Deposit Accounts' constituted 5.5 % of complaints received. Delays in credit, non-credit of proceeds to parties accounts, non-payment of deposit or non-observance of the RBI directives, if any, applicable to rate of interest on deposits in savings, current or other account maintained with a bank, etc., were the major reasons for complaints in this category.

3.8 Non-payment or delay in payment of inward remittances, Non-payment or inordinate delay in the payment or collection of cheques, drafts, bills etc were some of the reasons for 3.2% complaints received under the category of 'Remittances'

3.9 17% complaints were in the category of 'Others' which comprised of complaints on grounds other than those mentioned in the foregoing paragraphs. These were non-adherence to prescribed working hours, delay in providing banking facilities, refusal or delay in accepting payment towards taxes as required by RBI/Government, refusal or delay in issuing/servicing or redemption of government securities, non-adherence to RBI directives, etc.

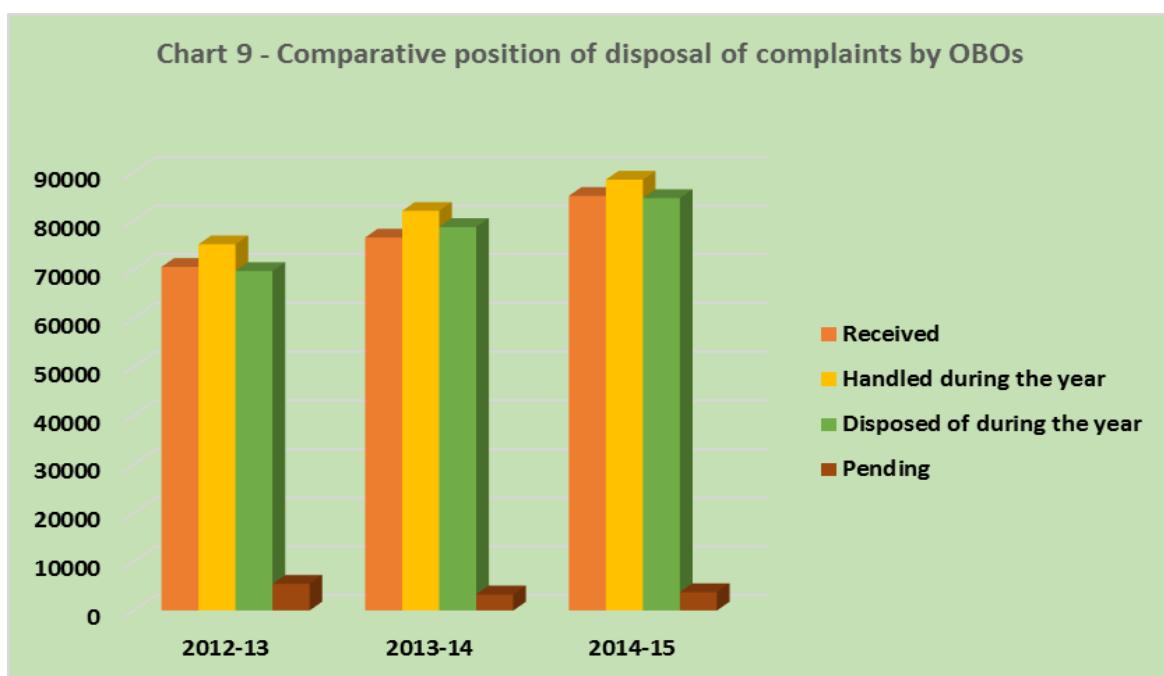
3.10 Complaints under the category 'Out of Subject' are those complaints which are not relating to the grounds of complaints specified under the BOS. During the year 4.4% of the complaints received were in this category. Lack of awareness among the public about applicability of the BOS is the primary reason for receipt of such complaints.

4. Disposal of Complaints

4.1 Table 9 and Chart 9 below indicate a comparative position of disposal of complaints by OBOs. OBOs handled 88438 during the year including 3307 complaints pending at the beginning of the year. OBOs maintained a disposal rate of 96% during the year.

Table 9- Comparative position of disposal of complaints by OBOs

Number of complaints	Year		
	2012-13	2013-14	2014-15
Received during the year	70541	76573	85131
Brought forward from previous year	4642	5479	3307
Handled during the year	75183	82052	88438
Disposed of during the year	69704	78745	84660
Rate of Disposal (%)	93%	96%	96%
Carried forward to the next year	5479	3307	3778



BO office wise position of complaints disposed during the year 2014-15 is indicated in Table 10 below:

Table 10 - BO office wise position of complaints disposed during 2014-15

OBO	Complaints pending at the beginning of the Year	Complaints Received during the Year	Complaints handled	Complaints Disposed	Pending at the end of the year	Rate of Disposal (%)
Ahmedabad	54	4965	5019	5019	0	100
Bengaluru	158	4610	4768	4594	174	96.4
Bhopal	243	5451	5694	4616	1078	81.1
Bhubaneswar	14	2448	2462	2456	6	99.8
Chandigarh	220	3131	3351	3288	63	98.1
Chennai	241	8285	8526	8439	87	99
Guwahati	39	1054	1093	1077	16	98.5
Hyderabad	242	4366	4608	4486	122	97.4
Jaipur	50	4088	4138	4133	5	99.9
Kanpur	449	8818	9267	8678	589	93.6
Kolkata	158	5277	5435	5364	71	98.7
Mumbai	575	10446	11021	10619	402	96.4
New Delhi	656	14712	15368	14436	932	93.9
Patna	75	4456	4531	4406	125	97.2
Thiruvananthapuram	133	3024	3157	3049	108	96.6
Total	3307	85131	88438	84660	3778	96

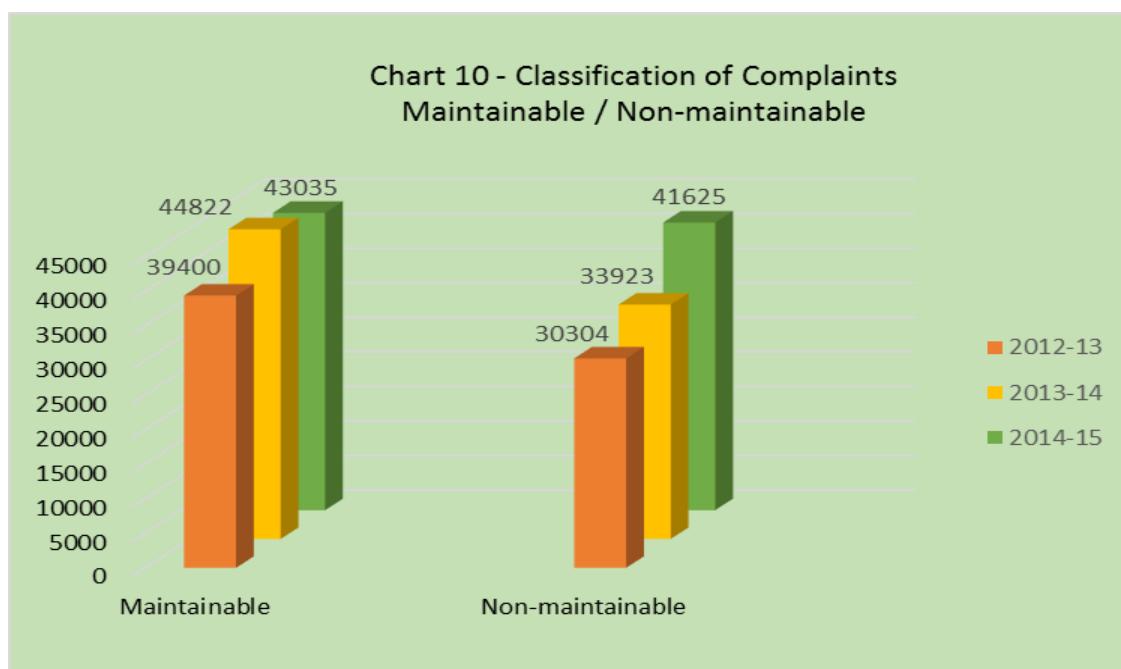
Disposal of complaints - Maintainable / Non-Maintainable

4.2 The complaints which do not pertain to grounds of complaint specified in Clause 8 of the BOS and those complaints, where procedure for filing the complaint laid down in Clause 9 of the BOS is not followed, are classified as 'non-maintainable'. All other complaints are classified as 'maintainable' and are dealt in accordance with the provisions of the BOS 2006.

Table 11 and Chart 10 indicate classification of maintainable and non-maintainable complaints disposed by all the OBOs during the last three years. Of the 84660 complaints disposed during the year, 51% complaints were maintainable.

Table-11 Maintainable / Non-maintainable complaints

	2012-13	2013-14	2014-15
Complaints Disposed	69704	78745	84660
Maintainable	39400 (56%)	44822 (57%)	43035 (51%)
Non-maintainable	30304 (44%)	33923 (43%)	41625 (49%)



Compared to previous year, there was 4% decline in maintainable complaints. 49% of the complaints handled by the OBOs during the year were non-maintainable.

Mode of disposal of maintainable complaints

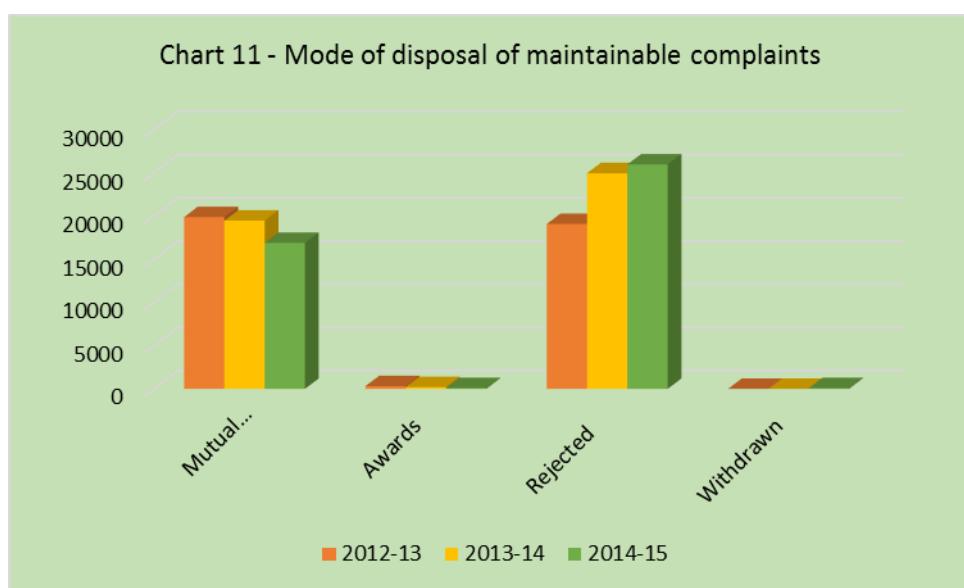
4.3 In terms of Clause 7(2) of the BOS, the BO shall facilitate resolution of complaints by settlement, by agreement or through conciliation and mediation between the bank and the aggrieved parties or by passing an Award in accordance with the Scheme. The aim is to arrive at amicable settlement by mutual agreement by mediation and conciliation. When mediation and conciliation fails to ensure amicable resolution, the BO gives a decision or passes an Award. Over the last three years the percentage of disposal by mutual agreement is witnessing a decline. Also there is a decline in the percentage of disposal by issue of Awards which is less than

1%. There is a very steady increase in the percentage of disposal by rejection under various clauses of the BOS.

Table 12 and Chart 11 below indicate the mode of disposal of Maintainable complaints.

Table 12 - Mode of disposal of maintainable complaints

Disposal of Maintainable Complaints	2012-13	2013-14	2014-15
By Mutual Settlement/agreement	19883 (50%)	19469 (43.5%)	16893 (39.3%)
Disposal by Award	312 (1%)	207 (0.5%)	87 (0.2%)
Maintainable Complaints Rejected	19087 (48.7%)	24960 (55.6%)	25976 (60.3%)
Maintainable Complaints Withdrawn	118 (0.3%)	186 (0.4%)	79 (0.2%)
Total maintainable complaints disposed	39400	44822	43035



39.3% of the maintainable complaints received during the year were resolved by mutual settlement. Awards were passed in less than 1% of the cases, whereas 60.5% complaints were rejected / withdrawn.

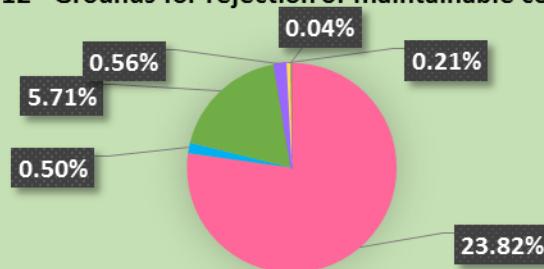
Grounds for rejection of complaints – Maintainable

4.4 The grounds for rejection of maintainable complaints and their proportion to complaints received during the year are indicated in the Table 13 and Chart 12.

Table 13 - Grounds for rejection of maintainable complaints

Sr. No.	Grounds for Rejection	No of complaints rejected	% to Complaints received
1	Not on Grounds of Complaints Clause 8 or sub-clause (3) of clause 9 of the Scheme	20281	23.82
2	Beyond the pecuniary jurisdiction of the BO Clause 12 (5) & (6)	210	0.5
3	Requiring elaborate documentary and oral evidence (Clause 13 (c))	4862	5.71
4	Complaints without sufficient cause Clause 13(d)	479	0.56
5	Not pursued by the complainants	183	0.21
6	No loss/damage/inconvenience to the complainants – Clause 13 (f)	33	0.04
7	Total	25976	

Chart 12 - Grounds for rejection of maintainable complaints



- Not on Grounds of Complaints
- Beyond the pecuniary jurisdiction of the BO
- Requiring elaborate documentary and oral evidence
- Complaints without sufficient cause
- Not pursued by the complainants
- No loss/damage/inconvenience to the complainants

Non-Maintainable complaints

4.5 Non-maintainable complaints are those complaints which do not fall within the ambit of the BOS. These complaints are rejected under various clauses of the BOS. Reasons for treating the complaint as non-maintainable and their proportion to total complaints received during the year are given in Table 14.

Table 14 – Non-maintainable complaints

Sr. No.	Reasons	No of Complaints	% to complaints received
1	Complaints out of ambit of Clause 8 of the BOS	5425	6.37
2	Complaints out of territorial jurisdiction of the BO as defined under Clause 7(1) and Clause 9 (1)	5851	6.87
3	Complaints against entities other than banks as defined under Clause 3 (5)	1222	1.44
4	Complaints not represented properly as indicated under Clause 9(2)	8777	10.31
5	Complaints where the complainant did not approach the bank first for redressal (First Resort Complaints) as required under Clause 9 (3) (a)	12075	14.18
6	Time barred complaints as per Clause 9 (3) (b)	736	0.86
7	Complaints in respect of the same cause of action which was settled or dealt earlier- Clause 9 (3) (c)	4317	5.07
8	Complaints pertaining to same cause of action for which proceedings before any court, tribunal or arbitrator or any other forum is pending – Clause 9 (3) (d)	1199	1.41
9	Frivolous / vexatious complaints	41	0.05
10	Complaints where the period of limitation prescribed under the Indian Limitation Act, 1963 is expired – Clause 9 (3) (f)	203	0.24
11	Others - pertaining to policy and other miscellaneous issues not within the ambit of the BOS forwarded to regulatory departments of RBI/other regulators/institutions.	1779	2.09
	Total Complaints	41625	

4.6. First resort complaints: The BOS under Clause 9 (3) (a) specifies that the complainant should first approach the respective bank for redress of his grievance. If the bank does not reply within a month or the complainant is not satisfied with bank's reply, then he/she can approach the BO. When the complainant directly approaches the BO with the complaint without approaching the bank, the complaint is treated as First Resort Complaint (FRC) and rejected by the BO. Such complaints are invariably sent by the OBO to concerned bank for suitable resolution. During the year, 14 % of the complaints received were FRCs.

FRCs are also received through online complaint form placed on the website of RBI. These complaints are forwarded online directly to the bank concerned without registering them under the BOS as these are *prima-facie* non-maintainable complaints under the BOS. During the year, 10317 FRCs received through online complaint form were forwarded directly to the banks concerned. OBOs also have this option of forwarding the FRCs received physically in their offices to concerned banks online. During the year OBOs forwarded 2706 FRCs to concerned banks using this facility.

4.7. High rate of rejection of complaints under the BOS is due to lack of awareness about the applicability of the BOS amongst the bank customers. Though OBOs are making efforts to educate the customers about the BOS through their awareness campaigns, outreach activities, Town Hall events etc., these efforts need be supplemented by the banks.

Awards Issued

4.8 During the year BOs issued 87 Awards. Out of these, 4 Awards remained unimplemented as on June 30, 2015, in 2 cases the banks have filed appeal before the Appellate Authority, 8 Awards lapsed for non-submission of acceptance letter by the complainants. For one Award, the appeal preferred was examined and the case was remanded back to BO by the Appellate Authority for review.

OBO-wise position of Awards issued during the year 2014-15 is indicated in Table 15 below:

Table 15 - BO office wise position of Awards issued during the year 2014-15

OBO	Awards Issued
Ahmedabad	2
Bengaluru	3
Bhopal	1
Bhubaneswar	0
Chandigarh	2
Chennai	0
Guwahati	2
Hyderabad	0
Jaipur	2
Kanpur	12
Kolkata	39
Mumbai	16
New Delhi	7
Patna	0
Thiruvananthapuram	1
Total	87

Age –wise classification of pending complaints

4.9 Table 16 and Chart 13 below indicate age-wise classification of pending complaints.

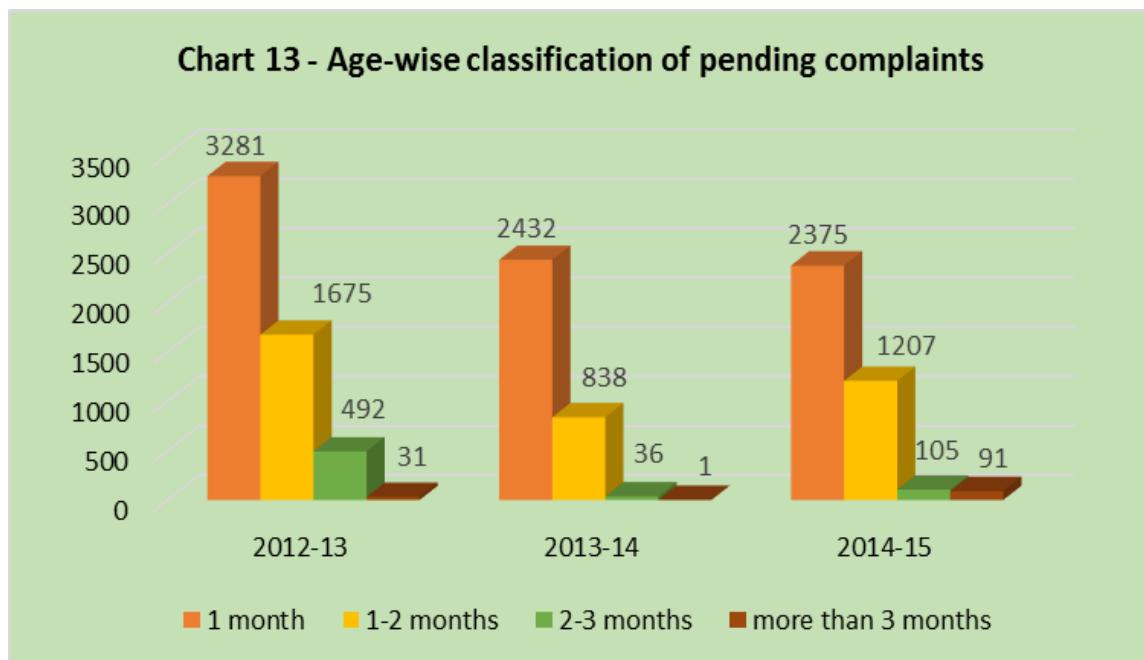
**Table 16- Age-wise classification of pending complaints vis-à-vis
Total complaints handled**

Pending up to	June 30, 2013	June 30, 2014	June 30, 2015
1 Month	3281 (4.36%)	2432 (3%)	2375 (2.69%)
1-2 Months	1675 (2%)	838 (1%)	1207 (1.36%)
2-3 Months	492 (0.60%)	36 (0.04%)	105 (0.12%)
More than 3 Months	31 (0.04%)	1 (0.001%)	91 (0.1%)
Total Pending	5479 (7%)	3307 (4%)	3778 (4%)
Complaints handled	75183	82052	88438

(Figures in bracket indicate %age to complaints handled during respective years.)

OBOs maintained the disposal rate of 96% during the year 2014-15. At the end of the year, 3778 (4%) complaints were pending at all OBOs. Out of these, 2.69% complaints were pending for less than one month, 1.36% complaints were pending for one to two months, 0.12% complaints were pending for two to three months and only 0.1% complaints were pending beyond three months.

Reasons for pendency beyond two months are mainly attributed to delays in getting complete information/documents from banks/complainants.



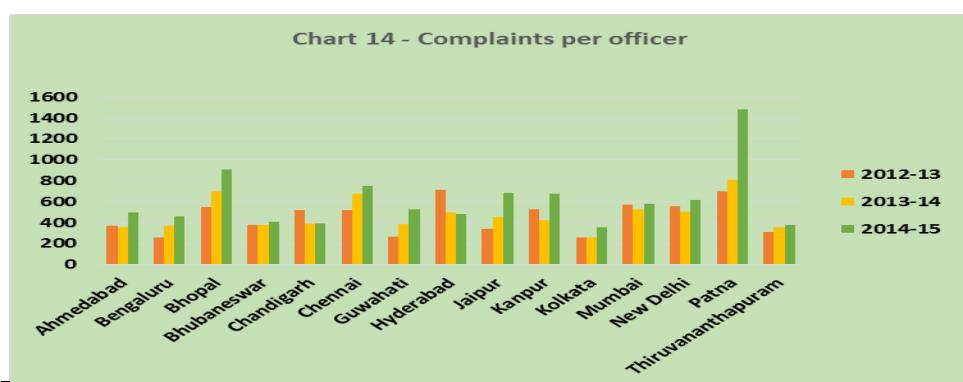
Complaints per officer

4.10 During the year 2014-15 there were 149 desk officers handling the complaints received in all OBOs. On an average, proportion of complaints per officer worked out to 571 complaints.

