



THE BANKING OMBUDSMAN SCHEME 2006
ANNUAL REPORT
2016-2017

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

THE BANKING OMBUDSMAN SCHEME 2006

ANNUAL REPORT 2016-2017

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FOREWORD

The Banking Ombudsman Scheme (BOS), a flagship program of the Reserve Bank, has evolved as an important pillar of the grievance redressal mechanism available to the customers of banks. Considering that the Scheme is a speedy, effective and inexpensive means for complaint redressal, the Reserve Bank has continuously fine-tuned the BOS, to suit the emerging requirements of the customers. In this context, several measures have been introduced during 2016-17, to enhance consumer protection. The scope of the Scheme has been expanded by adding new grounds of complaints viz. mis-selling of financial products through banks and deficiency in banking services provided through mobiles have been included as grounds for lodging complaints. Further, the pecuniary limit of the BO for passing an award now stands doubled at Rs. two million while the grounds for filing an appeal against the decision of the BO have been expanded to enhance the opportunity available to the aggrieved customer.

In order to deepen and widen the reach of the Scheme, five new offices of BO (OBOs) were operationalized during the year, raising the total number of OBOs to 20. In 2016-17, the OBOs handled over 1,36,000 complaints of which 92 per cent were disposed within the year. The complaints received by OBOs increased by 27 per cent in 2016-17 as compared to a rise of 21 per cent in the previous year. This rising trend, while reflecting the increasing awareness about the BOS, also underlines the need for banks to strengthen their internal grievance redressal mechanism. In this context, in the recent past 34 banks, on RBI's advice, had appointed Internal Ombudsman (IO) to ensure that all rejected or partially redressed complaints are reviewed independently before these are escalated to the BO, by the complainant. The banks have since been advised to state, in their communications to the complainants, that their grievance has been examined by the IO. However, the rising number of complaints received at the OBOs reflects a need for strengthening the implementation of the IO Scheme.

Further, in order to bring the complainant, the bank / branches and the RBI together on the same platform, the Reserve Bank has embarked upon a project for developing a web-based application for lodging and processing of complaints. This will increase the speed and transparency of processing of complaints at all levels.

In conclusion, having worked as BO in the very early stages of the Scheme, I am particularly pleased to note that the BOS has come a long way towards fulfilling its mandate which is adequately reflected in this Annual Report of 2016-17.



(B. P. Kanungo)

Deputy Governor & Appellate Authority

Vision and Goals of the Office of the Banking Ombudsman

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

Background

Banking Ombudsman Scheme, 1995 was notified by the Reserve Bank of India on June 14, 1995 under Section 35 A of the Banking Regulation Act, 1949. The Scheme is administered and funded by the Reserve Bank of India and is applicable to Scheduled Commercial Banks, Scheduled Primary Urban Co-operative Banks and the Regional Rural Banks (RRBs). There are 20 Banking Ombudsman (BO) covering all States and Union Territories.

Volume and cost of handling complaints

- The volume of complaints received in the Office of Banking Ombudsman (OBO) increased from 1,02,000 in 2015-16 to 1,30,000 in 2016-17 i.e. a rise of 27.45% which was higher than the increase of 21 per cent in the previous year. Out of 1,36,000 complaints (approx..) handled by the OBOs in 2016-17 (including the complaints brought forward from previous year), 92 per cent were disposed within the year as against the disposal of 95% of the 1,06,000 complaints handled in the previous year. Thus, a total of 1,25,000 complaints were disposed in 2016-17 as against 1,01,000 disposed in 2015-16.
- The average cost of handling a complaint was Rs.3,780 during 2016-17 which was lower than the average cost of Rs.4396 during 2015-16 on account of 27% increase in the number of complaints received during 2016-17.

Categories of complaints

- Failure to meet commitments, non-observance of fair practices code, BCSBI Codes together accounted for 34 % of the complaints received.
- ATM/Credit and Debit card complaints together represented 18.9% of complaints.
- Pension payment related complaints accounted for 6.5% of total complaints while the remaining categories including loans and advance and remittance which were all below 5% of total complaints.

Measures taken in 2016-17

Considering that the Scheme is a speedy, effective and inexpensive means for complaint redressal, the Reserve Bank has continuously fine-tuned the BOS, to suit the emerging requirements of the customers. In this context, several measures have been introduced during 2016-17, to enhance consumer protection. These are summarized below:

- The scope of the Scheme has been expanded by adding new grounds of complaints viz. mis-selling of financial products through banks and deficiency in banking services provided through mobiles are additional grounds for lodging complaints;

- The pecuniary limit of the BO for passing an award is doubled to Rs.Two million;
- The grounds for filing an appeal against the decision of the BO have been expanded to enhance the opportunity available to the aggrieved customers. As such, cases closed by the BOs on the grounds that the complaint requires detailed investigation or elaborate oral / documentary evidence which earlier fell under the non-appealable category has been made appealable to increase the opportunity available to the aggrieved customer.
- Compensation upto Rs.0.1 million for loss of time, expenses incurred, harassment and mental anguish suffered by the complainant, available for credit card related complaints has been extended to all categories of complaints.
- In order to deepen and widen the reach of the Scheme, five new offices of BO (OBOs) were operationalized during the year, raising the total number of OBOs to 20 covering all 29 States and seven Union Territories.
- In order to address the rising complaints of the consumers of services of NBFCs, the Ombudsman Scheme for the NBFCs has been approved for implementation.
- Offices of Banking Ombudsman organized 20 Town Hall Events and 68 Awareness programmes/outreach activities in rural and semi-urban areas in their respective jurisdictions. They also conducted advertisement campaigns to spread awareness about the Scheme.