Table 17 and Chart 14 below indicate complaints 'per officer' in respective OBOs.

Table 17 – Complaints per officer

Office	2012-13			2013-14			2014-15		
	No. of complaints received	No. of officers	No. of complaints per officer	No. of complaints received	No. of officers	No. of complaints per officer	No. of complaints received	No. of officers	No. of complaints per officer
Ahmedabad	4838	13	372	4588	13	353	4965	10	497
Bengaluru	3318	13	255	4101	11	372	4610	10	461
Bhopal	4920	9	547	4907	7	701	5451	6	909
Bhubaneswar	1523	4	381	1498	4	374	2448	6	408
Chandigarh	3094	6	516	3162	8	395	3131	8	391
Chennai	7255	14	518	8775	13	675	8285	11	753
Guwahati	807	3	269	770	2	385	1054	2	527
Hyderabad	4303	6	717	4477	9	497	4366	9	485
Jaipur	4099	12	342	4104	9	456	4088	6	681
Kanpur	9012	17	530	8389	20	419	8818	13	678
Kolkata	4388	17	258	4698	18	261	5277	15	352
Mumbai	8607	15	574	9965	19	524	10446	18	580
New Delhi	9444	17	556	11045	22	502	14712	24	613
Patna	2785	4	696	3253	4	813	4456	3	1485
Thiruvananthapuram	2148	7	307	2841	8	355	3024	8	378
All India	70541	157	449	76573	167	459	85131	149	571



5. Cost of Running the Scheme

5.1 From year 2006 onwards, the expenditure incurred for running the BOS is fully borne by the RBI. The expenditure includes the revenue expenditure and capital expenditure incurred on administration of the BOS. The revenue expenditure includes establishment items like salary and allowances of the staff attached to OBOs and non-establishment items such as rent, taxes, insurance, law charges, postage and telegram charges, printing and stationery expenses, publicity expenses, depreciation and other miscellaneous items. The capital expenditure items include furniture, electrical installations, computers/related equipment, telecommunication equipment and motor vehicle.

Average cost incurred for handling a complaint under the BOS 2006 is indicated in Table 18 and Chart 15.

Table 18 - Cost of handling complaints at OBOs

	2012-13	2013-14	2014-15
Total Cost (₹ Million)	315	369	387
Complaints Received	70541	76573	85131
Average Cost of handling a Complaint (₹)	4468	4824	4541

Aggregate cost of running the BOS has increased from ₹ 315 million in 2012-13 to ₹ 387 million in 2014-15. Average cost of handling a complaint has risen from ₹ 4468/- to ₹ 4541/- during this period. Compared to year 2013-14 there was a decline in average cost from ₹. 4824/- to ₹. 4541/-.



BO Office wise 'Per-Complaint Cost' for the year 2014-15 is given in Table 19:

Table 19 - OBO wise 'Per-Complaint Cost' for the year 2014-15

OBO	Per Complaint Cost (₹)
Ahmedabad	5070
Bengaluru	3948
Bhopal	3851
Bhubaneswar	6373
Chandigarh	5487
Chennai	5563
Guwahati	7504
Hyderabad	4123
Jaipur	6257
Kanpur	3413
Kolkata	5408
Mumbai	5019
New Delhi	2486
Patna	4212
Thiruvananthapuram	8405

6. Appeals against the Decisions of the BOs

6.1 In terms of Clause 14 of the BOS 2006, any person aggrieved by an Award issued by the BO under clause 12 or rejection of a complaint for the reasons referred to in sub clauses (d) to (f) of clause 13, can prefer an appeal before the Appellate Authority designated under the Scheme within 30 days of the date of receipt of communication of Award or rejection of complaint. The Deputy Governor in charge of the department of RBI administering the Scheme (Consumer Education and Protection Department) is the designated Appellate Authority under the BOS 2006. The secretarial assistance to the Appellate Authority is provided by the Consumer Education and Protection Department.

Position of appeal handled by the Appellate Authority during the year 2014-15 is given in Table 20 below.

Table 20 - Position of appeals

Particulars	No of Appeals
Appeals pending at the beginning	30
Appeals received during the year from Complainants	51
Appeals received during the year from Banks	22
Total appeals handled during the year	103
Appeal disposed during the year	88
Pending at the end of the year	15
Mode of Disposal	
Appeals remanded to the BO for review	8
Appeals withdrawn / settled	1
Appeals rejected	66
Appeals allowed	13
Appeals Disposed during the year	
In favour of customers	32
In favour of banks	47

6.2 During the year 73 appeals were received against the decisions of BOs. Including 30 appeals pending at the beginning of the year, the AA handled 103 appeal during the year. Out of these 88 appeals were disposed. In 32 cases the Appellate Authority's decision was in favour of customers whereas in 47 cases it was

in favour of banks. The OBO wise position of appeals received during the year 2014-15 is given in Table 21.

Table 21 - OBO wise position of appeals received during the year 2014-15

OBO	No of Appeals
Ahmedabad	-
Bengaluru	3
Bhopal	2
Bhubaneswar	1
Chandigarh	2
Chennai	-
Guwahati	6
Hyderabad	-
Jaipur	-
Kanpur	-
Kolkata	3
Mumbai	50
New Delhi	2
Patna	-
Thiruvananthapuram	4
Total	73

Representations to review the complaints closed under non-appealable clauses of the BOS 2006

6.3 In terms of Clause 14 (1) of BOS 2006 complaints rejected by the BO under Clause 13 (a), (b) & (c) of the Scheme are non-appealable. Still, representations from the complainants to reopen complaints rejected under these non-appealable Clauses of the Scheme are being received in the Consumer Education and Protection Department, the Secretariat of the Appellate Authority. During the year 810 such representations were received and disposed.

7. Complaints received through Centralised Public Grievance Redress and Monitoring System (CPGRAMS)

CPGRAMS is a web based application developed by the Department of Administrative Reforms and Public Grievances of Government of India empowering the citizens to lodge their complaints online and also enabling redress action within a prescribed time limit. Government Departments, banks are sub-ordinate offices under this system to receive and redress complaints forwarded through this portal. The Consumer Education and Protection Department, RBI is the Nodal Office for RBI. Fifteen OBOs are sub-ordinate offices. Position of complaints handled by OBOs through this portal during the year 2014-15 is given in Table 22 below.

Table 22 - Position of Complaints received through CPGRAMS

OBO	Complaints received	Complaints Disposed	Pending
Ahmedabad	07	07	00
Bengaluru	06	06	00
Bhopal	02	02	00
Bhubaneswar	04	03	01
Chandigarh	14	14	00
Chennai	23	23	00
Guwahati	03	03	00
Hyderabad	07	07	00
Jaipur	01	01	00
Kanpur	23	18	05
Kolkata	13	13	00
Mumbai	21	21	00
New Delhi	48	33	15
Patna	05	05	00
Thiruvananthapuram	01	01	00
Total	178	157	21

8. Applications received under Right to Information Act, 2005

The Banking Ombudsmen have been designated as the Central Public Information Officers under the Right to Information Act 2005 to receive applications and furnish information relating to complaints handled by the OBOs. During the year 15 OBOs received 454 applications under RTI Act. The OBO wise position is indicated in the Table 23.

Table 23 - Applications received by OBOs under RTI Act (2014-15)

OBO	Applications received
Ahmedabad	10
Bengaluru	11
Bhopal	11
Bhubaneswar	5
Chandigarh	22
Chennai	50
Guwahati	1
Hyderabad	22
Jaipur	52
Kanpur	112
Kolkata	19
Mumbai	32
New Delhi	60
Patna	35
Thiruvananthapuram	12
Total	454

9. Other Important Developments

Annual Conference of Banking Ombudsmen 2015

9.1 The Annual Conference of Banking Ombudsmen was held at Chandigarh on April 24 and 25, 2015. The Conference was inaugurated by Dr Raghuram G. Rajan, Governor, Reserve Bank of India. CEOs/EDs of major public/ private sector banks, representatives of major foreign banks, Chairman of Indian Banks' Association, Chairman of BCSBI, MD & CEO of NPCI, Banking Ombudsmen, CGMs/senior officers from Central Office Departments of RBI attended the Conference.

In his keynote address the Governor stated that the Banking Ombudsman Scheme had come a long way since 1995. The aspect to be considered now is whether and how to expand the Scheme to new institutions and also to make the benefits of the Scheme to seamlessly reach smaller towns and rural areas. He expressed the need to increase awareness about the Scheme and making the Scheme really simple to use with an in-built evaluation process.

Shri S. S. Mundra, Deputy Governor, RBI urged the banks to build a system which can capture all complaints for undertaking a root-cause analysis, which obviates the need for a regulatory intervention by ensuring internal system level correction at the banks. He also urged the banks to consciously build in a culture within to expeditiously settle the customer grievances involving small amounts which would provide credibility to the other customer service initiatives taken by the banks.

Shri U S Paliwal, Executive Director in his opening remarks urged the banks to put in place an appropriate mechanism to ensure quick turn-around time for resolving complaints received under BO Scheme. He moderated the panel discussions on various issues related to the Banking Ombudsman Scheme.

The Guest Speaker, Shri Deep Kalra, Founder & CEO, MakeMyTrip shared his experience about their grievance redressal mechanism and initiatives taken towards consumer protection in this organisation.

Principal Nodal Officers Conference

9.2 A meeting with PNOs of Scheduled Commercial Banks was held in three phases on January 13, 14 and 19, 2015 at RBI Mumbai. Shri U S Paliwal, Executive Director, RBI, in his keynote address appreciated the role played by the Banking

Ombudsmen in the grievance redress mechanism and emphasized that the role of Banking Ombudsman was to protect the interest of the customers where deficiency in service was observed in relation to policy/norms of the bank, in a transparent way.

Major issues that emanated from root cause analysis of complaints received in BO Offices and RBI were discussed during the meeting. Heads of regulatory departments of the RBI, select BOs and CEO of BCSBI present in the meeting had interaction on various issues with PNOs.

Annual Conference of International Network of Financial Services Ombudsman Schemes (INFO) 2014 :

9.3 The Banking Ombudsman Scheme is a member of International Network of Financial Services Ombudsman Schemes. Every year INFO organises Annual Conference of its member schemes which is designed to help members to develop their expertise in dispute resolution, by sharing experiences and exchanging information. The INFO conference 2014 was held at Trinidad and Tobago between September 28 and October 2, 2014. The topics of discussion included an introspection of the schemes followed across the world covering aspects such as accountability, clarity of scope, fairness, transparency, independent governance, effectiveness, accessibility, staffing, funding etc. Unlike in India, the Financial Services Ombudsman Scheme in various parts of the world are not covered under the ambit of Regulators but purely a voluntary mechanism. The pros and cons of such systems were widely discussed.

Regional Conferences of Banking Ombudsmen

9.4. Regional Conferences of Banking Ombudsmen of respective zones were organized by nodal OBOs during the year. Important systemic issues were discussed in these conferences. Meetings with the Zonal Heads of major banks of the region were also organized on this occasion where various customer service related issues of topical interest were discussed and regulatory concerns were flagged for action by banks.

Meeting with Consumer Professionals/Activists

9.5 The Governor, RBI met select certain consumer professionals/activists on May 25, 2015 to ascertain the developments taking place in the sphere of Consumer Education and Protection and convey what the RBI's endeavour to do further in

these areas. The core discussion was primarily with regard to cross-selling of third party products and mis-selling of financial products by the banks. The participants suggested measures to arrest mis-selling of financial products by banks.

Meeting with Credit Information Companies

9.6 In view of increasing number of complaints about wrong/delayed reporting of credit information by banks to Credit Information Companies (CICs), it was decided to ascertain a feedback from CICs on systems and procedures followed by CICs for reporting, updation and modification of records. A meeting with the four CICs was convened on June 25, 2015, which was chaired by Shri U S Paliwal, Executive Director, RBI. The important aspects emerged from the discussions were that there is a need to educate customers about the factors affecting their credit score and its implications on credit rating of the customer and the need for inter cycle updation of data by all CICs for the changes effected by the banks. ED suggested that the industry can come up with a pilot project on consumer education and awareness and urged CICs to explore the possibility of setting up of a credit helpline for this purpose.

Awareness and Consumer Education

9.7 OBOs adopted multi-pronged outreach strategy to spread awareness about the BOS and education of consumers. This included outreach programmes, Town Hall events, advertisement campaigns in print and electronic media, participation in exhibitions, trade fairs, display of posters etc. The focus of these outreach initiatives remained vulnerable class of bank customers and people in smaller towns and rural centres. Following are some of the initiatives by each OBO during the year to spread awareness and consumer education:

- **Ahmedabad:** One line message about the Banking Ombudsman Scheme was scrolled at 33 Doordarshan Relay Centres of Gujarat for 60 days. Similarly, audio clips were broadcast on AIR / FM Radio stations in Gujarat for 72 days. The OBO participated in an exhibition-cum-public interaction stall set up by the RBI at Vibrant Gujarat Navaratri Mahotsav, Ahmedabad. Visitors were briefed, inter alia, about BO Scheme and procedure for lodging complaints with the OBO. Queries / doubts of visitors concerning OBO / BOS were also clarified in simple and lucid manner. Multilingual publicity material was distributed to the visitors.

- **Bengaluru:** Two outreach programmes were conducted during the year one each, at Chennarayapatna of Hassan District and at Shikaripura of Shivamogga District respectively. The programmes were well attended and received by customers of banks and members of public. Besides, explaining the Banking Ombudsman Scheme, 2006, on-the-spot clarifications/redressal of complaints was also done.
- **Bhopal:** BO participated in live telecast of interactive sessions in the programmes of local Doordarshan Channel in which various questions relating to Banking Ombudsman Scheme asked over phone by the viewers from different places of the two states of Madhya Pradesh and Chhattisgarh and also other parts of the country, were answered by the BO. The salient features of the BOS 2006 were also explained during the discussion with the anchor.
- **Bhubaneswar:** During the year public awareness camps were organized at different centers in rural/ semi-urban areas with low level of awareness about the Scheme. This effort substantially contributed to increase in the share of complaints received from these areas. Two Town Hall events were organized one each, at Rourkela and Sambalpur respectively, which were attended by a large number of customers including pensioners, representatives of pensioners' associations and local chamber of commerce and industry besides bankers. The OBO held two on-site Conciliation Camps at Gopalpur and Puri to render doorstep redressal of complainants.
- **Chandigarh:** The OBO put up a stall in Regional Kisan Mela at village Ballowal, Balachaur, Punjab organized by Punjab Agricultural University in which various VIPs, Central/State Government officials, Academicians from University, bankers, farmers participated. A large number of public from all walks of life visited the stall and were briefed about the objectives of the BO scheme and procedure of filing the complaints.
- **Chennai:** The OBO organised Awareness Programmes at Chengelpet, Villupuram and Srivilliputtur during the year in co-ordination with the lead banks of the respective districts. During these programmes, the animation CD on Banking Ombudsman Scheme was displayed to the audience and pamphlets on salient features of the BOS were distributed. In order to spread the awareness of

the BO Scheme in semi urban and rural areas, OBO in coordination with India Post made an arrangement to distribute pamphlets on Banking Ombudsman Scheme through customized letters which would be sent to individual households in villages of Tamil Nadu where awareness is either low or Nil. OBO also made arrangements to distribute Meghdoot Post Cards with salient features of the BO Scheme across rural and semi-urban areas in Tamil Nadu.

- **Guwahati:** The OBO organized Town Hall Meeting at Itanagar, Arunachal Pradesh. Grievances from members of public were received during the event and hearings of complaint were conducted and some of the complaints were resolved on the spot. The OBO also organized the Banking Awareness Programmes at 'Killa' in Gomoti district in Agartala, 'Tanhril Village', Aizawl, Mizoram. The OBO has also made significant progress in accepting/disposing grievances from the general public on the spot during awareness programmes.
- **Hyderabad:** Salient features of Banking Ombudsman Scheme were prominently displayed in the train running between Secunderabad and Balarsha on a permanent basis. Office has received phone calls from many passengers in the running train itself, voicing their grievances against banks. The OBO participated in various outreach activities organized by RBI Hyderabad. A stall was set up in the RBI pavilion at the 'Numaish 2015' - the 76th annual industrial exhibition of the twin cities of Hyderabad and Secunderabad held from January 8 to February 22, 2015. On average, the exhibition drew more than 40,000 visitors every day. Officers from the OBO were deputed to the stall all seven days of the week to distribute literature on BOS 2006 and to handle queries from the public.
- **Jaipur:** The OBO organized Town Hall Meeting at Jaisalmer on February 27, 2015. Controllers of various banks operating in the region also participated in the meeting. A large number of people from various trade bodies, pensioners, bank customers, SHGs etc participated in the event. The focus of the event was emphasis on educating the customers about precautions and safety measures while using ATM Card, Credit Cards, foreign Exchange related operations, etc. Certain complainants were provided on the spot resolution.
- **Kanpur:** The OBO organized a Town Hall Event at Allahabad (UP) on June 18, 2015 with a view to create awareness among the public about BOS, security

aspects of banking especially use of ATM /Debit card, net banking, fund transfers, avenues available to bank customers for redressal of grievances, education loans, security features of currency notes, etc. The OBO organized customer education/awareness campaigns in different areas of Uttar Pradesh and Uttrakhand. A large number of villagers, school, college students, bank customers, bank officials of public and private sector banks, representatives from Pensioners' Association, Depositors' Association, etc., were involved in these awareness programmes.

- **Kolkata:** During the year, nine outreach programmes on awareness of the Banking Ombudsman Scheme including one Town Hall Meeting at Durgapur (Dist. Burdwan) for the general members of public were organised with the help of Lead Banks in various districts of West Bengal.
- **Mumbai:** The OBO organised Awareness Programmes at Nagpur, Shirpur, Dist- Dhule with the bankers and their customers, including industry associations, customer associations, etc. The OBO also arranged for the spot resolution of complaints. Two Town Hall events were organized at Nashik and Dhule during the year. The representatives of the most of the local banks along with about 450-500 customers attended these events. These initiatives had a positive impact on receipt of complaints from these areas.
- **New Delhi:** The year was marked by significant increase in number of complaints. The OBO organized outreach programmes at State Bank of India, Training Academy Gurgaon and HDFC Bank, Safdarjung Enclave, New Delhi, respectively. The OBO adopted a multipronged approach for customer education and grievance redressal. Accordingly, normal outreach, product-focused programme, outreach programme for target groups were arranged. Each outreach module included the following components: (i) importance of banks and role of RBI in general (ii) showing a short film on the BO Scheme (in Hindi/English); (ii) brief about procedure for filing complaint and its disposal under the BO Scheme, (iii) do's and don'ts and precautions to be taken while availing of banking services like ATM/Credit cards, net banking, loans, deposits etc. and sharing experience based on cases handled by BO Office, (iv) question and answers(in quiz format with some prizes for correct answer) and (v) distributing and collecting complaint forms to and from members of public.

- **Patna:** During the year the OBO conducted four awareness programmes at Lohardaga (Jharkhand), Shaikhpura (Bihar), Sampatchak, Patna (Bihar) and Rajgir (Bihar). The awareness initiatives undertaken yielded positive results in as much as inflow of complaints had gone up from certain districts, which had otherwise negligent number or nil complaints before conduct of such awareness programmes. The OBO participated in the financial literacy and awareness programme conducted by RBI, Patna during Bihar Shiksha Diwas and Bihar Diwas at Patna and Sonepur Mela. Two public interaction programmes were held during the Patna Book fair on and Bihar Saras Mela. During these programmes the BO clarified queries/ doubts raised by the audience on the matter of opening of deposit accounts, NPA classification of loan accounts etc.
- **Thiruvananthapuram:** During the year, the OBO organised awareness programmes at Payyannur, Union Territory of Mahe, Kozhikode and Malappuram. During the interactive sessions various issues pertaining to insurance protection, interest subsidy on education loan, fraudulent withdrawal of cash from ATM/ online transfer of funds, etc., were raised by the participants. The programmes were well received by the participants and there was very good interaction. The message about the Banking Ombudsman Scheme was conveyed effectively and some complaints were redressed on the spot.

Press Meetings

9.8 The OBOs arranged meetings with local media and shared the information on the number and nature of complaints handled / resolved and a few significant / exemplary cases handled during the year. This initiative has proved helpful in spreading awareness about the BO Scheme.

Meetings with Nodal Officers of Banks

9.9 During the year the OBOs held periodical meetings with Nodal Officers of the banks under their jurisdiction. During these meetings the systemic issues were analysed and steps to be taken were discussed to reduce complaints in this regard. Importance of quick response by banks to ensure quick resolution of complaints was also stressed upon the banks. Participants are also apprised with changes/new developments taking place in the areas of customer services/consumer protections including the latest circulars issued by RBI on these aspects.

Skill building

9.10 With proliferation of technology in banking and introduction of various IT based banking services and products, nature of complaints received in OBOs has undergone a major shift. This has highlighted a need to equip OBO staff with requisite skills and knowledge to handle such complaints.

The Zonal Training Centre, New Delhi and Reserve Bank Staff College, Chennai organised training programmes for officers and staff of the OBOs. Number of programmes being conducted has been increased during the year. Also the officers and staff of the OBOs were deputed to IDRBT, Hyderabad for specialized courses on electronic payments, internet banking, payment systems etc. OBOs also organised various trainings, in-house, as well as with external agencies like NPCI, IDRBT for their staff.

The knowledge gained from such trainings helps the staff in understanding the ways to understand various reports pertaining to internet banking and ATM transactions (such as Audit log, transaction log, IP addresses, EJ log, Switch Report, etc.) as well as appreciate issues relating to internet banking. This insight has proved to be very helpful in effective and efficient resolution of fraudulent complaints on internet/ATM complaints.

10. Customer Service Initiatives by Reserve Bank of India

10.1 For development of transparent and efficient financial market, empowerment of consumers is a pre-requisite. Transparency and disclosures are two basic parameters which empower the consumers with requisite information and knowledge to take informed decision while availing any financial service or products.

Technological innovation and increased competition for financial services have created a wide array of financial services and products available to consumers coupled with new risks and rewards. This has made it difficult for the consumer to take an informed decision suitable to his/her requirements. In the Indian scenario, asymmetry in information and awareness about financial products and services between customers and financial institutions acts as a barrier to an effective system of protection of customer rights. A large number of financial consumers end up in making wrong choices while availing of financial services and/or accepting what is thrust upon by the service providers. Under such conditions, the regulator by per force has to step in to take up the mantle of protecting the consumers. As a regulator of the Banking Sector, RBI assigns a lot of importance to consumer education and protection. During the year 2014-15 the RBI initiated several consumer centric measures aimed at protecting the interests of vulnerable class of bank customers. Some of such initiatives are given below.

Charter of Customer Rights

10.2 Reserve Bank, in the Monetary Policy Statement 2014-15 had announced its intention to frame comprehensive consumer protection regulations based on domestic experience and global best practices. As a further structured measure towards protection of bank customers and setting standards of customer service, it was decided to formulate a "Charter of Customer Rights" as a broad, overarching principles for protection of bank customers. The "Charter of Customer Rights" was released on December 3, 2014. It primarily covers five Basic Rights of a bank customer, viz., Right to Fair Treatment; Right to Transparency Fair and Honest Dealing; Right to Suitability; Right to Privacy and Right to Grievance Redress and Compensation. A model Customer Rights Policy/Code has been formulated jointly by IBA and BCSBI based on the Charter of Customer Rights and circulated to the banks. Banks have been advised to formulate a Board approved Customer Rights

Policy or dovetail the existing Customer Service Policies with the approval of the Board by July 31, 2015 incorporating the “Charter of Customer Rights” enunciated by RBI.

Appointment of Chief Customer Service Officer (Internal Ombudsman)

10.3 Consequent to the recommendations made by the “Committee on Customer Service in Banks” (Damodaran Committee) regarding the need for an Ombudsman within the banks’ internal grievance redressal set up and with a view to strengthen the grievance redressal mechanism available for banks customers, to ensure minimum number of complaints get escalated to the existing Banking Ombudsman, the Reserve Bank of India has advised all the public sector banks, select private sector banks and foreign banks to appoint Chief Customer Service Officers (Internal Ombudsman) at the earliest. (For details see Box No. I)

Box – I: Internal Ombudsman for banks – Chief Customer Service Officer

While examining the Banking Ombudsman Scheme 2006, the Committee on Customer Service in Banks (Damodaran Committee) in its report had observed that “*There is a need for the banks in developing their Internal Grievance Redressal Mechanism to ensure only the minimum number of cases gets escalated to the Banking Ombudsman and the Scheme is strictly utilised only as an appellate mechanism. This can be made possible by having an official within the bank in the form of an internal Ombudsman which is in vogue in some countries like Canada and France*”.

RBI accepted this recommendation and advised all the Public Sector Banks, select Private Banks and Foreign Banks in May 2015 to appoint Chief Customer Service Officers (CCSO – Internal Ombudsman).

The prerequisites laid down by the RBI for appointment of CCSO are that the CCSO shall be a retired banker of not less than the rank of a retired General Manager / Deputy General Manager of a Scheduled Commercial bank. He / She should not have worked in the bank in which he/she is appointed as CCSO and should possess necessary skills and have exposure in working of more than three areas of operations in banking such as general banking, credit, forex operations, treasury, government business, merchant banking, credit card operations etc. This will ensure that a senior level officer with required expertise is appointed as CCSO who will not have any bias towards the bank in which he/she has been appointed as CCSO.

To ensure the independence in decision making process the RBI has further stipulated that the Audit Committee of the Board shall exercise oversight over the working of CCSO and he/she would report directly either to the Chairman, MD & CEO or ED of the bank and not to any other executive.

The CCSO shall examine the grievances which are on the grounds listed in the BOS under Clause 8 and which were not resolved by the bank’s internal grievance redressal mechanism. The complaints outside the purview of Clause 8 of the BOS shall also be dealt with by the CCSO provided, these have been examined by the bank’s internal grievance redressal mechanism and left unresolved/unredressed to the satisfaction of the complainant.

The bank shall forward all such complaints to CCSO, which, after the examination by its internal grievance redressal mechanism has been decided to reject and/or to provide only partial relief to the complainant. In all the final communication being sent to the complainants by CCSO, where the complaints are unresolved / unredressed to the satisfaction of the complainant after examination by CCSO, the clause relating to the availability of option to approach the BO should invariably be indicated.

The appointment of CCSO as Internal Ombudsman in the long run will ensure that only a minimum number of complaints are escalated to Banking Ombudsman and the role of Banking Ombudsman would be extended to provide valuable inputs for policy formulation.

Advertisement campaign on fictitious mails in Print Media

10.4 In view of increase in number of instances of people receiving emails/SMS/Telephone calls about fictitious offers of money by camouflaging the communication to appear as sent by the Governor, the Top Management or officials of RBI, a joint countrywide awareness campaign with Department of Consumer's Affairs, Government of India on fictitious offers of money was conducted through print media. Advertisements cautioning members of public about such fictitious offers of money were released in 290 newspapers across the country.

Charges for non-maintenance of minimum balance

10.5 From April 1, 2015 banks will have to notify the customer by SMS/email/letter before applying penal charges for non-maintenance of minimum balance in the savings account. Furthermore, penal charges are required to be directly proportional to the extent of shortfall observed and will be levied after one month from the date of notice to a customer.

KYC norms simplified further

10.6 To give wide publicity to KYC's simplification, the Reserve Bank of India issued a press release and [a poster](#) and [a booklet](#) and advised banks to promote public awareness about KYC at their branches.

Following an amendment to the Prevention of Money Laundering (Maintenance of Records) Rules, 2013, KYC requirements were simplified and streamlined. The list of 'officially valid documents' (OVDs) for KYC was clearly enumerated to minimise banks' discretion in the process. OVDs include passport, driving license, permanent account number (PAN) card, voter's identity card, job card issued under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) duly signed by an officer of the state government and the letter issued by the Unique Identification Authority of India containing details of name, address and Aadhaar number or any document as notified by the central government in consultation with the regulator.

Banks were also advised to apply simplified measures for low-risk customers. Banks can now rely on third party due diligence at the time of account opening, provided the third party is regulated, supervised and monitored and has adequate measures in place for compliance with client due diligence.

Partial freezing of accounts in case of KYC non-compliance

10.7 In case of non-compliance of KYC requirements by customers despite repeated reminders by banks, banks should impose 'partial freezing' of such accounts in a phased manner. The main objective is to prevent money laundering and financing of terrorism. However, the account can be revived by submitting KYC documents as per the instructions in force. In case of such KYC non-compliant accounts, banks are advised to give an initial notice of three months to a customer to comply with KYC requirements, and follow this with a reminder for a further period of three months. Thereafter, banks may impose 'partial freezing' of the account by allowing all credits and disallowing debits with the freedom to close the account. If the account is still KYC non-compliant after six months of imposing 'partial freezing' the banks may disallow all debits and credits from/to the account, rendering it inoperative. However, the customer can always close the account.

Digital life certificates for pensioners

10.8 The government has launched "*Jeevan Pramaan*", a digital life certificate based on the *Aadhaar* biometric authentication, which is aimed at further simplifying the process of submission of life certificates and facilitating accuracy and timeliness in pension disbursals. Agency bank branches will be able to obtain digital information about their pensioner customers through the "*Jeevan Pramaan*" website and their own CBS framework, or through communication from pensioner customers. Banks have been advised to create adequate awareness about this facility among their pensioner customers and also suitably amend the Frequently Asked Questions (FAQs) on pension payments posted on their websites, and provide a link to the "*Jeevan Pramaan*" website.

Online Display of Interest Rate Range

10.9 In order to further enhance transparency in pricing of credit, banks have been advised to display on their websites the interest rate range of contracted loans for the past quarter for different categories of advances granted to individual borrowers, including the mean interest rates, total fees and other applicable charges. Banks will also have to provide a clear, concise, one page key fact statement to all individual borrowers at every stage of the loan processing, and in case of any change in any terms and conditions.

Acknowledgement of receipt of life certificates

10.10 In order to alleviate the hardships faced by pensioners on account of misplacement of life certificates at the bank branches, RBI has advised all agency banks handling Government pension payments to issue a duly signed acknowledgement to the pensioners on receipt of the life certificate submitted in physical form. Banks are also advised to consider entering the same in their CBS immediately on receipt and issue a system based receipt to the pensioner as this would ensure both acknowledgement as well as real-time updation of records.

Relaxation in requirement of Additional Factor of Authentication (AFA) for small value card present transactions

10.11 RBI relaxed the need for Additional Factor Authentication for small value card present transactions using contact-less cards, upto a maximum limit of Rs. 2000/- per transaction. Banks have also been advised to create awareness on the features of the product to its customers including the maximum liability devolving on the customer in case of loss of cards reported to the bank.

Dispensing with 'No Due Certificate' for lending by banks

10.12 In order to ensure hassle free credit to all borrowers, especially in rural and semi-urban areas and keeping in view the technological developments and the different ways available with banks to avoid multiple financing, the RBI advised banks to dispense with obtaining 'No Due Certificate' from the individual borrowers in rural and semi-urban areas for all types of loans including loans under Government Sponsored Schemes, irrespective of the amount involved unless the Government Sponsored Scheme itself provides for obtention of 'No Dues Certificate'.

Annex - I

Name, Address and Area of Operation of Banking Ombudsmen

Centre	Name & Address of the Office of Banking Ombudsman	Area of Operation
Ahmedabad	Shri Sunil T. S. Nair C/o Reserve Bank of India La Gajjar Chambers, Ashram Road, Ahmedabad-380 009 STD Code: 079 Tel.No.26582357/26586718, Fax No.26583325 Email	Gujarat, Union Territories of Dadra and Nagar Haveli, Daman and Diu
Bengaluru	Ms C.R. Samyuktha C/o Reserve Bank of India 10/3/8, Nrupathunga Road Bengaluru -560 001 STD Code: 080 Tel.No.22210771/22275629, Fax No.22244047 Email	Karnataka
Bhopal	Shri P. K. Arora C/o Reserve Bank of India Hoshangabad Road, Post Box No.32, Bhopal-462 011 STD Code: 0755 Tel.No.2573772/2573776, Fax No.2573779 Email	Madhya Pradesh and Chhattisgarh
Bhubaneswar	Shri B.K. Mishra C/o Reserve Bank of India Pt. Jawaharlal Nehru Marg Bhubaneswar-751 001 STD Code: 0674 Tel.No.2396207/2396008, Fax No. 2393906 Email	Odisha
Chandigarh	Shri Sanjay Bhatia C/o Reserve Bank of India New Office Building Sector-17, Central Vista Chandigarh-160 017 STD Code: 0172 Tel.No.2721109/2721011, Fax No. 2721880 Email	Himachal Pradesh, Punjab, Union Territory of Chandigarh and Panchkula, Yamuna Nagar and Ambala Districts of Haryana.
Chennai	Shri S. Raja	Tamil Nadu, Union Territories of

	C/o Reserve Bank of India Fort Glacis, Chennai 600 001 STD Code: 044 Tel No.25399170/25395963/25399159 Fax No. 25395488 Email	Puducherry (except Mahe Region) and Andaman and Nicobar Islands
Guwahati	Shri Anand Prakash C/o Reserve Bank of India Station Road, Pan Bazar Guwahati-781 001 STD Code: 0361 Tel.No.2542556/2540445, Fax No. 2540445, Email	Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura
Hyderabad	Dr. N. Krishna Mohan C/o Reserve Bank of India 6-1-56, Secretariat Road Saifabad, Hyderabad-500 004 STD Code: 040 Tel.No.23210013/23243970, Fax No.23210014 Email	Andhra Pradesh and Telangana
Jaipur	Shri R. Giridharan C/o Reserve Bank of India, Ram Bagh Circle, Tonk Road, Post Box No.12, Jaipur-302 004 STD Code: 0141 Tel.No.5107973/5101331, Fax No.0141-2562220 Email	Rajasthan
Kanpur	Shri A. K. Naskar C/o Reserve Bank of India M.G. Road, Post Box No.82 Kanpur-208 001 STD Code: 0512 Tel.No.2306278/2303004, Fax No.2305938 Email	Uttar Pradesh (excluding Districts of Ghaziabad and Gautam Buddha Nagar) and Uttarakhand
Kolkata	Dr. Smt. S. Chattopadhyay C/o Reserve Bank of India 15, Netaji Subhash Road Kolkata-700 001 STD Code: 033 Tel.No.22306222/22305580, Fax No.22305899 Email	West Bengal and Sikkim
Mumbai	Smt. R. Sebastian	Maharashtra and Goa

	<p>C/o Reserve Bank of India Fourth Floor, Opp. Mumbai Central Railway Station, Byculla, Mumbai 400 008 STD Code: 022 Tel.No. 23022025 to 28, Fax No. 23022024 Email</p>	
New Delhi	<p>Shri K K Saraf C/o Reserve Bank of India, Sansad Marg, New Delhi STD Code: 011 Tel.No. 23725445/23710882, Fax No. 23725218 Email</p>	<p>Delhi, Jammu and Kashmir and Ghaziabad and Gautam Budh Nagar districts of Uttar Pradesh, Haryana (except Panchkula, Yamuna Nagar and Ambala Districts)</p>
Patna	<p>Smt. Smita Chandramani C/o Reserve Bank of India, Patna-800 001 STD Code: 0612 Tel.No. 2322569/2323734, Fax No. 2320407 Email</p>	Bihar and Jharkhand
Thiruvananthapuram	<p>Smt. Uma Sankar C/o Reserve Bank of India Bakery Junction Thiruvananthapuram-695 033 STD Code: 0471 Tel.No. 2332723/2323959, Fax No. 2321625 Email</p>	Kerala, Union Territory of Lakshadweep and Union Territory of Puducherry (only Mahe Region).

Annex - II

Important Notifications Relating to Customer Service issued by the RBI in 2014-15

July 1, 2014	Master Circular on Customer Service in Banks - RBI/2014-15/72 DBOD.No.Leg.BC.21/09.07.006/2014-15 . All important instructions issued by the bank in the area of customer service up to June 30, 2014 have been consolidated in this Master Circular, which has been placed on the website of RBI. Banks have also been advised to ensure that copies of the circular are available in all their branches so that the customers can peruse the same.
July 1, 2014	Master Circular - Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards / Combating of Financing of Terrorism (CFT) / Obligation of banks under PMLA, 2002 – DBOD.AML.BC.No.22/14.01.001/ 2014-15 . This Master Circular is a consolidation of the instructions on Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards / Combating of Financing of Terrorism (CFT) / Obligation of banks under PMLA, 2002 issued up to June 30, 2014. The same has also been placed on the website of RBI.
July 22, 2014	Loans against Gold Ornaments and Jewellery for Non-Agricultural End-uses - RBI/2014-15/142 DBOD.No.BP.BC.27/21.04.048/2014-15 - While reviewing the guidelines on loans extended against pledge of gold ornaments and jewellery for other than agricultural purposes, where both interest and principal are due for payment at maturity, it was decided that banks, as per their Board approved policy, may decide upon the ceiling with regard to the quantum of loans that may be granted against the pledge of gold jewellery and ornaments for non-agricultural end uses. However, the tenor of the loans shall not exceed 12 months from the date of sanction. It was also clarified that LTV of 75 per cent shall be maintained throughout the tenure of the loan for all loans extended against pledge of gold ornaments and jewellery for non-agricultural end uses.
July 17, 2014	Public Provident Fund Scheme, 1968 and Senior Citizen Savings Scheme, 2004 - Amendments in Rules : RBI/2014-15/130 DGBA.CDD. No. 293/15.02.001 /2014-15 – Government of India notifications titled Senior Citizen Savings Scheme (Amendment) Rules, 2014 and Public Provident Fund Scheme (Amendment) Rules, 2014, amending existing rules were issued.

August 14, 2014	Usage of ATMs- Rationalisation of number of free transactions: RBI/2014-15/179 DPSS.CO.PD.No.316/02.10.002/2014-2015 dated August 14, 2014 - RBI revised the existing directions on usage of ATMs. The number of mandatory free ATM transactions for savings bank account customers at other banks' ATMs were reduced from the present five to three transactions per month (inclusive of both financial and non-financial transactions) for transactions done at the ATMs located in the six metro centres, viz. Mumbai, New Delhi, Chennai, Kolkata, Bengaluru and Hyderabad. However, banks can offer more than three free transactions at other bank ATMs to its account holders if it so desires. Further, banks should permit at least five free transactions (inclusive of financial and non-financial transactions) per month to the savings bank account customers for use of own bank ATMs at all locations.
August 22, 2014	Amendment to Public Provident Fund Scheme, 1968 : RBI/2014-15/187 DGBA.CDD.No.867/15.02.005/2014-15 – This Circular conveys the decision of the Government of India to enhance the individual subscription limit under the Public Provident Fund (PPF) Scheme, 1968, from existing ₹ 1,00,000 to Rs.1,50,000 in a financial year.
August 22, 2014	Security Issues and Risk Mitigation measures related to Card Not Present (CNP) transactions - Additional authentication / validation: RBI/2014-15/ 190 – DPSS. PD. CO. No. 371/ 02.14.003/ 2014-15 - In view of several instances of card not present transactions being effected without the mandated additional authentication/validation even where the underlying transactions are essentially taking place between two residents in India (card issued in India being used for purchase of goods and service offered by a merchant/service provider in India), thereby evading the mandate of additional authentication/validation by following business / payment models which are resulting in foreign exchange outflow, it was advised that entities adopting such practices leading to willful non-adherence and violation of extant instructions should immediately put a stop to such arrangements. Where cards issued by banks in India are used for making card not present payments towards purchase of goods and services provided within the country, the acquisition of such transactions has to be through a bank in India and the transaction should necessarily settle only in Indian currency, in adherence to extant instructions on security of card payments.

September 1, 2014	Timelines for Credit Decisions : RBI/ 2014-15/ 199 DBOD.No.BP.BC.35/ 21.04.048/ 2014-15 - Banks have been advised to clearly delineate the procedure for disposal of loan proposals, with appropriate timelines, and institute a suitable monitoring mechanism for reviewing applications pending beyond the specified period and also make suitable disclosures on the timelines for conveying credit decisions through their websites, notice-boards, product literature, etc.
September 1, 2014	Inoperative Accounts: RBI/ 2014-15/ 200 DBOD.No.Leg.BC.36/ 09.07.005/ 2014-15 - Reserve Bank of India has advised banks that since dividend on shares is credited to Savings Bank accounts as per the mandate of the customer, the same should be treated as a customer induced transaction. As such, the account should be treated as operative account as long as the dividend is credited to the Savings Bank account. The Savings Bank account can be treated as inoperative account only after two years from the date of the last credit entry of the dividend, provided there is no other customer induced transaction.
September 1, 2014	Treatment of accounts opened for credit of Scholarship Amounts under Government Schemes: RBI/ 2014-15 /202 DBOD. No. Leg. BC. 37/09.07.005/ 2014-15 - Reserve Bank of India has advised banks to ensure that accounts of all student beneficiaries under the various Central/State Government Scholarship Schemes are free from restrictions of 'minimum balance' and 'total credit limit'.
September 4, 2014	Simplification of KYC Norms - Creating Public Awareness: RBI/ 2014-15/ 209 - DBOD. AML. No. 3356 / 14.01.001/ 2014-15 - In order to create public awareness and give wide publicity to KYC simplification measures, Reserve Bank of India has issued a Press Release together with a poster and a booklet comprising a few common questions relating to Know Your Customer (KYC) norms for opening bank accounts. Banks have also been advised to initiate steps to create awareness and give wider publicity by circulating the poster and booklet amongst all their branches and advise their branches to make available the booklet to the customers/ general public and display the poster prominently in their premises.
September 4, 2014	Know Your Customer (KYC) Norms /Anti-Money Laundering (AML) Standards/ Combating of Financing of Terrorism (CFT)/Obligation of banks under Prevention of Money Laundering Act (PMLA), 2002 Obligation of banks – Client Due Diligence measures: RBI/2014-15/ 212

	<p><u>DBOD .AML. BC. No. 39 /14.01.001/2014-15</u> - The extant KYC norms have been reviewed and it has been decided to dispense with the requirement of 'positive confirmation' at two/three years in respect of medium and low risk customers. Further, the requirement of applying client due diligence measures to existing clients at an interval of two/eight/ten years in respect of high/medium/low risk clients respectively, would also continue taking into account whether and when client due diligence measures have previously been undertaken and the adequacy of data obtained. Banks have been advised not to insist on physical presence of the clients at the time of such periodic updatations.</p>
October 10, 2014	<p>Usage of ATMs–Rationalization of number of free transactions:</p> <p>Clarifications: RBI/ 2014-15/ 260 DPSS.CO.PD.No.659/02.10.002/2014-2015</p> <p>- It is clarified vide this circular that the overall cap of five free ATM transactions at other bank ATMs in a month remains unchanged. Accordingly, if transactions are carried out at both the six metro centres and other locations, the total number of transactions (inclusive of both financial and non-financial) free of charge at other bank ATMs would continue to remain at FIVE.</p>
October 13, 2014	<p>KYC – clarification on proof of address: RBI/ 2014-15/ 264 DBOD.AML No.5487/14.01.001/2014-15 - Banks should ensure that customers are not unnecessarily asked to submit additional proofs of addresses for current addresses in cases where proofs of addresses for permanent addresses are already available.</p>
October 21, 2014	<p>Know Your Customer (KYC) Norms /Anti-Money Laundering (AML) Standards/ Combating of Financing of Terrorism (CFT) guidelines – clarifications on periodic updation of low risk customers, non-requirement of repeated KYC for the same customer to open new accounts and partial freezing of KYC non-compliant accounts : RBI/ 2014-15/ 269 DBOD.AML.BC.No.44/ 14.01.001/ 2014-15 -</p> <p>a. Banks need not seek fresh proofs of identity and address at the time of periodic updation, from those customers who are categorised as 'low risk', in case of no change in status with respect to their identities and addresses. A self-certification by the customer to that effect should suffice in such cases. In case of change of address of such 'low risk' customers, they could merely forward a certified copy of the document (proof of address) by mail/post, etc. Banks may not insist on physical presence of such 'low risk' customer at the time of periodic updation.</p>

	<p>b. If an existing KYC compliant customer of a bank desires to open another account in the same bank, there should be no need for submission of fresh proof of identity and/or proof of address for the purpose.</p> <p>c. As regards non-compliance of KYC requirements by the customers banks should impose 'partial freezing' on such accounts in a phased manner. Banks should ensure that the option of 'partial freezing' is exercised after giving due notice of three months initially to the customers to comply with KYC requirement and followed by a reminder for further period of three months. Thereafter, banks may impose 'partial freezing' by allowing all credits and disallowing all debits with the freedom to close the accounts. If the accounts are still KYC non-compliant after six months of imposing initial 'partial freezing' banks may disallow all debits and credits from/to the accounts, rendering them inoperative. Further, it would always be open to the bank to close the account of such customers.</p>
November 5, 2014	<p>Cheque related fraud cases - preventive measures: RBI/ 2014-15/ 294 DBS.CFMC.BC.No.006/23.04.001/2014-15 - Banks have been advised to review and strengthen the controls in the cheque presenting/passing and account monitoring processes and to ensure that all procedural guidelines including preventive measures are followed meticulously by the dealing staff/officials. Indicative list of preventive measures that banks may follow in this regard have been given in the circular. In addition, banks may also consider alerting the customer by a phone call and getting the confirmation from the payer/drawer and contacting base branch in case of non-home cheques while dealing with suspicious or large value cheques (in relation to an account's normal level of operations).</p> <p>Banks have been advised to take appropriate precautionary measures to ensure that the confidential information viz., customer name / account number / signature, cheque serial numbers and other related information are neither compromised nor misused either from the bank or from the vendors' (printers, couriers etc.) side.</p>
November 20, 2014	<p>Levy of penal charges on non-maintenance of minimum balances in savings bank accounts : RBI/ 2014-15/ 308 DBR.Dir.BC.No.47/ 13.03.00/ 2014-15 - Banks have been advised that while levying charges for non-maintenance of minimum balance in savings bank account, banks should adhere to the additional guidelines given below:</p> <p>(i) In the event of a default in maintenance of minimum balance/average</p>

	<p>minimum balance as agreed to between the bank and customer, the bank should notify the customer clearly by SMS/ email/ letter etc. that in the event of the minimum balance not being restored in the account within a month from the date of notice, penal charges will be applicable.</p> <p>(ii) In case the minimum balance is not restored within a reasonable period, which shall not be less than one month from the date of notice of shortfall, penal charges may be recovered under intimation to the account holder.</p> <p>(iii) The policy on penal charges to be so levied may be decided with the approval of Board of the bank.</p> <p>(iv) The penal charges should be directly proportionate to the extent of shortfall observed. In other words, the charges should be a fixed percentage levied on the amount of difference between the actual balance maintained and the minimum balance as agreed upon at the time of opening of account. A suitable slab structure for recovery of charges may be finalized.</p> <p>(v) It should be ensured that such penal charges are reasonable and not out of line with the average cost of providing the services.</p> <p>(vi) It should be ensured that the balance in the savings account does not turn into negative balance solely on account of levy of charges for non-maintenance of minimum balance.</p> <p>These instructions to be effective from April 01, 2015.</p>
November 21, 2014	<p>Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934 – Doha Bank Qsc : RBI/2014-15/312 DBR. No. Ret. BC. 48 /12.06.136/2014-15 - the name of "Doha Bank Qsc" has been included in the Second Schedule to the Reserve Bank of India Act, 1934</p>
November 28, 2014	<p>Implementation of Bharat Bill Payment System (BBPS) – Guidelines: RBI/2014-15/327 DPSS.CO.PD. No. 940 /02.27.020/2014-2015 - The need was felt for an integrated bill payment system in the country that offers interoperable and accessible bill payment services to customers through a network of agents, allows multiple payment modes, and provides instant confirmation of payment. The bill payment system should also serve as an efficient, cost effective alternative to the existing systems, thus, setting the standards for bill payments in the country, and enhance consumer confidence and experience. In order to address these issues, Bharat Bill Payment System (BBPS) has been introduced which will function as a tiered structure for operating the bill payment system in the country with a single brand image providing convenience of 'anytime anywhere' bill payment to customers.</p>

	<p>The National Payments Corporation of India (NPCI) will function as the authorized Bharat Bill Payment Central Unit (BBPCU) to set the standards for BBPS processes which need to be adhered to by all operating units under the system. NPCI, as the BBPCU, will also undertake clearing and settlement activities related to the BBPS as outlined in the guidelines.</p>
December 03, 2014	<p>Issuance and Operation of Pre-paid Payment Instruments (PPIs) in India- Relaxations :RBI/2014-15/333 DPSS.CO.PD.No.980/02.14.006/2014-15 – RBI has relaxed the KYC requirements for Pre-Paid Instruments(PPI) and also issued additional guidelines on introduction of new categories of PPIs issued by banks</p>
December 4, 2014	<p>Mobile Banking Transactions in India - Operative Guidelines for Banks: RBI/2014-15/337- DPSS. CO. PD.No.1017/02.23.001/2014-2015 - Highlighting the need for greater degree of standardization in procedures relating to on-boarding of customers for mobile banking (new customers, existing account holders whose mobile numbers are available with the bank but not registered for mobile banking, and existing account holders where mobile number is not available with the bank), as also the subsequent processes for authentication, including accessible options for generation of MPIN by customers, RBI has advised banks to strive to provide options for easy registration for mobile banking services to their customers, through multiple channels, thus minimizing the need for the customer to visit the branch for such services. The time taken between registration of customers for mobile banking services and activation of the service should also be minimal.</p>
December 9, 2014	<p>Introduction of Digital Life Certificates for Pensioners: RBI/ 2014-15/ 343 DGBA. GAD.H- 2529 /45.01.001/2014-15 - In order to alleviate the hardship caused to pensioners, the Government of India has launched "Jeevan Pramaan", a digital life certificate based on Aadhaar Biometric Authentication, aimed at further simplifying the process of submission of life certificate and facilitating accuracy and timeliness in disbursal of pensions. Once fully implemented, agency bank branches will be able to obtain information about the digital life certificate of their pensioner customers by logging on to the website of Jeevan Pramaan and searching for the certificate or by downloading through their Core Banking Systems. Pensioners will also be able to forward to their bank branches the relative link to their digital life certificate by email/SMS. Banks have also been advised to work towards creating awareness about this facility among their pensioner customers through their</p>

		branches, websites and other means. Banks may also suitably amend the FAQs on pension payments posted on their websites, and provide a link to the website of Jeevan Pramaan.
December 5, 2014		<p>White Label ATMs (WLAs) in India – Guidelines - Reviewing the operations of White Label ATM (WLA): RBI / 2014-15/ 338 DPSS. CO.PD.No.1025/02.10.003/2014-2015 - It has been decided to –</p> <ul style="list-style-type: none"> a. Allow WLAs to accept international credit/debit/prepaid cards. b. permit the facility of Dynamic Currency Conversion (DCC) for the use of international cards at WLAs if the operator so decides to implement the DCC facility c. Enable delinking cash supply from that of sponsor bank arrangements. WLAO may now tie up with other commercial banks for cash supply at WLAs. While the cash would be owned by the WLAO, the responsibility of ensuring the quality and genuineness of cash loaded at such WLAs would be that of the cash supplier bank.
January 2, 2015		<p>Brand/Name of products offered by authorised entities – Dissemination of Information: RBI/2014-15/381 DPSS.CO.AD.No.1204/02.27.005/2014-15</p> <p>– To ensure transparency in the promotional material and to build an enduring relationship with the customers, all authorised entities /companies were advised that all the information available to the public regarding the product, whether as advertisements, on website, application form, etc. should prominently carry the name of the entity/company authorised by RBI under the PSS Act.</p>
January 15, 2015		<p>Entry of Banks into Insurance Business: RBI/2014-2015/409 DBR.No.FSD.BC.62/24.01.018/2014-15 – Guidelines were issued to all Scheduled Commercial Banks (excluding RRBs) for undertaking insurance broking and agency business. The circular, inter alia, lays down guidelines on ensuring customer appropriateness and suitability, transparency and disclosures, prohibition on payment of commission/incentive directly to bank staff and also on customer grievance redressal mechanism. It is also stated that violation of these instructions will be viewed seriously and will invite deterrent penal action against the banks.</p>
January 22, 2015		<p>Display of information by banks: RBI/ 2014-15/ 422 DBR.Leg.No.BC.64/09.07.005/2014-15 - In order to further enhance transparency in pricing of credit based on the recommendations of Working Group on Pricing of Credit, banks have been advised to display on Website:</p>

	<p>i. The interest rate range of contracted loans for the past quarter for different categories of advances granted to individual borrowers along with mean interest rates for such loans.</p> <p>ii. The total fees and charges applicable on various types of loans to individual borrower should be disclosed at the time of processing of loan as well as displayed on the website</p> <p>iii. Annual Percentage Rate (APR) or such similar other arrangement of representing the total cost of credit on a loan to an individual borrower Banks have also been advised to provide a clear, concise, one page key fact statement/fact sheet, to all individual borrowers at every stage of the loan processing as well as in case of any change in any terms and conditions.</p>
January 28, 2015	<p>Dispensing with 'No Due Certificate' for lending by banks: RBI/ 2014-15/430 FIDD.CO.LBS.BC.No.49/02.01.001/2014-15 - In order to ensure hassle free credit to all borrowers, especially in rural and semi-urban areas and keeping in view the technological developments and the different ways available with banks to avoid multiple financing, banks have been advised to dispense with obtaining 'No Due Certificate' from the individual borrowers (including SHGs & JLGs) in rural and semi-urban areas for all types of loans including loans under Government Sponsored Schemes, irrespective of the amount involved unless the Government Sponsored Scheme itself provides for obtention of 'No Dues Certificate'.</p>
February 2, 2015	<p>The Depositor Education and Awareness Fund Scheme, 2014 - Unclaimed Deposits/ Inoperative Accounts in Banks - Updation of list of inoperative accounts on their website: RBI/2014-15/442 DBR. No. DEA Fund Cell.BC.67/30.01.002/2014-15 - Banks have been advised to update their websites at least on a monthly basis by: i) adding the names and address of the account holders whose deposits have been transferred to the Fund during the month/period. ii) Deleting the names and address of account holders whose claim were admitted by the banks during the month/period. In doing this the banks need not wait for refund from the Fund.</p>
March 2, 2015	<p>Exclusion from the Second Schedule to the Reserve Bank of India Act, 1934- The Vasavi Co-operative Urban Bank Ltd., Hyderabad : RBI/ 2014-15/ 482 DCBR.CO.BPD. (PCB).Cir.No.6/16.05.000/2014-15 - The name of "The Vasavi Co-operative Urban Bank Ltd., Hyderabad" has been excluded from the Second Schedule to the Reserve Bank of India Act, 1934.</p>

March 13, 2015	Know your Customer (KYC) guidelines - accounts of proprietary concerns : RBI/ 2014-15/ 498 DBR.AML.BC.No.77/14.01.001/2014-15 - In terms of the extant guidelines on documents required for activity proof, any two documents, out of those listed in paragraph 2.5 (h) of the Master Circular, should be provided as activity proof by a proprietary concern. However, in cases where the banks are satisfied that it is not possible to furnish two such documents, they would have the discretion to accept only one of those documents as activity proof. In such cases, the banks, however, would have to undertake contact point verification, collect such information as would be required to establish the existence of such firm, confirm, clarify and satisfy themselves that the business activity has been verified from the address of the proprietary concern. Further, the list of registering authorities indicated in paragraph 2.5 (h) of the Master circular is only illustrative and therefore includes license/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute, as one of the documents to prove the activity of the proprietary concern. Banks have been advised to revise their KYC policy in the light of these instructions.
March 31, 2015	Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934 – Himachal Pradesh State Cooperative Bank Ltd., Shimla: RBI/ 2014-15/ 525 DCBR CO.RCBD.BC.No.21/19.51.025/2014-15 - The name of "Himachal Pradesh State Cooperative Bank, Ltd. Shimla" has been included in the Second Schedule to the Reserve Bank of India Act, 1934.
April 9, 2015	Change in the name of "Deccan Grameena Bank" to "Telangana Grameena Bank" in the Second Schedule to the Reserve Bank of India Act, 1934 : RBI/2014-15/547 DBR.RRB.BC.No.86 /31.04.002/2014 -15 - The name of "Deccan Grameena Bank" has been changed to "Telangana Grameena Bank" in the Second Schedule to the Reserve Bank of India Act, 1934.
April 23, 2015	Rights of transgender persons – Changes in bank forms/applications etc: RBI/ 2014-15/ 572 DBR.No.Leg.BC.91/09.07.005/2014-15 - In light of the Supreme Court judgment in the case of National Legal Services Authority v. Union of India and others [AIR 2014 SC 1863: (2014) 5 SCC 438] on treating all transgender persons as 'third gender', banks have been directed to include 'third gender' in all forms/applications etc. prescribed by the Reserve Bank or the banks themselves, wherein any gender classification is envisaged.

April 30, 2015	First Bi-monthly Monetary Policy Statement 2015-16 – Issue of Credit Cards by Scheduled Urban Cooperative Banks : RBI/ 2014-15/ 577 DCBR.CO.BPD.(SCB).No.1/13.05.000/2014-15 - With a view to enlarging the scope of Urban Cooperative Banks to expand their business and serve their customers, it has been decided to allow Financially Sound and Well Managed(FSWM) Scheduled Urban Cooperative Banks which are CBS enabled and having minimum net-worth of ₹ 100 crore to issue Credit Cards in affiliation with entities authorized by Department of Payment and Settlement Systems, Central Office.
May 7, 2015	Mandatory issue of acknowledgement of pensioners on submission of life certificates: RBI/ 2014-15/ 587 DGBA.GAD.No.H-5013/45.01.001/2014-15 - In order to alleviate the hardships faced by pensioners on account of misplacement of life certificates at the bank branches, all agency banks handling Government pension payments may issue a duly signed acknowledgement to the pensioners on receipt of the life certificate submitted in physical form. Banks are also advised to consider entering the same in their CBS immediately on receipt and issue a system based receipt to the pensioner as this would ensure both acknowledgement as well as real-time updation of records.
May 7, 2015	Security and Risk Mitigation measures for Card Present and Electronic Payment Transactions: RBI/2014-15/589 DPSS (CO) PD. No. 2112/02.14.003/2014-15 - Banks have been advised that with effect from September 01, 2015 all new cards issued (debit and credit, domestic and international) by banks shall be EMV chip and pin based cards. This initiative is part of migrating away from magnetic stripe cards to chip and pin cards given the level of readiness of the card acceptance infrastructure at point of sale and also the implementation of PIN@POS for debit cards. Migration plan for magnetic stripe only cards and timeline for the same will be advised in due course.
May 14, 2015	Card Payments – Relaxation in requirement of Additional Factor of Authentication for small value card present transactions: RBI/ 2014-15/ 601 DPSS.CO.PD.No.2163/02.14.003/2014-2015 - DPSS has relaxed the need for Additional Factor Authentication (AFA) for small value card present transactions using contact-less cards, upto a maximum limit of Rs. 2000/- per transaction. Banks have also been advised to create awareness on the features of the product to its customers including the maximum liability

	devolving on the customer in case of loss of cards reported to the bank.
June 11, 2015	<p>Amendment to Prevention of Money Laundering (Maintenance of Records) Rules, 2005 – additional documents for the limited purpose of ‘proof of address’: RBI/ 2014-15/ 633 DBR. AML.BC. No.104/14.01.001/2014-15 - In terms of the amendment to the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, for the limited purpose of proof of address the following additional documents are deemed to be Officially Valid Documents (OVD) under ‘simplified measures’.</p> <ul style="list-style-type: none">a. Utility bill which is not more than two months old of any service provider (electricity, telephone, postpaid mobile phone, piped gas, water bill);b. Property or Municipal Tax receipt;c. Bank account or Post Office savings bank account statement;d. Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;e. Letter of allotment of accommodation from employer issued by State or Central Government departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies. Similarly, leave and license agreements with such employers allotting official accommodation; andf. Documents issued by Government departments of foreign jurisdictions and letter issued by Foreign Embassy or Mission in India. <p>The additional documents mentioned above shall be deemed to be OVDs under ‘simplified measure’ for the ‘low risk’ customers for the limited purpose of proof of address where customers are unable to produce any OVD for the same.</p>
June 18, 2015	<p>Alteration in the name of “State Bank of Mauritius Ltd” to “SBM Bank (Mauritius) Ltd” in the Second Schedule to the RBI Act, 1934 : RBI/2014-15/646 DBR. No. Ret. BC. 106 /12.06.091A/2014-15 - The name of “State Bank of Mauritius Ltd.” has been changed to “SBM Bank (Mauritius) Ltd.” in the Second Schedule to the Reserve Bank of India Act, 1934</p>

Annex - III

Exemplary Cases dealt with by OBOs during 2014-15

ATM / DEBIT CARDS

1. The complainant's debit card was unauthorizedly used resulting in his account being debited by Rs.4.82 lakh for POS transactions made in two tranches. A written complaint was immediately lodged with the branch at the first instance to block the card however his account was again debited for another transaction for ATM withdrawals. The complainant requested reversal of the total disputed amounts together with interest at 21%.

The bank initially stated that without the compromise of PIN details, the transactions could not have happened which meant that the complainant had compromised the PIN. Further, the bank had disputed the request for blocking the card given by the complainant. While perusing the documents submitted, it was observed that bank had not sent any SMS alerts to the registered mobile number, which was very important evidence in this case, since the disputed transactions had happened over a period of time. Had the bank sent SMS alerts, it would have alerted the complainant and further transactions in the account could have been avoided. The bank contended that it had not registered his mobile number for sending alerts. The complainant challenged this by saying that he was receiving regular promotional alerts from the bank and was ready to produce the same to prove that his mobile number was registered with the bank. The complainant also produced a copy of the letter given to the bank requesting for blocking of the card, which the bank failed to act upon. Since all the bank's contentions were not appropriate and incorrect, the bank was advised to reimburse the complainant the entire disputed amount together with interest at saving bank rate.

2. The complainant had attempted to withdraw Rs.10, 000/- from another bank's ATM. He did not receive the money from the ATM, but his account was debited. The matter was taken up with the concerned banks. Documents submitted by both the issuing and acquiring banks showed that the disputed transaction was successful. It was observed that the time of the disputed transaction recorded in Electronic Journal Log and Switch Centre Report were different. From CCTV footage it was observed

that the timing of the disputed transaction written in the footage contradicted with that in the EJ Log and Switch Centre Report. It was also observed from CCTV footage that no person was seen collecting money from the ATM. On enquiry, the acquirer bank submitted that the complainant apparently left the ATM without waiting for the cash to be dispensed and cash was dispensed 1 minute 28 seconds after access and the same must have been collected by somebody else. The bank also accepted the fact that as per video footage, nobody was seen in the ATM room at the time of dispensation of cash. It was clear that there was a delay in dispensation of cash from the ATM which might be due to machine fault. In terms of extant regulatory guidelines and also the commitment by banks under the BCSBI Code, the customer will not be liable for loss caused by faults that occur in machines, cards or systems used. Against this backdrop as the acquirer bank also could not prove customer level negligence in this case, the benefit of doubt was given to the customer. The bank was directed to refund the disputed amount to the complainant.

3. Though the complainant had blocked the ATM/Debit Card and had confirmed the blocking, a total amount of Rs. 3,80,366/- was drained out through several small value purchases during two days after blocking of the card. The bank informed that on receipt of complaint, it took immediate steps and stopped the payment of Rs. 1, 81,353/- and credited back to complainant's account. It also stated that the status of the card could not be updated due to technical problem during the Disaster Recovery drill. Therefore, the card remained open and as a result, transactions could take place. It was observed that there was deficiency in service on the part of the bank, for the account was debited through fraudulent POS transactions even after the request for blocking of the Card by the account-holder due to technical problem at bank's end. The bank was advised to refund the remaining amount with interest at S B rate to the complainant.

4. A complainant claimed that his card was cloned and money was withdrawn from ATMs. The CCTV footages revealed that an individual other than the complainant had withdrawn the money. The complainant claimed that he did not receive SMS alerts about the transactions. The bank, however, produced SMS logs to the contrary. A closer perusal of CCTV footages revealed that the individual withdrawing the cash was also deleting the messages from the mobile, raising suspicion. The

Issuing bank sought some more time and the same was granted by BO. In the subsequent meeting, the Issuing bank brought footages of other transactions committed by the complainant. These were transactions that he did not dispute. These footages revealed that the complainant and the individual who withdrew cash unauthorizedly were actually close friends. When confronted with the footages the complainant admitted that he had lodged a false complaint. The complaint was accordingly rejected.

5. A complainant alleged that although she had never visited the ATM, Rs.80, 000/- had been withdrawn from her account. The CCTV footages showed someone else withdrawing the amount. The complainant had received the SMS alert, but, since the disputed transaction happened at 23.53 hours and 00.05 hours, she was asleep. She said that she had last gone to ATM terminal a month back. The records indicated that the complainant's version was true and the time of transaction raised more suspicions. During the discussions with bank it came to light that in that particular ATM machine, a fraudster had placed a skimming device and had copied details. An FIR had been lodged with the police. The BO contended that it was not the complainant's fault that the magnetic data of her card had been copied and used later to her detriment. The complainant sought repayment of disputed amount. The bank agreed and paid the amount with value date.

6. An eighty year old gentleman complained that his account was debited with Rs.10,000/-, though he had not received the cash, he received the SMS, instantaneously. A perusal of the footage indicated that the complainant had handed over his ATM card to another person who was standing with him in the ATM booth. This individual told the complainant that the machine was not functioning properly, and when the complainant left, he pocketed the money himself. This incident happened in a small town. The bank official guessed that the individual would be in all probability, a transport operator operating taxis in the town. An FIR was lodged and the culprit was nabbed. Although BO rejected the complaint, because the complainant had divulged confidential information, the alacrity of the OBO, the concerned bank and police officials helped the complainant to get back his money.

7. The complainant tried to withdraw from an ATM but due to some technical error did not receive the amount. Even transaction slip was not generated, but his account was debited by the amount. The bank submitted copy of JP log, 'End of Day' (EOD) report and slips related to the disputed transaction. JP log indicated that the transaction was successful. But an error message was shown by the machine as "cash present timer expired". Further, "cash present" was not indicated in the JP log. The EOD report was handwritten and was prepared by an outsourced agency. The EOD slips submitted by the bank were illegible. The bank did not submit the Switch Report, No Excess Cash Certificate and CCTV footage of the disputed transaction even after lapse of more than two months. The bank was therefore directed by BO to pay the disputed amount to the complainant.

8. The complainant complained that he had operated ATM for withdrawal of Rs. 15,000/- and due to link failure, cash was not dispensed from the machine though his account was debited. The bank submitted that the disputed transaction was successful and in support thereof enclosed EJ Log and 'no excess cash certificate'. OBO asked the bank to explain why in EJ Log the ATM was stated to be in 'suspend mode' (which corroborated what the complainant had stated) and despite that response code was shown as '000'. The bank replied that the word 'SST IN SUSPEND MODE' denoted that during that period there was no link in ATM but during disputed transaction there was no link problem and '000' denoted that transaction was successful. BO observed that response code followed by 'power failure', 'suspend mode' etc., put a doubt on success or failure of the transaction. The bank was also not able to provide CCTV footage which was an important evidence. BO instructed the bank to give the benefit of doubt to the customer and credit the disputed amount to the customer's account.

9. A Senior Citizen had tried to withdraw money through an ATM. But the machine displayed 'transaction failed' message on the screen. There were two ATMs in the kiosk. Two or three people standing near the other ATMs rushed to him as if to help him. He was frightened and managed to get out of the kiosk and withdrew an amount of ₹3000/- from a nearby ATM. He immediately changed the PIN at the ATM kiosk. In the meantime, he received a message that an amount of ₹35,000/- had been debited to his account. He complained to the bank, the next day. As the bank did not

respond promptly, he approached the BO. The matter was taken up with the bank and after careful examination BO arrived at a conclusion that (i) there had been an inordinate time lag in putting through the transaction which was a system error. (ii) There were serious security lapses in the dual ATM. Further, it was observed that there was no willful negligence on the part of the complainant in putting through the transaction. BO, therefore directed the bank to pay the disputed amount to the complainant.

CREDIT CARDS

10. A complainant approached the OBO stating that he had been receiving phone calls, emails etc., from a credit card agency demanding payment of outstanding card dues to the tune of ₹1.49 lakh though he had never owned a card. As the complainant had disputed ownership of card, the card agency had asked the customer to submit KYC documents in order to verify ownership of card. However, the complainant refused to submit KYC documents fearing that the documents could be misused later on. A conciliation meeting was arranged by the OBO. The card agency verified the customer's credentials and it was confirmed that the complainant was not the customer/default of aforesaid card. The agency therefore agreed to remove customer's name, phone number, email address etc., from agency's database/CIBIL database. Considering the mental agony/harassment suffered by the complainant, the card agency was advised to pay him ₹10,000/- as a token compensation.

11. The complainant was holding an add-on credit card and had alleged series of fraudulent transactions aggregating Rs.1, 26,274.18. The complainant stated that he had received SMS alerts for 15 transactions within 2 hours. He had lodged a complaint with the bank but was not satisfied with the bank's reply. The transactions were POS transactions done overseas. The complainant contended that he was in Mumbai during that time and had used the card locally. He had also provided copies of his passport to the bank as evidence of his presence in India during the period. The complainant also stated that the signature on charge slips provided by the bank did not match with his signature. The bank had informed him that VISA had not

honoured the claim and wanted the complainant to make payment for the disputed transactions.

The bank contended that since the card had been earlier used overseas, the card holder should have applied for a new card after his return to India. As he had not done so, he was negligent. Bank also opined that the additional factor authentication was required only in respect of card-not-present transactions. Bank also claimed that the complainant had not furnished any evidence that he was in India at the time of the disputed transactions. Bank also argued that had the complainant taken action and blocked the card after the initial transactions, the remaining transactions could have been blocked, therefore, there was a suspicion that the complainant may have colluded to facilitate misuse of the card. All the disputed transactions were done overseas.

It was observed that the complaint was lodged on the date of the disputed transactions itself. The bank was unable to furnish charge slips for all the disputed transactions and was unable to provide any explanation for use of the card at different POS locations within a span of few minutes. The card had been used beyond the credit limit of Rs.1 lakh.

It was found that the bank had failed to adhere to regulatory instructions regarding issue of Chip-and-PIN based card to card holders who had used the card at least once overseas and the complainant continued to hold mag-stripe card. Bank had allowed the card to be used beyond the credit limit indicating an operational lapse by the bank. Bank's response was, therefore, not considered to be satisfactory and the bank was advised not to charge the complainant for the disputed transactions.

12. The complainant had alleged that there were four fraudulent transactions in his credit card account beyond the credit limit. The bank had not responded to his complaint. On taking up the matter with the bank, it was informed that the said transactions were conducted in the electronically secured environment and validated by crucial details over the internet. The bank clarified that the assigned credit limit on the card account was Rs.60,000/- and as per the card statement, the card outstanding was Rs.57770.68 for which they received Rs.3200/- by cash on July 30, 2014, post which the available limit on the card account was Rs.5429.32. Hence the first transaction was successful as it was within the card limit. For the SMS alert not sent to the card holder when the credit limit was breached on account of fraudulent

transactions, the bank informed that the card account was allowed beyond credit limit for emergency usage. The bank was advised to reverse the amount as the above policy of the bank had led to fraudulent transactions in the card account. The bank agreed to reverse the amount of three disputed transactions of Rs.4000/- each, that exceeded the assigned card limit.

13. A card holder complained that the bank continued to send statements of charges and finance charges relating to a card that he had closed way back in 2002. The bank contended that the card had not been closed and the card holder was issued a fresh card.

The complainant said, he had never requisitioned for a fresh card and the bank had thrust it on him. The complainant produced the phone banking number that he had called regarding the closure of his credit card and the settlement amount as well. He produced a statement pertaining to the period. The complainant had also sent by registered post a letter explaining his position to the bank. The bank claimed that it had not received the said letter.

The bank could not produce any document, indicating that the complainant had sought a fresh card. A perusal of the statement indicated that the complainant had not done any transaction since 2002. The BO, therefore, felt that there was no fault of the complainant and the bank's action in repeated recovery attempts and calls and reporting to CIBIL amounted to deficiency in customer service. The BO advised the bank to compensate the customer to the tune of Rs.10, 000/-, apart from waiving all charges and also rectify the status in CIBIL.

14. A card holder complained about i) levying of charges by the bank without adequate prior notice ii) reporting to CIBIL as defaulter that he, who was only add-on card holder, was also a defaulter for the outstanding dues of primary card holder iii) CIBIL report showing him defaulter for non-payment of dues as a "primary user" had resulted in refusal of a loan by other institution and iv) stand taken by the bank that add-on card holder would be called the "primary user" for overdue amount. He demanded a compensation for Rs. 1.00 lakh and an exemplary penalty of Rs. 1.00 crore to be imposed on the bank for following unlawful banking practice and harassment caused to him.

The bank informed that it adhered to the prescribed guidelines and did not levy any charge that was not explicitly indicated to the card holder at the time of issue of the card. Add-on card holder details, in the capacity of "authorized user", are reported to Credit Information Companies as an industry practice. Reporting of add-on card does not impact the CIBIL score of an add-on card holder. Further, the bank added that they had not reported the customer's name as a defaulter but reported his data as authorized user of the facility availed by the primary account holder. They submitted that there was no deficiency of service attributable to the bank in this regard.

The documents submitted by the complainant could not prove the charges levied by him against the bank. The complainant was advised to submit additional documents/evidence. However, no further documents/evidence were submitted by the complainant. There was no credit card statement showing the complainant as "primary user" and liable to pay the alleged overdue amount of primary card holder. In CIBIL report, the complainant was shown as "Authorized User" and not "primary user" as alleged by him. As regards reporting of add-on card holder's detail to CIBIL, the CIBIL advised that add-on card holder's details in the capacity of authorized user are reported to CIBIL as an industry practice and add-on card account is not considered for calculation of CIBIL TransUnion Score of the add-on card holder. As such, the allegation of the complainant that he was denied loan because of bank's reporting his add-on card details to CIBIL did not hold good. The adverse CIBIL report of the complainant was due to non-payment of other loans taken by him from other sources. The BO found that the action taken by the bank was in order and no deficiency in service was observed.

NET BANKING FRAUDS

15. The complainant alleged that two unauthorised online transactions for Rs. 5610/- and Rs. 39,055/- were done on merchant websites using his debit card. The bank in its comments stated that the disputed transactions were done online using VISA debit card and could not have been completed without the PIN. They also stated that either the customer had shared the PIN or was careless in its safekeeping. The bank in good faith raised chargeback on the acquiring bank. One of the merchants refunded the amount. However, the second merchant said that as the service had

already been delivered they will not be able to refund the amount. From the information submitted by the bank later it was noted that the bank's system had not generated the OTP for the second transaction and it was, therefore, done without the additional factor authentication. SMS, after the transaction, was however successfully delivered. The bank later confirmed that the OTP had not been generated and the transaction was somehow completed with the old static password which should not have been the case. The bank was asked by BO to pay the disputed amount to the complainant.

16. A case was reported in which Rs. 74,000/- was paid without any authorisation to a foreign merchant on his website in Euros through a credit card. The complainant, within five minutes of receiving the SMS, informed the bank about the unauthorised transaction. The bank apparently told the complainant that the payment will be reversed provided he lodged an FIR with police. However, the bank did not reverse the transaction even after the complainant produced the FIR. The bank instead told him that there was second level authentication involved and as the six digit 3D Secure PIN number was known only to him, they could not help him in any way. It later emerged that as the transaction was done on a foreign website in a country that did not have facility for a second level authentication, the contention of the bank that PIN was used became suspect. The bank could not provide logs to show that PIN had been used. Moreover, the bank, which generally called customers immediately if high value transactions were done on credit card to seek confirmation, did not obtain the confirmation in this case. The bank was directed by BO to pay the disputed amount.

17. An army personnel complained that there were transactions from his account by unknown persons amounting to a loss of Rs. 1,07,373/- . The bank replied that the disputed transactions were POS transactions for which ATM PIN and ATM card are required. Safe keeping of ATM PIN and ATM card lies with the customer and that the bank is not responsible for such transactions. The bank also submitted that SMS alert was already activated in the account. BO observed that though bank stated that transactions were POS transactions, all the disputed transactions were for MobiKwik, an online wallet that could only be 'credited' online. Hence, the transactions were card not present transactions. It was observed from the information submitted that

there was no second factor authentication. BO advised the bank to refund the disputed amount to the complainant.

18. The complainant had a Salary Saving Bank account with a bank. At the time of opening the said account an ATM card and internet banking kit was delivered to the customer. But the customer submitted that he had never activated and used the internet banking for his Salary SB account. On 11.05.2015 the customer had a balance of ₹ 3,950/- in his aforesaid account. On the same day an amount of ₹ 9,900/- was transferred from his account using his internet banking (through the NEFT mode) to an account maintained with a bank in Kargil, Jammu & Kashmir, due to which the SB account of the complainant had a debit balance of ₹ 5,949/-. The customer received SMS and immediately approached bank to block the internet banking in his account, which got activated and used without his knowledge. OBO advised the bank to submit the evidence in support of activation of internet banking by the customer and reason(s) for allowing Salary Saving Bank account go into debit balance. The bank's representatives could not furnish the appropriate evidence as well as reasons for the lapses. They also admitted that, in general, a saving bank account can never have a debit balance. However, they submitted that they were investigating the matter and were in touch with the bank where the amount had been transferred. The bank of the beneficiary at Kargil has already put hold on the account of the beneficiary. The Banking Ombudsman, observing clear lapses in the systems/ procedures of the bank, directed it to refund ₹ 9,900/- to the complainant at the earliest after taking the indemnity bond from the customer for recovering the amount subsequently if the amount is credited /reimbursed to the customer's account directly by the other bank.

LOANS AND ADVANCES

19. The complainant had availed a term loan from a bank. He also had a FD with the same bank. After some time the complainant prematurely closed the term loan account. However, after more than two years the bank unilaterally adjusted outstanding loan amount from proceeds of FD maintained with the bank. The bank clarified that at the time of prepayment of term loan, interest for the month of pre-closure which became due and got debited to the account was not cleared by the complainant. Thus, the overdue interest kept on accumulating in the loan account.

Secondly, as per terms and conditions of the sanction of the term loan, which were accepted by the complainant, in case of prepayment of loan, the beneficial rate of interest also had to be recovered as prepayment penalty. Since the complainant was not accepting the aforesaid stand, despite much persuasion by the branch, the bank debited the said foreclosure charges to the complainant's loan account along with the overdue interest and recovered it by adjusting the same from the FD proceeds of the complainant.

The contentions of both the parties were analysed and the fact that the FD proceeds were appropriated without consent and proper intimation, the bank was advised to either convince the complainant about the propriety of the action taken by it or arrive at a mutual settlement with him. Subsequently, the bank informed of having settled the matter to the full satisfaction of the complainant by refunding an amount of about ₹15 lakh to the complainant.

20. The complainant had availed of a home loan of ₹19, 00,000/- at floating rate from a bank in 2004. Initially, the complainant paid EMI of ₹15,000/- per month till 2007. Thereafter, EMIs were raised by him periodically for faster repayment of the loan which he paid regularly till 2012. As the complainant since wanted to reduce EMI outgo further, after consulting the bank, he paid ₹ 9, 99,349/- in five tranches. After payment of first two tranches, EMI was reduced by the bank as promised. However, after payment of next three tranches, the bank did not reduce the EMI to ₹8,600/- as promised. The complainant made numerous representations to the bank but to no avail and, hence, the complainant stopped making payment of EMI. Instead of reducing the amount of EMI, the bank classified his loan account as NPA without giving any notice and asked the complainant to deposit the property documents in the year 2013, i.e. nine years after release of the loan.

On taking up the matter, the bank agreed to reverse all penal charges levied to his account, remove NPA status of the loan account and reduced EMI to ₹ 8,600/- as originally agreed. Further, as regards the sales deed, the complainant stated that he had submitted the same for onward submission to Registrar's Office to the bank itself. However, the bank had, in its earlier response stated that it had not been submitted by the complainant. On seeking clarifications from the bank as to how the loan was sanctioned without submission of sales deed and why, after nine years, it had raised the demand for sales deed, the bank admitted that the sales deed was

lying with Registrar's Office and that the complainant was required to collect the same from the said office. But complainant was of the view it that the bank needed to collect the sales deed from the Registrar's Office since they were named as presenter in the application to Registrar's Office for registration of the deed. The matter was subsequently resolved to the satisfaction of complainant as the bank agreed in writing to collect the sales deed from Registrar's Office.

21. A complainant alleged that the bank had charged interest on term loan at rate higher than what was mentioned in the sanction letter. He also stated that the bank had not informed him about revisions made in the rate of interest from time to time. Thus though sanction letter indicated ROI as Base Rate + 0.50 % p.a. with monthly rests, the bank had charged more.

The bank replied that the ROI levied on the term loan was at Base Rate + 2.00% as per their Head Office instructions and provided copies of the same in support therefor. It was observed from the aforesaid instructions provided by the bank that their Head Office had advised them to intimate the changes in the rate of interest to all the eligible borrowers through a letter. The bank was asked to clarify as to how changes in rate of interest were communicated to the complainant. In response, the bank stated that the changes in the rate of interest were communicated to the complainant verbally by the branch official.

As this was contrary to bank's own internal instructions, the bank was advised by BO to pay the loss suffered by the complainant on account of increase in the rate of interest.

22. The complainant alleged about non-receipt of full interest subsidy during moratorium period on the education loan and consequent charging of compound interest by the bank although he had complied with all relevant formalities in time under the Interest Subsidy Scheme for educational loans for weaker sections. The Nodal Officer of the bank was called for discussion on the issue. The bank admitted lapses on their part in not crediting interest subsidy amount received from the Government. Subsequently, the bank credited the interest subsidy of ₹ 64,269/- to the loan account. It also assured the complainant that the remaining subsidy would be credited on receipt of the same from the Government and his education loan

account would be recast and any excess/ compound interest charged due to delayed credit of interest subsidy would be credited to his account.

23. The complainant alleged that the bank had erroneously charged ₹ 45, 288.06 in his education loan account on 28.12.2010 towards “Advance: Loan to GL A”. The matter was taken up with the bank. The bank refuted the allegation stating that the loan was sanctioned to the complainant on 17.09.2009. The account became NPA due to non-realization of interest from the borrower in time. Therefore, the unrealized interest for ₹ 45,288.06 not charged previously was debited to the loan account on 28.12.2010 when the account was upgraded to standard category and the unrealized interest was erroneously entered in the CBS as “Advance : Loan to GL A”. On examining the loan account statement provided by the complainant, it was observed that part period interest had been charged/ debited to the account at regular intervals from the date of sanction of the loan. Pursuing the matter further, the bank stated that the account became technical NPA due to non-realization of interest from the borrower in time and the account was regular since July 2013. It was found that since the sanction of loan on 17.09.2009, the bank had charged interest in the education loan account during the moratorium period which, as per the bank’s scheme, was course period (3 years in this case) plus 1 year or 6 months after getting job, whichever earlier. Hence, the account became NPA (technically) on 16.10.2010 not due to the fault of the borrower, but due to the bank making wrong entries in the system. The bank was asked to refund interest charged wrongly along with compound interest thereon debited in the account.

24. Twelve employees of a college complained about charging of excess interest by a bank on the flood loans availed by them. They alleged that the bank had charged undue arrears of interest in their loan accounts although the loans were against deduction of monthly salary with Principal’s guarantee. When contacted, the Branch Manager told them that following internal audit report, the interest arrears had been added to the loan accounts due to revision in rate of interest, which was not calculated earlier. The complainants had alleged that while taking loans, they were told that the rate of interest was fixed and hence, revision in interest rate was purely a breach of contract. The branch had not informed them nor the Principal of their

college about the revision in interest rate. Had they been informed, they would have closed the loan accounts.

A conciliation meeting was held by BO to resolve the issue. Bank's representatives in conciliation meeting stated that in view of large number of accounts, the change in interest rate was intimated to the borrowers through the bank's website and notice board. They further stated that no written communication was given to the complainants before debiting lump sum amount in the loan accounts towards interest arrears. They also accepted their lapse in not applying the correct (floating) interest rate (as and when applicable) to the loan accounts since the date of sanction of loans till the debit of arrear interest as stated above, on account of which the revenue leakage was pointed out by internal auditors.

Taking into account the contents of the complaints vis-à-vis submission made by the bank it was surmised that the bank had not applied the applicable floating rate of interest, which had resulted in lump sum debiting of the arrear. The bank had not adhered to the regulatory instructions and the commitment given under BCSBI Code by not informing the complainants about change in interest rates through letter/ Email/ SMS in addition to displaying through its website/ notice board. Further, it had neither informed the complainants nor provided the details of the amount debited by it towards interest arrears. Hence, the bank was advised a) to recast the loan accounts as per applicable floating rate of interest from time to time b) to ensure that while recasting, the complainants are not made to pay any penal interest, c) to refund the excess amount(s) recovered, if any, with applicable Fixed Deposit rate of interest d) to provide detailed statements, after recasting the accounts, to the complainants under advise to OBO.

25. The complainant working for a PSU had taken a housing loan under a scheme exclusively meant for the employees of the said PSU. The loan was sanctioned on fixed rate of interest without incorporation of reset clause. Subsequently, the bank suddenly increased the interest rate and informed complainant that in terms of the loan agreement executed he had opted to repay the loan amount with fixed interest rate @ 7.25% with "Force Majeure" clause duly empowering the bank to alter the applicable interest rate suitably and prospectively in the event of major volatility in interest rates during the tenure of the loan. The bank also stated that the complainant had inadvertently executed the loan agreement on erstwhile format

which did not have the reset or the Force Majeure clause. It was noted that the bank had issued an internal circular wherein the incorporation of Force Majeure clause in loan agreements was mentioned. This circular had been circulated in the draft form within the bank earlier for comments much before the loan agreement of the complainant was executed. It was apparent that the bank officials were aware of the impending introduction of the clause but still neglected to incorporate the same in the agreement or warn the complainant about the same. The bank instead putting the blame on the complainant that he had erred in executing agreement on a wrong format. It was also observed that the bank was marketing housing loans to a large number of persons in a well-run PSU and to make it attractive vis-a-vis loans from other banks they knowingly and purposefully omitted to make the borrowers aware of the impending introduction of reset or Force Majeure clause or include it in the agreement. The bank was advised by BO to restore the original fixed rate of interest.

26. The complainant availed vehicle loan from the bank but due to personal reasons could not take delivery of the car. He alleged that after 6 months, the bank cancelled the loan without his consent. He had paid a total amount of ₹ 72785/- as EMI towards his car loan. The bank after adjusting the interest and other charges for the loan availed, credited the remaining amount of ₹ 39347/- towards credit card dues of the co-applicant of his car loan.

The bank stated in its reply that as per the terms and conditions of sanction of car loan, if the borrower does not submit the registration certificate within 60 days from the date of taking delivery of the vehicle or 150 days from the date of disbursement of first instalment, then bank is entitled to cancel the loan. The auto loan agreement was binding on both the applicants. Further, in terms of certain clauses of the agreement, bank shall be entitled to set off all monies, deposits, securities, etc. belonging to the borrower(s) in the possession of the bank, whether held singly or jointly by the borrower(s) and may appropriate the same for the settlement of dues. Hence, the amount of refund from the cancellation of loan was adjusted against the outstanding payment due from the second borrower under the General banker's lien covered under the same. The bank's explanation on the cancellation of car loan was accepted by BO as the same was clearly spelt out in the terms and conditions of sanction. However, the applicability of General Banker's lien as in the above manner as contested by the bank was not accepted after taking legal opinion. The

relationship between the bank and the co-applicants under the auto loan agreement is different from the relationship between the bank and one of the co-applicants under the credit card agreement. Hence, setting off the amount paid under the auto loan agreement against dues under the credit card agreement was not be legally permissible. The bank as per the advice of the BO then reviewed the case and reversed the amount to the complainant.

27. The complainant's CIBIL report reflected three accounts, out of which two loan accounts not belonging to him had been erroneously reported by the bank. The bank had regretted for having incorrectly reported the name of the complainant as a guarantor against the two loan accounts, stating that the same was due to a processing error. On taking up the matter with CIBIL, the aforesaid loan accounts were removed from the complainant's CIBIL records. The bank paid a compensation of ₹ 10, 000/- to the complainant, as a service gesture.

28. Complainant had stated that his name had been wrongly reported in wilful defaulter list in respect of a firm where his father-in-law was connected and that he was no way connected with the firm. He had approached the bank to remove his name from the list a number of times, as he was not able to get any loan from any bank. But the bank had not taken any steps. On taking up the matter the bank replied that they had issued 'No dues certificate' as requested by the complainant and had also taken steps to delete his name from RBI list of wilful defaulters. A conciliation meeting was held wherein the bank officials assured and conveyed that all steps had been taken to remove the complainant's name from the defaulters' list. A letter had been sent to the complainant and a copy to the OBO confirming necessary steps taken to remove his name from the defaulters' list and a proof of mails sent to all the Credit Information Companies. As there was deficiency in the service of the bank, the bank sent an apology letter and paid compensation of ₹ 5000/- to the complainant.

29. The complainant had alleged that although he had closed his personal loan account and had received a 'No due certificate' from the bank, his CIBIL status was not updated by the bank. The bank had sold his loan account to an NBFC indicating

that the account was active (although it had been closed) and the bank had not informed him in this regard.

On taking up the issue, the bank informed that it had sold the complainant's personal loan account to an NBFC vide a Deed of Assignment and that the NBFC had reported the status of the account to CIBIL. The bank had regretted the inconvenience caused in this regard and took up the issue with the NBFC, which confirmed that necessary amendment regarding the status of the loan account would be done in CIBIL. Later, the status was updated in CIBIL and the bank apologized to the complainant and paid a compensation of ₹ 5000/- to the complainant.

30. The complainant had availed Car Loan from a bank at floating rate. After disbursement of loan, the bank had obtained 48 post-dated cheques as EMIs towards repayment of the entire loan based on the interest prevailing at that time. Subsequently there was enhancement in the rate of interest, which was never informed to the customer. After a gap of six years from the payment of the last instalment, the bank advised complainant to pay ₹ 62,317/- towards non-payment of regular EMIs as per repayment schedule. The BO found that the bank was irregular in encashing the post-dated cheques submitted by the customer. As per bank's submission eight post-dated cheques were not presented by the bank on time. The bank had levied charges for the delay in collection of these cheques on the borrower. Further, the bank had also charged interest for the delay period of six years in clearing the loan. The bank was advised to calculate the amount repayable by the customer as per the floating rate of interest and the actual amount paid by the customer on monthly basis towards repayment of loan. As per their calculation an amount of ₹ 19237.65 only was due from the customer due to change in interest rate during tenure of four years of the loan (i.e. as per floating rate of interest). Therefore the bank was advised by BO to recover only ₹19237.65 towards repayment of loan amount and also that no charges should be added for delay in encashing the cheques. Further the Banking Ombudsman observed a considerable delay (of six years) on the part of the bank in advising the irregularity in repayment of loan by the customer. Therefore, the bank was advised to share the interest amount equally (i.e. 50% each) due for this delay period of six years by the bank and the customer.

31. The complainant had availed Term Loan from a bank in 1999. As per Terms and Conditions of the loan, the complainant had submitted 60 Post Dated Cheques for ₹ 12,792/- each towards full and final repayment of the said loan. In July and August, 2004 the complainant had written to the bank for issuing him the Statement of his Loan Account to ascertain the status of his loan. But the bank had not given him any response. Subsequently, through CIBIL report, the complainant came to know that an amount of ₹ 61,119/- was outstanding in his loan account, which was written off by the bank. This information provided by the bank had maligned and tarnished the business reputation and credibility of the customer for no fault of him. His name in CIBIL report became hindrance for him in availing new loans from financial institutions and he was not able to get even a Credit Card from any bank. The BO observed that as per the bank's submission two post-dated cheques were not presented by the bank in time towards repayment and thus two instalments were still outstanding in their record. The bank had levied charges for the delay in payment of these two instalments by the customer. Further due to delay in clearing the full loan, the bank had also added an interest for delay period. Thus an amount of ₹ 61,119/- was shown outstanding in the loan account of the complainant.

BO observed lapses on the part of bank and said that it was a clear deficiency of service on the part of the bank and thus ordered that no amount should now be recovered from the complainant towards repayment of loan in question. Further the bank was advised to issue NOC in regard to clearance of this loan and arrange to update the appropriate status of the loan account of the complainant in records of the CIBIL. In addition, the bank was asked to pay a compensation of ₹ 20,000/- to the complainant towards inconvenience caused to him.

32. The complaint was regarding non-settlement of agricultural crop insurance to 62 farmers due to wrong entry of village code by the bank staff while paying insurance premium. The matter had been pending for more than six years at the bank. A conciliation meeting was held by the BO and the bank was advised to pay claims in respect of all the 62 farmers. The bank complied by making payment of around ₹ 2.00 lakh in all, to the farmers.

33. A borrower complained about the irregularities in rate of interest charged and uncalled for overdue charges in his account. The bank contended that the complainant had defaulted in payment of EMIs on several occasions. They also showed documents indicating the interest rates. The BO observed that the bank had not intimated the complainant about the change in interest rate and the borrower too was at fault for not paying EMIs on time. The complainant stated that he wanted to close the loan and would do it in two instalments, if the bank waived some charges. The BO opined that since the bank had not intimated the complainant, the principles of transparency had been violated. BO further advised that the bank should waive the excess interest beyond the rate which the complainant was not aware of, but the complainant would have to pay the amounts due to the bank. The borrower agreed to pay ₹ 14.00 lakhs in two instalments within two months of the date of the conciliation meeting. Both parties agreed to the settlement and in the process the complainant received a waiver of ₹ 6.15 lakhs.

34. The complainant had availed a housing loan from the bank. As he needed additional loan from other bank, he was required to close the existing loan with the bank in order to get his original title deed. The bank, however, did not return the same. The bank submitted that the original title deed was not available with the bank and it had taken up the matter with the Office of the Sub-Registrar.

The bank responded to the office only after persistent follow up. During the conciliation meeting, the bank reiterated that it was trying to locate the property documents. As the bank did not take appropriate action to resolve the case, it was advised again to take action as indicated below. The bank was advised to file FIR for having lost the original documents; obtain duplicate set of documents from the appropriate authority for the complainant; issue advertisement in newspaper about loss of property documents; and to decide a suitable compensation. In reply, the bank apprised about the efforts being made in the direction and results thereof without giving any documentary evidence. It did not indicate any action plan to resolve the issue and quantum of compensation to be paid. The bank's inaction led to delay in disposal of the case thereby denying the opportunity to the complainant for redressal of his grievance. In view of the above an Award was issued to the bank to comply with the advisory issued earlier and also to pay compensation of ₹ 50,000/- to the complainant.

35. The complainant had complained that her husband had been sanctioned a Housing Loan of ₹ 5, 40,000/- by a bank. The bank had deducted ₹ 33,800/- towards insurance cover but failed to get insurance cover which had affected the recovery/adjustment of loan by way of death claim. The complainant's husband had died and the complainant intimated the bank regarding his death as also submitted death certificate. BO observed that it was case of deficiency in service of the bank and instructed the bank to compensate the complainant as per bank's existing guidelines. The bank liquidated the outstanding balance ₹ 5, 45,354/- plus interest in the housing loan of complainant's deceased husband. The bank also issued 'No Dues Certificate' and released the title deed submitted in the loan account.

36. The complainant was sanctioned a home loan at 7.5% (fixed) interest rate per annum repayable in 180 EMIs of ₹11,634/. His complaint was that the bank had without his permission transferred an amount of ₹12,250/- from his Savings Bank account towards higher EMI instead of the earlier agreed upon EMI. On taking up the complaint with the bank, it was observed that the loan was granted at 7.5% fixed rate and there was no re-set clause in the loan agreement. The bank's contention was that fixed interest rate loans were subject to reset of interest rate every 3 years and accordingly, the applicable interest rate of the loan was due for revision. As the EMI had been fixed at 7.5% without any conditional clause and the interest of 12.5% charged thereafter was in violation of original terms and conditions regarding interest rate and lacked transparency, it was found to be in violation of extant RBI instruction on fair and transparent practices of lending. BO, therefore, directed the bank to recalculate the interest rate at the original rate of 7.5% and to reverse the additional interest charged to the loan account.

PENSION

37. The complainant had lodged a complaint with a BO through District Sainik Welfare Office on December 13, 2014, which was received by them on December 17, 2014. The matter was taken up with the concerned bank in person as well as through e-mail with reference to relevant PCDA circular. The bank advised that the revised PPO was not received by them as well as by the complainant till February 07, 2015. With

continuous pursuance of the matter by the OBO, arrears of pension from 01.07.2009 to 28.02.2015 were credited to the account of the complainant.

38. A complainant, widow of defence pensioner, complained that she was being paid less pension than what she was entitled to. The bank in its reply contended that she was a recipient of ordinary Family Pension and correct pension was being paid. The bank, however, could not produce the relative circulars/instructions for its contention. Both the Controller of Defence Accounts and Zila Sainik Board were contacted for relevant information/circulars were obtained. In terms of the extant instructions applicable for the subject the complainant was paid arrears to the tune of ₹ 5, 72,822/- and her pension was also revised.

39. The complainant, a defence pensioner had complained that as per direction of Armed Forces Tribunal (AFT) he had been granted service pension and a copy of PPO had been sent to the bank. However, the bank had not released arrears of service pension. The bank submitted that as per instructions contained in the PPO, the calculation sheet had been sent to PCDA for sanction of charged expenditure and that they had not received any response from PCDA. BO observed that as per instructions contained in PPO, calculation sheet of payment was to be sent to PCDA for obtaining post facto sanction for charged expenditure and directed the bank to make payment to the complainant and thereafter seek post facto sanction of PCDA. The bank paid ₹ 10, 16,592/- to the complainant towards pension arrears, including interest.

40. The complainant had complained that the benefit of sixth pay commission had not been released to him by his bank that the bank was paying DA on his old basic and the bank was debiting excess recovery in his account. The bank submitted that pension of complainant had already been revised and that he had been paid excess amount which was being recovered from his pension. The complainant again approached BO stating that his pension stood increased due to addition of non-practicing allowance and not on account of pension revision and that he had not been paid eligible DA on his basic pension. As the bank had not taken required/complete action in the matter, BO advised the bank to verify the arrear

calculation urgently. The bank, thereafter, admitted that they had miscalculated and arrears of ₹ 1, 96,904/- was credited to the complainant's account. Further, deduction of ₹ 3,670/- per month in the account was stopped and ₹ 11,010/-already debited was also credited to the complainant's account.

41. The complainant, an ex-serviceman, had alleged that he had not received pension arrears for the last 15 months. He had received a corrigendum PPO showing that a sum of ₹1, 00,267/- was due as pension arrears and approached the bank and CPPC several times. Finally, he came to know that the original copy of corrigendum PPO was lost by the bank and the matter was taken up with PCDA. On taking up the complaint, BO observed that the original corrigendum PPO was not in bank's custody and they had already submitted loss certificate to the PCDA to issue a duplicate corrigendum PPO. BO directed the bank to obtain a copy of the corrigendum under self-declaration by the pensioner and get it confirmed with PCDA. Further, the bank was advised to pay eligible interest to the pensioner for the inordinate delay in payment of the arrears.

DEPOSIT ACCOUNT

42. A complainant had alleged unauthorized withdrawal from an HUF account. He stated that the HUF account had been put on hold by Mr. 'A' who was then one of the coparceners of HUF. The bank had allowed Mr. A to withdraw money from the HUF account on his becoming karta of HUF. The matter was taken up with the bank and they had confirmed having allowed Mr. 'A' to handle the account as karta of HUF after obtaining necessary documents as per KYC norms. They also clarified that Mr. 'A' being the eldest and legal karta of HUF, was entitled to withdraw the amount.

The bank was advised to submit the HUF as also KYC related documents obtained from Mr. 'A' as new karta of the HUF and examine the locus-standi of the complainant in the matter. The bank, in consultation with their Legal Department, confirmed locus-standi of the complainant. However, the bank could not provide satisfactory HUF agreement and KYC documents in the support of its action of allowing Mr. 'A' to function as karta of HUF. The consent of existing coparceners was also not on record. Hence, it was concluded that the bank had not followed proper and adequate due diligence while allowing Mr. A to function as karta and allowed him to withdraw the amount in dispute from the HUF account. The bank was advised

to re-credit the amount withdrawn by Mr. A from the HUF account and put the HUF account in debit freeze mode till the dispute regarding operations of the HUF account was resolved by the due process of law.

43. A customer alleged that the NEFT transaction for ₹1, 51,552.00 undertaken through the bank was credited to the wrong beneficiary's account maintained at Bank 'B'. The customer had complained that due to mistake on part of bank, the amount was remitted to a wrong account with a different IFS Code instead of the IFS Code as rightly mentioned by him in the NEFT request form. The matter was followed up by the customer with the bank with request to do needful. The bank had taken up the matter with beneficiary bank for refund of the amount.

The matter was taken up by the BO with both the banks. In its response the beneficiary bank stated that the customer had mentioned wrong account number of beneficiary in his request form and hence the bank had effected the credit as per account number furnished in the form. Further the bank also stated to have made efforts to recover the wrongly credited amount. However, as the beneficiary did not deposit any amount in his account, recovery could not be effected in time. Later, however, the entire money was re-credited to the customer's account. The complainant's claim for compensation was rejected on the ground that wrong credit primarily occurred owing to a mistake committed by the complainant.

44. The complainant alleged that ₹ 50,000/- had been withdrawn by bank authorities from his savings account without his knowledge. He had submitted written complaint about this to the Branch Manager and Regional Manager but did not get any reply. On taking up the matter the bank submitted that there was another person with the same name as the complainant and both belonged to same village. Their branch presumed that the complainant (who maintained account at another branch) was their defaulter tractor borrower and debited ₹ 50,500/- (including ₹ 500/- not alleged by the complainant) to his SB account towards recovery of tractor loan dues. With the concerted efforts the branch credited the SB account of the complainant with the erroneous debit amount of ₹ 50,500/- plus interest of ₹ 8,480/- @ SB interest rate from the date of debit till the date of payment.

45. The complainant had recently retired from Army and had received a large sum of money as retirement benefits. The money was credited to his account in a bank. Some officials of another bank approached the complainant and requested him to place deposits of ₹ 15 lakhs with them. The complainant was, however, asked to pay the amount in cash and was issued passbook and FD certificate in bank's original stationery but entries were made in hand. When the complainant went to withdraw money he was told that no FD had been issued and only ₹ 5 lakhs was deposited in the SB account. The branch manager subsequently contacted him and told him that he and his colleague were personally using the balance ₹10 lakh and would return the same to him after some time. They also executed an agreement with the complainant in this regard which was duly notarized. However, these employees of the bank were later dismissed for committing some other financial irregularities and thereafter the bank completely denied to the complainant that it was liable to repay money taken by the dismissed employees. The bank stated that the money was taken in their personal capacity and even if they used bank's name and stationery, the bank was not responsible for their acts. As a proof, the complainant could show that he had withdrawn ₹ 15 lakh from another bank in cash around the time the account was opened. He could also show that ₹ 1 lakh had been refunded by the branch manager personally which was credited to his SB account. Even though the bank refused to take responsibility for the actions of its staff and refund the amount on the grounds that this was a personal deal between their staff and the complainant, it was evident that the bank's officials had misused their position and official records and duped the complainant. It also came to notice that the bank while dismissing these officials was aware of the complainant's case also through internal investigations but had tried to cover it up by taking letters from him that he did not have any complaint against the bank. The bank was directed to refund the FD amount after reconciling the figures in the handwritten passbook and their official records.

46. The complainant, her husband and father-in-law were joint account holders of an FD account. The father-in-law was also a co-borrower for the education loan availed by the complainant's brother-in-law. The bank had exercised lien on the joint FD account as the education loan was overdue. The complainant had alleged that general lien on the joint FD account was not applicable, as her father-in-law had not

held the FD in his individual capacity. On taking up the matter, the bank explained that since it was unable to recover the education loan amount despite several reminders, it had no other option but to exercise the general lien on the joint FD account. The joint FD also carried a higher rate of interest, as the complainant's father-in-law was a senior citizen. Taking the decision of a Court in a similar case in a Smt. Putlibai vs. State Bank of Indore 1988, Madhya Pradesh, wherein it was observed that a general lien cannot be imposed on a joint account, when only one of the joint account holders had defaulted in repaying another loan. The bank was thereby advised to revoke the lien marked on the joint FD account.

47. The complainant had opened RD account online with option 'Pay Principal and Interest on Maturity'. As advised by the bank representative on the phone, the complainant requested online for account closure a day prior to maturity date with remark "Transfer Proceeds on Maturity". However, the RD was closed prematurely and the bank credited the proceeds @7%p.a. instead of interest @ 9% p.a. The bank in its reply submitted that the complainant had applied for online payment one day before the due date. The system therefore calculated the penalty and credited the amount along with the applicable rate of interest. Since the complainant had neither mentioned the telephone number nor the name of the official with whom he interacted, the bank was unable to take up the matter with the respective bank official. As the information given by the complainant was clear, the bank restored the differential interest amount in the complainant's account as directed by the BO.

48. The complainant, a senior citizen, has stated that he visited the bank after many years for withdrawing ₹ 500 and found that the bank had debited the entire balance from his account for non-maintenance of AQB. The bank submitted that due to inadvertent error, AQB charges were debited from the complainant's dormant account, and that they had since refunded the amount to the complainant. In view of deficiency in the Customer Services and for violating extant RBI guidelines, the bank was directed to pay the complainant ₹ 1000 as compensation.

49. The complainant, a student, had alleged that the bank levied minimum balance charges on his SB account for non-maintenance of the same. On taking up the matter with the bank, it was observed that the account was opened to facilitate credit of

scholarship amount into his account. He had not opted for any add-on facility like cheques, other services that render the account liable for minimum balance charges. However, the bank had contended that minimum balance charges would be applicable as he had opted for facilities like ATM, etc. The SB account opening form signed by the student had not explicitly stated anywhere that the account opened by him was subject to minimum quarterly balance. It was observed that if charges were to be levied from his student account, the bank should have incorporated the same in the application and his consent should have been obtained to that effect, especially as he was a student with no independent earnings. BO directed the bank to reverse the minimum balance charges.

REMITTANCES

50. The complainant, a firm, alleged that a fraudulent debit transaction of ₹ 4.95 lakh was observed in its account. The debit was shown as cheque withdrawal favoring an individual who was not known to the firm. However, it had issued a cheque which had same cheque number, to one of its parties which was duly honored. The complainant wanted the reversal of the amount wrongly debited together with an interest @ 21%.

It was observed that the fraudulent cheque was sent for collection by collecting bank and was duly passed by paying bank at a non-CTS location. Perusal of the copy of the forged printed cheque revealed that it did not bear the IFS Code. Further, this forged cheque was passed prior to the passing of the genuine cheque issued by the firm for ₹ 8565/-. It was not clear as how the bank's CBS system had passed two cheques with same cheque numbers on two different dates. The entire amount was withdrawn through cheque, POS and ATM by the beneficiary who had maintained account with the payee bank. It was also observed that the payee bank had not properly monitored the transactions in the account on the basis of on the risk categorization of the customer.

The payee bank acknowledged that it had erred and passed a forged cheque which had some serious deficiencies. The BO observed negligence on the part of both the banks and ordered that the disputed amount be shared between these banks in the ratio of 80:20. The compensation claimed by the complainant was turned down on the ground that the complainant was late in reporting the fraudulent withdrawal from

its account and the timely reporting could have helped the banks to act quickly before money was withdrawn.

51. The complainant had obtained a Demand Draft for an amount of ₹ 48,828/- from a bank branch and thereafter submitted an application for purchase of same bank's Tax Advantage Fund in the same bank branch. Further, time and again he enquired about the status of his application and the accompanying Demand Draft from the bank but no response was received from the bank. The bank failed to confirm the status of his application and Demand Draft. The complainant approached OBO with request to take necessary action in the matter. On taking up the matter, the bank found that the Demand Draft in favour of bank's Tax Advantage Fund was still unpaid as per bank's record. Moreover, the details of the complainant's application for Tax Advantage Fund were found listed in the register of the bank. It was thus confirmed that the application of the complainant was received by the bank branch but it was not processed further as no Folio Number was allotted to his application. This led to deficiency of service on the part of the bank. The bank was directed to refund the DD amount plus interest at prevailing SB rate for the period from the date of issue of DD till date of refund of its amount to the complainant. In addition, the respondent bank was advised to pay a compensation of ₹ 8,000/- to the complainant for not intimating the status of the complainant's application.

52. The complainant was maintaining a current account (Type – Business Plus 50-SME) with a bank where the requirement of minimum average balance was ₹ 50,000/-. The bank had levied a penalty of ₹ 14,382/- on the complainant's account for not maintaining the required minimum balance in the current account. On enquiry, the complainant was told by the bank that the classification of his current account was changed from 'Business Plus 50- SME' to 'Business Essential Account-250' and the minimum balance requirement in such accounts was ₹ 2,50,000/-. Since the complainant was not maintaining the minimum balance as per the requirement, the bank deducted the penalty. The complainant approached OBO and stated that he had never requested to change the classification of his current account and no intimation in this regard was received by him from the bank. He requested for refund of penalty charges from the bank. A conciliatory meeting was conducted by BO and the respondent bank was advised to submit documentary evidence confirming the

consent of the complainant with regard to change in classification of his current account. BO observed that neither the complainant was informed nor his consent had been taken by the bank in the matter. It was further observed that penalty amount so deducted was lying with bank for almost 16 months and when the complainant approached the OBO, the respondent bank returned the penalty amount to the complainant. The BO observed that there is a serious lapse on the part of the bank in providing proper customer service and lack of proper communication in the matter to the complainant. Hence the BO directed the bank to compensate the complainant adequately. Accepting the deficiency in service on their part, the respondent bank agreed to pay an additional amount of ₹ 14,382/- as interest to the complainant.

53. The complainant had deposited the fee of his ward through a non-CTS cheques in the account of the Institution maintained with a bank. The cheque was returned with reason 'Non-CTS cheque presented in CTS clearing'. There was sufficient fund in the complainant's account. Because of this cheque return, the complainant had to pay a fee in cash including a fine of ₹ 6,900/- towards late submission of fee. BO observed that the complainant had to pay a fine for no fault of his. The bank had wrongly presented the cheque and in no way it was the fault of customer for the dishonour of cheque. Moreover, in this case, the bank failed to present the cheque again through proper Clearing channel. A conciliatory meeting was held in OBO and the bank was advised to submit reasons for not presenting the cheque through proper clearing channel and also for not presenting the cheque again in clearing after dishonour. Bank could not furnish the proper reasons for the lapse. It was observed that an amount of ₹ 6,900/- was paid as penalty amount by the complainant for no fault of his. The BO thus observed lapse on the part of the bank and directed the bank to refund the amount of ₹ 6,900/- to the complainant immediately.

54. The complainant has stated that a cheque deposited by his tenant towards electricity bill was returned by the bank after inordinate delay due to which, the complainant had to settle the payment as the tenant had already vacated the premises by then and was not traceable. The bank in its reply submitted that the cheque deposited in the bank was returned due to insufficient balance and was sent

back very late i.e. after 3 months. However the bank could not provide any reason for delay in returning the cheques to the presenting institution. The bank was directed to pay the amount of cheque to the complainant.

55. The complainant (a company) had deposited a cheque of ₹ 47,490/- with a bank which was not credited in the account till lodgment of complaint with OBO. The bank submitted that the matter required retrieval of nine years' old record of clearing cheques and that the complainant and the drawee bank had been requested to provide encashment details which they had not provided. BO observed that the non-credit of cheque was due to a communication gap between two banks (payee and beneficiary bank) involved and customer should not suffer due to inaction by the banks. Once a cheque is sent for clearing (after acceptance over the counter) and is not returned (in return clearing) by the drawee bank for a stated reason, credit has to be given to the customer's account. BO instructed the bank to pay to the complainant the disputed amount along with applicable interest.

56. The complainant had alleged delay on the part of the bank in transferring the proceeds of his NRE Term Deposit through RTGS to his NRE Account with another bank and sought compensation for the delayed credit. On taking up the matter, the bank replied that the fund was remitted to the other bank on the same day and they received an acknowledgement with message status "SETTLED" and after that the amount was transferred back. The bank had repeatedly sent the amount to the other bank through RTGS and the transactions were returned. Finally, the fund transfer was effected to NRE Account of the complainant with the other bank through inter-bank transactions following contact by the originating bank. It was observed that the originating bank failed to indicate the code word NRE in appropriate place in Sender to Receiver Information and in the absence of the code, system could not validate the source of fund which resulted in sending back the fund to the originating bank. Since the originating bank did not adhere to RTGS instruction to fill in the payment details as per the regulatory instructions, a direction was issued to the bank to make appropriate interest payment for the delayed period of 3 days.

57. The complainant stated that his cheque got dishonoured twice quoting the reason as 'Insufficient funds' even there was sufficient balance in his SB account. On taking up the matter with the bank, BO observed that the customer had been maintaining SB account and four Multi Option Deposits (MOD) linked to that with sufficient funds to meet the cheque. However, when the cheque was presented, automatic MOD break did not happen and the cheque got dishonoured. Again, as per the bank's request, party re-presented the cheque and it was again dishonoured due to technical reasons. It was observed that the bank was accountable for the dishonour of the cheque. Therefore, BO, directed the bank to compensate the party as per its compensation policy for wrongful dishonour of cheques.

58. The complainant had alleged that two of his cheques got dishonoured quoting the reason 'payment stopped by the drawer' and 'cheque stopped in CTS', in spite of sufficient funds in his account. On taking up the matter with the bank, it was observed that the cheque book issued to the customer by the bank had been undelivered. Subsequently the same was blocked in the system for security reasons. However, the bank omitted to have the cheque leaves destroyed and subsequently the same cheque book was handed over to the customer. BO observed that there was clear lapse on the part of the bank in not destroying the blocked cheque leaves and reissuing another book of cheque leaves to the customer, causing financial loss to him. BO, therefore, directed the bank to pay due compensation to the customer. The bank complied with the direction and issued a Multicity Cheque book free of cost along with a token compensation of ₹3000 to the customer.

FRAUDS

59. Complainant alleged that an amount of ₹ 2, 70,000/- was withdrawn from her account through forged cheque while the original cheque was with the complainant. On taking up the matter the concerned bank informed that on receiving the complaint they had immediately contacted collecting banker and it had frozen the balance amount of ₹ 2,19,961.82 of the account in which the amount in question was credited. The account holder who received credit in his account, was not found at the

recorded address. In the conciliation meeting both the banks claimed that they had taken adequate care while presenting/passing the cheque and there was no lapse on their side. However, as regards collecting bank, it was observed that they had not followed KYC norms properly while opening the account of the person who committed the fraud and in whose account the amount was credited. As regards the presenting bank, as there was apparent difference in the signature of the complainant, on the cheque and specimen signature recorded with the bank, the bank should have made some enquiry/verification before paying the cheque of such a big amount. Besides, the quality of the paper of the forged cheque should have raised some doubt. Both the banks were found negligent in discharging of their duties. In view of the above, an Award was passed directing both the banks to pay ₹ 25,000/- each and to credit the account of the complainant with ₹ 2,70,000/-by which it was fraudulently debited along with interest at SB rate.

60. The complainant, a Government Undertaking, had advised the bank to remit a sum of ₹ 81, 56,568/- to the account of their Co-operative Bank towards the pay and allowances and recovery of the employees. However the amount was not credited to the accounts and instead was deposited in various other accounts. Bank in its reply advised that one of the permanent employees of the Undertaking who regularly visited the branch had apparently changed the list of beneficiaries and had fraudulently transferred the payments to six unauthorized beneficiaries including him. As soon as this came to branch's knowledge, the accounts were frozen by the branch however the amount was already withdrawn. An FIR was lodged against the employee for forgery and of funds. The accused was subsequently nabbed by the police and a sum of ₹ 33 lakh was recovered from him. The bank further stated that this employee would visit the branch frequently to submit cheques and lists for crediting to various accounts. In this case also, the branch made the payments to the respective accounts as per the list attached to the cheque. As such, the bank contended that their employees had diligently effected the transaction as per the list attached and that there did not appear to be any malafide by any of the employees of the bank. The bank was advised to submit the copy of the cheque and the list of authorized signatory as the Undertaking had alleged that the funds were transferred without verifying the signature on the cheque and authenticity of the list attached which is against the principle and ethics of banking procedure and practice. The

bank did not submit any clarification on the same. However, bank advised that they had obtained the necessary approval to restore the full amount of to the complainant's account. BO advised the bank to pay the complainant the disputed amount at applicable Fixed Deposit rate for the period from when the account was debited till the date of credit to the account.

61. The complainant was maintaining an SB account in bank 'A' jointly with her late husband. She noticed that ₹ 6, 88,500/- was debited to the account vide a cheque. She confirmed that neither her late husband nor she had signed the cheque. The bank submitted that it had taken up the matter with the payee bank, which advised that cheque was presented in clearing by bank B, for crediting to beneficiary account maintained with them. The bank claimed of having made the payment in due course. The bank furnished a scanned copy of disputed cheque, specimen signatures and statement of complainant's account. On perusal of the documents provided by the bank, it was observed that the cheques had signatures of both the account holders on the front and reverse.

The presenting bank, 'B' was advised to furnish KYC documents, account opening form and statement of account of the beneficiary and also to offer comments. Despite repeated reminders the bank failed to furnish the documents/information. The BO directed the bank ' B' to pay ₹ 6, 88,500/- to the complainant with interest at SB rate from the date of collection of cheque till the date of payment.

62. The complainant, a PPF account holder submitted that two fraudulent debits aggregating ₹ 2.00 lakh from his account were credited to the account of a beneficiary. The bank submitted that a fraud had been committed by an employee of the bank. It accepted the complainant's claim with interest thereon to be paid within 10 days. This was, however, not done and subsequently, the bank retracted from its earlier stand. The latest opinion formed by the bank indicated that since the debit vouchers had signatures of the complainant, the debits obviously had his consent. Therefore, he was not eligible for any relief.

During the conciliation meeting, the complainant accepted that the disputed vouchers were signed by him. He reiterated that the dealing official of the bank got his signatures on the vouchers on the day when he had withdrawn ₹ 2.00 lakh from his PPF account. He objected to signing the blank vouchers but subsequently

relented as bank official advised that some information had to be sent to the Head Office for which these vouchers were required. He came to know about the fraud subsequently when he was called for investigation by the bank's officials. He also stated that he had not visited the bank on the day of disputed transaction.

Debits from PPF account were done basis an application duly filled in by the customer supported by his ID proof. However, the withdrawal from PPF account was basis two debit vouchers without insisting on application or ID proof. The bank agreed that use of debit vouchers in lieu of Standard Provident Fund Withdrawal, was in contravention of bank's laid down systems and procedures. It also accepted that vouchers had been passed by a staff, (since dismissed) with his own ID, contrary to the bank's instructions.

On perusal, the vouchers revealed that withdrawal from the PPF account was based on two debit vouchers. These vouchers were not discharged on the reverse mentioning the relative credit of the amounts. The official, who had passed these vouchers did not put his signatures on them. The account number to be debited by the voucher was not the PPF account of the complainant, but his savings bank account, whereas the amount was debited from PPF account of the complainant. Further, the credit was made to some other account maintained in some other name. The amount withdrawn from SB account was through a withdrawal slip. (This necessitated presence of a pass book.) In this case the payment was made on the basis of the same staff's verification of the customer's identity.

Considering the glaring irregularities in the withdrawals as also the fact that the dealing officer had since been dismissed from bank's service, it was observed that merely on the basis of signatures of the complainant on the vouchers/ withdrawal slip, which according to the complainant were obtained unduly by dismissed staff, the bank cannot absolve its responsibility for safeguarding the funds of its depositors. The BO passed an Award directing the bank to refund the disputed amount to the complainant along with interest thereon till the date of actual credit to the complainant's account,

63. The complainant had reported that ₹ 7,00,000/- had been withdrawn from his firm's account through a forged 'self' cheque and the cheque book which was used for withdrawal had not been issued to him. The bank submitted that the matter had been reported under fraud, that the cheques in question had been sent to Forensic

Department for verification of signature and that the complainant had also lodged an FIR with the police. During the conciliation meeting BO observed that the request for issuance of disputed cheque book was made on a bogus letter head. Contact details given were incorrect and format used was also different. The cheque book was handed over to a person other than the account-holder without a letter of authority and signature in the letter requesting for cheque book was also not tallying. The bank submitted that the matter was being investigated since fraud in the case had been reported to HO and sought additional time. BO directed the bank to resolve the case expeditiously and revert. The bank reported subsequently that their head office had permitted the reimbursement of ₹7,00,000/- along with interest to the complainant against indemnity.

64. A complaint was made to BO regarding withdrawal of funds in respect of a stolen cheque from complainant's SB account. The complainant came to know about this through CBI when they had found the stolen cheque during search and seizure at office of one of the arrested accused. The modus operandi was that, the cheques sent from abroad by ordinary air mail were stolen by a group of people possibly at the airport and encashed by opening fake accounts in the name mentioned in the cheques. On taking up the matter with the bank, it was informed that the signature on the cheque tallied with that in the bank's records and as the cheque was found to be in order, payment was made in due course and without any negligence as paying banker. However, scrutiny revealed that the bank had not obtained valid ID proof of the bearer of the cheque as per KYC norms for non-customer withdrawal and the bank was directed to refund the amount to the complainant.

OTHERS

65. A complainant stated that his locker was broke open by the bank without giving notice, for non-payment of annual rent, despite maintaining term deposits in the bank. It was observed that the locker was drilled open without knowledge of the owner, allotted to another customer and the belongings of the complainant were kept in a bag. When the bag was opened by the complainant, nine tolas of gold items valued at ₹ 3.00 lakh were found missing. During the conciliation meeting called by

the BO, the bank officials admitted their lapse in drilling open of locker without taking due permission. The bank paid compensation of ₹ 3.00 lakh to the complainant.

66. A complainant alleged that an unauthorized withdrawal of ₹ 1.05 lakh had taken place in her account. The bank claimed that it was for payment of premium for an insurance policy and that the customer had signed the mandate. A conciliation meeting was arranged and the bank sought for time to produce the duly signed mandate by the customer. During the subsequent conciliation meeting, the bank produced the mandate for confirmation. It was observed therefrom that the bank had not followed due diligence and had not accepted positive confirmation from originating bank as is required under extant regulatory guidelines.

The complainant further alleged that the bank had put a hold on their account making it very difficult to carry on their normal life. The bank accepted its lapses. The BO advised the bank to refund the amount debited and also pay a compensation of ₹12,000/- for the inconvenience caused to the customer.

67. An account holder complained that her account had been closed without any intimation. The bank officials submitted that they had sent a letter to the complainant for up- gradation of her account and as they did not receive any response towards the proposed up-gradation, they closed the account. The bank officials produced proof of delivery of the same. The letter had indicated timeliness for compliance and since the account holder did not adhere to the same, they closed the account. The BO opined that although, the bank had given appropriate communication to the customer, an abrupt closure of the said account caused considerable loss of goodwill to the complainant which was avoidable. Considering all the relevant facts, the BO advised the bank to compensate the customer with ₹ 25,000/-.

68. The complainant had deposited a cheque for renewal of insurance policy but the bank official did not submit it to the Insurance Company for renewal. In the interim, complainant's wife got hospitalized. The policy was subsequently renewed by the bank. The complainant's claim for reimbursement of hospitalization bill was rejected by the Insurance Company for the reason "No contract in place at the time of hospitalization of complainant's wife". The bank submitted that the claim had occurred during the break period of the insurance policy and therefore rejected by the insurance company. A conciliation meeting was held during which, the bank was directed by BO, to pay ₹ 24,650 to the complainant towards the hospital expenses which were already paid by the complainant.

69. The complainant, a 90 year old senior citizen, stated that the branch had sent her the wrong Form-16A and Form 26AS for the year 2013-14 & 2014-15, which belonged to another customer. Further, due to the wrong reporting by the bank, the complainant had to pay 30% tax on her income. The complainant was advised by the branch to approach their Personal Banking Branch to rectify the bank's mistake. The bank in its reply stated that they had since rectified the error and also filed revised Income Tax Returns through the bank's empanelled tax consultant. The bank also submitted its apology to the complainant and regretted the inconvenience caused. In view of the clear deficiency in customer service i.e. asking a 90 year old senior citizen to visit far-off branch for rectification of the bank's error, the bank was directed to pay ₹ 3000 to the complainant.

70. The complainant, a senior citizen, had complained that the bank had manipulated and levied insurance policy charges on credit card with a promise of a one-time payment of ₹ 327.25/- for insurance cover of ₹ 50, 000/-. Within two months, the complainant requested for cancellation of the credit card and the insurance policy. The complainant was subsequently called and harassed by the collection officers for recovery. The complainant claimed an amount of ₹ 50,000/- towards medical expenses incurred by for hospitalization due to harassment by the bank. The bank submitted that the credit card was issued to the complainant based on the application duly signed by the complainant. The insurance policy was issued on the basis of consent provided on the same. Bank had acknowledged the request for cancellation of policy, however did not act upon it based on telephonic consent given by the complainant to continue the policy to the representative of the bank. The complainant had paid two premiums initially. Hence, applicable financial charges were levied and payment reminder calls were made to the complainant. Further, the bank stated that on receiving the complaint from OBO, as a service gesture, it had reversed the premiums paid and charges levied thereon, making the outstanding amount 'NIL' on the card account. In a conciliation meeting, the BO advised the bank to stop any more recovery, collection calls, issue 'No Due Certificate' and also ensure that the CIBIL record of the complainant is not affected. The bank was also directed to compensate the complainant ₹ 5000/- for the mental anguish faced.

Annex IV

IMPORTANT DECISIONS BY APPELLATE AUTHORITY

1. In a complaint on late revision of family pension by the bank received at one of the offices of BO, the BO after examination has concluded that there was no deficiency on the part of the bank as the bank has undertaken the revision at the applicable rate immediately after receiving the clarification through the pensioner from the Pension Payment Authority (PPA). On the appeal filed by the complainant seeking interest for the delayed period, the Appellate Authority set aside the decision of the BO stating that it is incumbent on the part of the bank to seek clarification from the PPA as the pensioner cannot have wherewithal to obtain such information and directed the bank to pay the interest for the delayed period as per the applicable rate.
2. In a complaint on levying charges for using the ATM Card without sufficient funds in an ATM which declined the transaction for insufficient funds, the BO after examination concluded that there was no deficiency on the part of the bank as the charges were levied as per the schedule of charges. On the appeal filed by the complainant for reversal of charges on account of non-receipt of prior notice, the Appellate Authority set aside the decision of BO stating that the bank has revised/introduced the charges with one week's notice and failed to provide prior notice of minimum 30 days as required to be given to customers for any change in the charges and he directed the bank to pay penalty of ₹ 500/- in addition to the reversal of charges
3. In a complaint given by a proprietary firm regarding non-credit of clearing proceeds of the cheque deposited in the drop box, it was observed that the cheque was stolen by some unknown persons from the branch premises. The cheque was encashed by the fraudster by opening an account in the name of the firm in the same branch of the drawee bank and the entire amount was withdrawn within three days. BO had examined the case and passed an award only against the drawee bank to pay the amount of the cheque, as it failed to adhere to the KYC guidelines. BO did not make the bank, from which the cheque was stolen, liable, stating that based on

the ground that administrative lapses are beyond the ambit of BO Scheme. On the appeal filed by the drawee bank, the Appellate Authority modified the award stating that the losses should be equally shared between two banks, as there were lapses on both the banks in the nature of non-adherence to regulatory instructions. Further, a penalty to the paying bank was levied with an advice to pay interest for the amount on account of major lapses on their part in adhering to KYC norms and guidelines

4. In a complaint regarding non-receipt of clearing proceeds nor the cheque return details from the bank despite many visits made by the complainant to the bank, the BO has examined and closed the complaint by forwarding the bank's reply to the complainant stating that cheque was returned unpaid and sent by the bank through registered post. The Appellate Authority observed that the cheque was sent by registered post to the complainant with an erroneous name and returned undelivered. The bank had neither responded timely to the complainant with appropriate information nor provided the correct information to the complainant and BO. The bank found the undelivered letter only after the complainant made an appeal on the decision of BO. The decision of BO was set aside and the bank was advised to pay compensation of ₹ 5000/- for the deficiency of service.

5. In a complaint filed against a bank to the BO, the complainant alleged that the bank had not renewed the fixed deposit for a period of 8 years and failed to pay the interest at the rate of fixed deposit. But the FD was renewed without any written request in February 2013 and hence the complainant sought for interest at the rate of FD rate for the said 8 years period. The bank had provided the interest at the rate of Saving Bank rate as per their internal guidelines. The BO examined the case and observed that the bank did not send the notice to the customer about the due date of maturity as per the bank's commitment for efficient customer service (not obligatory) and the notice would have avoided making the status of deposit as overdue and the deposit would have qualified for auto renewal. As the complaint could not be settled by agreement the BO passed an award directing the bank to pay FD rate of interest for the overdue period of 8 years.

On the appeal preferred by the bank, the AA observed that there was no auto renewal mandate given by the customer (complainant) and the bank had given the SB rate of interest for the overdue period as per the extant guidelines. The AA further observed that the furnishing of notice to the depositor about due date of maturity is not obligatory on the part of the bank and it was only an endeavour of the bank to provide efficient customer service. Accordingly, the AA set aside the Award passed by BO and allowed the appeal and advised the bank to consider providing a suitable compensation as a mark of good customer service.

6. In a complaint received in one of the BO Offices, the complainant stated that he was maintaining an account in his name with a bank (Bank A) and another account in his firm's name in another bank (Bank 'B'). The complainant issued a cheque of Bank A to his firm which had an account with Bank B and deposited the cheque in Bank B for clearing. The cheque was rejected by Bank A on the grounds that the drawer's signature mandate was not available in CTS (Cheque Truncation System) Module. The complainant sought for compensation from the bank for the deficiency of service and appropriate action against the bank for its lapses. The BO after examination disposed of the complaint saying that the complaint was made without any sufficient cause.

In the appeal preferred by the complainant, the Appellate Authority observed that hitherto the bank was passing the cheques issued by the complainant based on the specimen signature available in the account opening form. Rejecting a cheque referred to in the complaint on the ground that signatures were not available in the CTS Module was not acceptable. While accepting the Appeal against the decision of the BO, the Appellate Authority directed the bank A to suitably compensate the complainant.

7. The complainant, who had been maintaining a current account with a Co-operative Bank since last few years had failed to operate the account for some time. In the meanwhile, the bank with the approval of its Board revised the minimum balance (average quarterly balance) to be maintained by the current account holders and increased the threshold amount. The upward revision of the amount was placed

on the website and in prominent places in the branches. As the complainant failed to maintain the revised minimum balance in his account, the bank levied penalty and debited his account on quarterly basis.

When the complainant approached the bank for the closure of his account, the bank advised him to pay the charges levied in his account before closure. The complainant contested that he was not intimated about the revision in the minimum balance and hence he would not pay the charges levied on account of non-maintenance of the revised minimum balance. The bank replied that the charges were debited as per bank norms and as per the extant regulatory guidelines. Dissatisfied with the bank's reply, complainant approached BO for redressal of his grievances. The OBO after examination of the case, closed the complaint as he did not find any deficiency in the bank's services.

The Complainant preferred an appeal before the Appellate Authority and in his appeal he stated that the bank did not intimate him in advance about the revised minimum balance to be maintained and hence the bank's contention of paying the charges levied before closure of his account was not appropriate. He sought for reversal of the charges debited from his account by the bank in this regard. The Appellate Authority observed that though the bank, as per the extant instructions displayed the revision of service charges at the prominent places in branches and also updated on bank's website in advance, it failed to adhere to the extant instructions in totality and BCSBI Code on Commitment to Bank's Customers, as it didn't provide the monthly account statement nor intimated him through any other communication about the revision of minimum balance to be maintained. The Appellate Authority hence, allowed the complainant's appeal and directed the bank to resolve the complaint to complainant's satisfaction.

8. The complainant had applied for home loan from a bank for purchasing a ready flat (resale property). He requested the bank to disburse the loan and issue a cheque in favour of the seller of the flat. The bank before obtaining all the requisite documents had sanctioned the loan and a Banker's Cheque (BC) was made in the name of the seller towards the first part of disbursal amount. Since the basic document of sales deed itself was not received by the bank, it handed over only a

copy of the BC to the complainant with an advice to execute the sales deed and furnish the same to the bank. The complainant could execute the sales deed after around one and a half month period and then furnished the same to the bank. On receipt of the sales deed from the complainant, the bank forwarded the BC to the seller but levied interest on the loan from the date on which the BC was drawn. The complainant requested the bank to levy interest from the date on which the BC was actually forwarded to the seller and sought for a refund of interest charged for the period between the date of drawal of BC and the date of forwarding to the seller. As the bank didn't accede to his request, he approached the BO for resolution.

The BO examined the matter and decided that the complaint was made without any sufficient cause and closed the case.

The complainant preferred an appeal before the AA, who observed that the bank had sanctioned the loan without obtaining primary documents, which are essential for sanction of the loan. Further, though the loan was sanctioned and the disbursal was technically made in the books of accounts on a particular date, the funds were still lying in the bank's internal account only (Banker's Cheque Account). The AA also observed that the bank had not actually parted with the funds to the beneficiary and hence directed the bank to refund the interest as sought by the complainant.

9. The complainant, an MSME borrower had availed a term loan from one of the banks for which he was eligible for capital subsidy under TUF Scheme provided by GOI. In terms of the Scheme, the complainant was entitled to get the capital subsidy in the form of 15% Margin Money. He alleged that the bank failed to forward the subsidy claim to the GOI on time and on account of which he was required to pay more interest. He contended that the said additional financial burden was mainly due to the poor service on the part of the bank and hence the bank may be advised to provide subsidy at the earliest. The bank didn't heed to his request and hence rejected the complaint.

He lodged the complaint to the BO and the BO after examination closed the complaint stating that the bank has taken efforts to forward the subsidy claim through nodal agency (TUF Cell of the bank) and the complaint was made without any sufficient cause (Cl 13 d of the BO Scheme). The complainant preferred an appeal

before the Appellate Authority who observed that there is a clear deficiency on the part of the bank in processing the subsidy claim for onward transmission to GOI on account of its administrative delays. Though the bank submitted the claim subsequently, nine months had elapsed after the delayed submission of the claim to GOI. In general, GOI releases the subsidy within three to six months but the delayed claim was yet to be settled. The bank's contention that the unit was dysfunctional, borrower had not submitted his claim, etc., were extraneous and irrelevant as the account is a performing account without any delinquency. Hence the bank was directed to release the amount of subsidy with reasonable rate of interest for the period of delay.

DISCLAIMER

The Reserve Bank of India does not vouch the correctness, propriety or legality of orders and awards passed by Banking Ombudsmen. The object of placing this compendium is merely for the purpose of dissemination of information on the working of the Banking Ombudsman Scheme and the same shall not be treated as an authoritative report on the orders and awards passed by Banking Ombudsmen and the Reserve Bank of India shall not be responsible or liable to any person for any error in its preparation.

ANNEX V

Grounds of Complaints

A complaint with the OBO can be lodged on following grounds of complaints laid down in Clause 8 of the BOS:

- (1) Any person may file a complaint with the Banking Ombudsman 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 a bank or its 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 a 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 by the bank or its subsidiaries to the instructions of Reserve Bank on ATM/Debit card operations or credit card operations;

- (m) 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);
- (n) Refusal to accept or delay in accepting payment towards taxes, as required by Reserve Bank/Government;
- (o) Refusal to issue or delay in issuing, or failure to service or delay in servicing or redemption of Government securities;
- (p) Forced closure of deposit accounts without due notice or without sufficient reason;
- (q) Refusal to close or delay in closing the accounts;
- (r) Non-adherence to the fair practices code as adopted by the bank;
- (s) 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 ;
- (t) Non-observance of Reserve Bank guidelines on engagement of recovery agents by banks; and
- (u) 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 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;
- (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 by banks; 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.

ANNEX VI - STATEMENT OF COMPLAINTS RECEIVED BY THE OFFICES OF THE BANKING OMBUDSMAN (2014-15)

BANK NAME	TOTAL NUMBER OF COMPLAINTS RECEIVED	COMPLAINTS PER 1000 A/Cs - OTHER THAN CREDIT/DEBIT CARD	COMPLAINTS PER 1000- CREDIT/ DEBIT CARD ACCOUNTS	COMPLAINTS - PER BRANCH	COMPLAINTS-CATEGORYWISE											
					DEPOSIT ACCOUNT	REMITTANCE	LOANS AND ADVANCES	ATM/ DEBIT /CREDIT CARDS	LEVY OF CHARGES WITHOUT PRIOR NOTICE	PENSION	FAILURE ON COMMITMENTS MADE, BCSBI CODE	NON OBSERVANCE OF FAIR PRACTICES CODE	NOTES AND COINS	NON-ADHERENCE TO INSTRUCTIONS ON DSA & RECOVERY AGENTS	OUT OF SUBJECT	OTHERS
SCHEDULED COMMERCIAL BANKS	78599	0.05	0.03	0.75	4661	2700	4846	18123	5510	5777	8440	16410	61	347	3774	14482
PUBLIC SECTOR BANKS	55424	0.04	0.02	0.66	3082	2096	3458	11016	2876	5705	6076	10765	44	115	1802	8389
SBI AND ASSOCIATES																
STATE BANK OF INDIA	23178	0.06	0.03	1.44	1224	789	1107	5378	1232	3275	2331	4128	16	50	683	2965
STATE BANK OF BIKANER AND JAIPUR	1176	0.07	0.02	0.93	80	46	77	171	72	243	165	51	0	1	21	249
STATE BANK OF HYDERABAD	611	0.03	0.01	0.34	19	19	48	134	17	54	57	68	2	1	47	145
STATE BANK OF MYSORE	298	0.03	0.01	0.29	26	21	30	52	19	17	46	22	1	0	2	62
STATE BANK OF PATIALA	498	0.04	0.02	0.38	27	13	25	100	22	74	23	97	0	0	5	112
STATE BANK OF TRAVANCORE	770	0.04	0.01	0.67	39	24	151	120	48	44	37	192	2	1	27	85
TOTAL(SBI & ASSOCIATES)	26531	0.06	0.03	1.17	1415	912	1438	5955	1410	3707	2659	4558	21	53	785	3618
ALLAHABAD BANK	1099	0.03	0.02	1.69	70	39	65	137	73	91	147	246	1	7	50	173
ANDHRA BANK	649	0.02	0.01	0.26	24	19	40	154	28	37	60	61	0	1	66	159
BANK OF BARODA	2936	0.05	0.02	0.56	209	152	156	438	134	138	325	807	1	10	90	476
BANK OF INDIA	2706	0.04	0.01	0.56	164	140	123	351	118	222	448	693	5	4	92	346
BANK OF MAHARASHTRA	557	0.02	0.01	0.30	23	16	37	56	40	28	110	181	0	0	11	55
CANARA BANK	2887	0.04	0.02	0.50	170	118	230	530	145	139	349	612	1	1	114	478
CENTRAL BANK OF INDIA	2017	0.04	0.02	0.43	112	73	172	273	77	219	320	406	3	9	97	256
CORPORATION BANK	745	0.03	0.02	0.33	49	24	67	194	37	5	74	109	0	1	16	169
DENA BANK	686	0.03	0.01	0.41	22	13	34	81	64	87	85	209	0	0	25	66
INDIAN BANK	1207	0.03	0.01	0.51	87	37	249	159	52	82	132	240	0	1	22	146
INDIAN OVERSEAS BANK	1466	0.04	0.03	0.43	89	76	238	240	93	58	137	260	2	7	29	237

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ORIENTAL BANK OF COMMERCE	806	0.03	0.03	0.36	57	40	31	204	24	18	65	156	1	2	29	179
PUNJAB AND SIND BANK	370	0.05	0.02	0.26	28	19	16	44	17	22	19	82	0	1	8	114
PUNJAB NATIONAL BANK	4229	0.04	0.03	0.68	191	154	143	1168	155	470	314	626	1	4	162	841
SYNDICATE BANK	1127	0.03	0.01	0.32	73	42	105	154	75	88	100	212	1	2	24	251
UCO BANK	1208	0.05	0.02	0.40	72	61	60	122	86	84	173	316	1	2	52	179
UNION BANK OF INDIA	2056	0.04	0.03	0.50	118	64	130	385	112	126	205	537	2	4	76	297
UNITED BANK OF INDIA	929	0.04	0.02	0.48	37	52	58	122	91	66	191	145	1	3	21	142
VIJAYA BANK	395	0.03	0.01	0.24	20	13	31	57	22	16	58	106	0	1	13	58
TOTAL(OTHER THAN SBI & ASSOCIATES)	28075	0.04	0.02	0.47	1615	1152	1985	4869	1443	1996	3312	6004	20	60	997	4622
OTHER PUBLIC SECTOR BANKS																
Bhartiya Mahila Bank	2	0.00	0.00	0.03	0	0	1	0	0	0	1	0	0	0	0	0
IDBI BANK LIMITED	816	0.06	0.02	0.47	52	32	34	192	23	2	104	203	3	2	20	149
TOTAL(OTHER PSBs)	818	0.06	0.02	0.45	52	32	35	192	23	2	105	203	3	2	20	149
PRIVATE SECTOR BANKS																
OLD PRIVATE SECTOR BANKS																
CATHOLIC SYRIAN BANK LTD	75	0.03	0.00	0.18	20	1	11	0	18	0	1	3	0	3	1	17
CITY UNION BANK LIMITED	119	0.03	0.01	0.25	8	9	27	12	15	0	9	20	0	0	2	17
FEDERAL BANK LTD	323	0.04	0.01	0.26	26	7	42	50	31	0	26	84	0	0	7	50
ING VYSYA BANK LTD	354	0.11	0.00		38	12	27	29	56	0	46	49	0	0	2	95
JAMMU AND KASHMIR BANK LTD	147	0.01	0.01	0.77	5	3	6	28	1	1	6	11	0	0	2	84
KARNATAKA BANK LTD	153	0.02	0.01	0.22	18	6	11	23	10	0	21	24	0	0	0	40
KARUR VYSYA BANK LTD	192	0.02	0.01	0.30	18	6	16	33	26	0	20	34	0	0	4	35
LAKSHMI VILAS BANK LTD	99	0.04	0.01	0.25	11	0	33	8	7	0	9	12	0	1	1	17

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NAINITAL BANK LTD	14	0.00	0.00	0.12	0	0	2	2	1	0	1	1	0	1	2	4
RATNAKAR BANK LTD	123	0.10	0.13	0.66	9	3	6	58	4	0	8	14	0	2	0	19
SOUTH INDIAN BANK LTD	161	0.02	0.01	0.19	15	13	19	25	7	0	7	46	1	0	5	23
TAMILNAD MERCANTILE BANK LTD	130	0.03	0.01	0.30	10	1	21	9	9	0	8	40	0	0	2	30
THE DHANALAKSHMI BANK LTD	88	0.04	0.01	0.33	6	3	9	8	7	2	2	31	0	0	4	16
TOTAL (OLD Pvt SECTOR BANKS)	1978	0.03	0.00	0.34	184	64	230	285	192	3	164	369	1	7	32	447
NEW PRIVATE SECTOR BANKS																
AXIS BANK LIMITED	3706	0.11	0.06	1.44	201	86	152	984	566	4	335	720	0	12	49	597
DEVELOPMENT CREDIT BANK LTD.	128	0.18	2.21	0.81	6	3	9	9	6	0	12	41	0	0	4	38
HDFC BANK LTD.	5568	0.10	0.06	1.36	274	101	222	1600	632	7	391	1178	2	73	76	1012
ICICI BANK LIMITED	6115	0.09	0.06	1.51	332	168	212	1916	512	7	487	1185	2	49	98	1147
INDUSIND BANK LTD	776	0.13	0.06	0.95	66	20	39	140	95	0	90	166	0	4	12	144
KOTAK MAHINDRA BANK LTD.	1172	0.29	0.08	0.93	68	18	49	273	158	0	86	223	0	22	5	270
YES BANK LTD.	326	0.25	0.07	0.49	20	13	1	61	32	0	39	76	1	0	6	77
TOTAL (NEW Pvt SECTOR BANKS)	17791	0.11	0.06	1.31	967	409	684	4983	2001	18	1440	3589	5	160	250	3285
FOREIGN BANKS																
AB Bank Ltd.	4	5.86	0.00	4.00	0	0	0	1	0	0	0	3	0	0	0	0
Abu Dhabi Commercial Bank Ltd.	4	0.38	0.00	2.00	1	0	0	0	0	0	1	2	0	0	0	0
American Express Banking Corp.	98	0.04	0.10	98.00	0	1	0	71	2	0	3	10	0	0	1	10
Antwerp Diamond Bank NV	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0

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Australia and New Zealand Banking Group Ltd.	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
BNP Paribas	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Bank International Indonesia	0	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Bank of America National Association	3	0.21	0.00	0.60	1	1	0	0	0	0	0	0	0	0	1
Bank of Bahrain & Kuwait B.S.C.	1	0.06	0.00	0.25	0	0	0	0	0	0	0	1	0	0	0
Bank of Ceylon	0	0.00	0.00	0.00											
Bank of Nova Scotia	1	0.15	0.00	0.20	0	0	0	0	1	0	0	0	0	0	0
Barclays Bank PLC	88	4.51	13.23	9.78	1	0	3	48	4	0	4	15	0	6	0
Chinatrust Commercial Bank	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Citibank N.A.	772	0.09	0.09	17.16	31	27	25	374	55	0	50	106	0	2	7
Commonwealth Bank of Australia	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Credit Agricole Corporate and Investment	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Credit Suisse AG	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
DBS Bank Ltd.	10	0.36	0.09	0.83	1	0	1	2	3	0	1	1	0	0	1
Deutsche Bank (Asia)	60	0.32	0.10	3.53	4	1	4	8	8	0	5	10	0	1	0
First Rand Bank		0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
HSBC Ltd.	281	0.11	0.09	5.62	17	2	7	92	19	2	23	74	0	0	45
Industrial and Commercial Bank of China	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
JPMorgan Chase Bank National Association	1	0.40	0.00	1.00	0	0	0	0	1	0	0	0	0	0	0
JSC VTB Bank	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Krung Thai Bank Public Co. Ltd.	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0
Mashreqbank PSC	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0

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Mizuho Corporate Bank Ltd.	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	
National Australia Bank	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	
Rabobank International	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	
Sber Bank	4	39.22	0.00	4.00	0	0	0	0	0	0	0	0	0	0	4	
Shinhan Bank	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	
Societe Generale	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	
Sonali Bank	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	
Standard Chartered Bank	1892	0.66	0.52	18.92	50	26	52	933	157	2	116	274	0	23	14	245
State Bank of Mauritius Ltd.	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Sumitomo Mitsui Banking Corporation	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0
The Bank of Tokyo- Mitsubishi UFJ Ltd.	1	0.16	0.00	0.20	0	0	0	0	0	0	1	0	0	0	0	0
The Royal Bank of Scotland N V	185	0.46	0.69	18.5	4	2	11	74	11	0	13	28	0	5	2	35
UBS AG	1	0	0	1.00	0	0	0	0	0	0	0	0	0	0	0	1
United Overseas Bank Ltd.	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0
WestPac Banking Corporation	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Woori Bank	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL (FOREIGN BANKS)	3406	0.21	0.10	12.66	110	60	103	1603	261	4	217	524	0	37	24	463
Primary Urban Co-operative Banks	420				79	3	32	23	28	3	17	135	2	3	7	88
RRBs	1546				126	36	238	78	44	14	173	439	1	16	126	255
OTHERS	4566				113	32	101	135	108	30	353	589	8	9	1533	1555
TOTAL	85131				4661	2700	4846	18123	5510	5777	8440	16410	61	347	3774	14482

Abbreviations

AA	- Appellate Authority	MOD	- Multi Option Deposits
AQB	- Average Quarterly Balance	MSME	- Micro Small and Medium Enterprises
ATM	- Automated Teller Machine	NBFC	- Non Banking Finance Company
BCSBI	- Banking Codes and Standards Board of India	NEFT	- National Electronic Fund Transfer
BO	- Banking Ombudsman	NPA	- Non Performing Asset
BOS	- Banking Ombudsman Scheme	NPCI	- National Payment Corporation of India
CBI	- Central Bureau of Investigation	NRE	- Non Resident Rupee
CBS	- Core Banking Solution	OBO	- Office of the Banking Ombudsman
CCTV	- Closed Circuit Television	OTP	- One Time Password
CEPD	- Consumer Education and Protection Department	PAN	- Permanent Account Number
CIBIL	- Credit Information Bureau of India Limited	PCDA	- Principal Controller of Defence Accounts
CPGRAMS	- Centralised Public Grievance Redress and Monitoring System	PIN	- Personal Identification Number
CTS	- Cheque Truncation System	PPF	- Public Provident Fund
DD	- Demand Draft	PPA	- Pension Payment Authority
DSA	- Direct Sales Agent	PPO	- Pension Payment Order
ECS	- Electronic Clearing Service	POS	- Point of Sale
EDC	- Electronic Data Capture	PNO	- Principal Nodal Officer
EMI	- Equated Monthly Installments	PSU	- Public Sector Undertaking
FD	- Fixed Deposit	RBI	- Reserve Bank of India
FDR	- Fixed Deposit Receipt	ROI	- Rate of Interest
FIR	- First Information Report	RTI	- Right to Information
GOI	- Government of India	SB	- Savings Bank
HUF	- Hindu Undivided Family	SBI	- State Bank of India
IBA	- Indian Banks Association	SHG	- Self Help Group
IDRBT	- Institute for Development and Research in Banking Technology	SMS	- Short Message Service
KYC	- Know Your Customer	TUF	- Technology Upgradation Fund