Way Forward

The rising trend of complaints, while reflecting the increasing awareness about the BOS, also underlines the need for banks to strengthen their internal grievance redressal mechanism. In this context, in the recent past 34 banks, on RBI's advice, had appointed Internal Ombudsman (IO) to ensure that all rejected or partially redressed complaints are reviewed independently before these are escalated to the BO, by the complainant. However, the rising number of complaints received at the OBOs reflects a need for strengthening the implementation of the IO Scheme so that the IOs act as effective filters before a complainant feels the need to approach the BO.

Keeping in view the need to develop the capability to handle the rising number of complaints while improving the efficiency of the redressal system, the Reserve Bank has embarked upon a project for developing a web-based application for lodging and processing of complaints. It is envisaged that all the stakeholders i.e. the complainant, the bank/ branches and the OBO will be able to access the platform for faster transmission of complains and actions taken thereon. This would increase the speed and transparency of processing of complaints at all levels.

1. The Banking Ombudsman Scheme 2006

The Banking Ombudsman Scheme has been in operation for the last 22 years. RBI introduced the Scheme in the year 1995 as a cost free grievance redressal mechanism to safeguard the interests of common bank customer. The Scheme is administered through twenty offices with specific jurisdiction, covering all 29 States and seven Union Territories and applicable to all commercial banks, regional rural banks and scheduled primary co-operative banks.

The Offices of the Banking Ombudsman (OBO) are being funded and manned by the officers and staff of the Reserve Bank. Consumer Education and Protection Department acts as nodal department that facilitates the implementation of the BO Scheme (BOS).

In view of the dynamic nature of banking and to ensure that the Scheme remains updated, it has been revised periodically. The Scheme, so far, has been revised five times since its inception, the latest being in July 2017. The improvements through the above revision in the BO Scheme are given in the Box No I.

Box I - Amendments introduced in July 2017		
S. No	Clauses of BOS 2006 (as amended up to February 3, 2009)	Amended Clauses Effective from July 1, 2017
1	Clause 7 : Powers and jurisdiction : (2) The Banking Ombudsman shall receive and consider complaints relating to the deficiencies in banking or other services filed on the grounds mentioned in clause 8 and facilitate their satisfaction or settlement by agreement or through conciliation and mediation between the bank concerned and the aggrieved parties or by passing an Award in accordance with the Scheme.	Clause 7 : Powers and jurisdiction: (2) The Banking Ombudsman shall receive and consider complaints relating to the deficiencies in banking or other services filed on the grounds mentioned in clause 8 irrespective of the pecuniary value of the deficiency in service complained and facilitate their satisfaction or settlement by agreement or through conciliation and mediation between the bank concerned and the aggrieved parties or by passing an Award as per the provisions of the Scheme.
2	Clause 8 (1) (I) : Non-adherence by the bank or its subsidiaries to the instructions of Reserve Bank on ATM/Debit card operations or credit card operations;	Clause 8 (1) (I) : Non-adherence to the instructions of Reserve Bank on ATM / Debit Card and Prepaid Card operations in India by the bank or its subsidiaries on any of the following: i. Account debited but cash not dispensed by ATMs

		<p>ii.Account debited more than once for one withdrawal in ATMs or for POS transaction</p> <p>iii.Less/Excess amount of cash dispensed by ATMs</p> <p>iv.Debit in account without use of the card or details of the card</p> <p>v. Use of stolen/cloned cards</p> <p>vi.Others</p> <p>Clause 8 (1) (m) : Non-adherence by the bank or its subsidiaries to the instructions of Reserve Bank on credit card operations on any of the following:</p> <p>i.Unsolicited calls for Add-on Cards, insurance for cards etc.</p> <p>ii.Charging of Annual Fees on Cards issued free for life</p> <p>iii.Wrong Billing/Wrong Debits</p> <p>iv.Threatening calls/ inappropriate approach of recovery by recovery agents including non-observance of Reserve Bank guidelines on engagement of recovery agents</p> <p>v.Wrong reporting of credit information to Credit Information Bureau</p> <p>vi.Delay or failure to review and correct the credit status on account of wrongly reported credit information to Credit Information Bureau</p> <p>vii.Others</p>
3	Clause 8 (1) (n) : New ground of complaint	<p>Clause 8 (1) (n) :</p> <p>Non-adherence to the instructions of Reserve Bank with regard to Mobile Banking / Electronic Banking service in India by the bank on any of the following:</p> <p>i. delay or failure to effect online payment / Fund Transfer,</p> <p>ii. unauthorized electronic payment / Fund Transfer,</p>

4	<p>Clause 8 (1) (w) : New ground of complaint</p>	<p>Clause 8 (1) (w): Non-adherence to Reserve Bank guidelines on para-banking activities like sale of insurance / mutual fund /other third party investment products by banks with regard to following:</p> <ul style="list-style-type: none"> i. improper, unsuitable sale of third party financial products ii. non-transparency / lack of adequate transparency in sale iii. non-disclosure of grievance redressal mechanism available iv. delay or refusal to facilitate after sales service by banks
5	<p>Clause 11 : Settlement of complaint by agreement: (1) As soon as it may be practicable to do, the Banking Ombudsman shall send a copy of the complaint to the branch or office of the bank named in the complaint, under advice to the nodal officer referred to in sub-clause (3) of clause 15, and endeavour to promote a settlement of the complaint by agreement between the complainant and the bank through conciliation or mediation. (2) For the purpose of promoting a settlement of the complaint, the Banking Ombudsman may follow such procedure as he may consider just and proper and he shall not be bound by any rules of evidence.</p>	<p>Clause 11 : Settlement of complaint by agreement: (1) As soon as it may be practicable to do, the Banking Ombudsman shall send a copy of the complaint to the branch or office of the bank or its subsidiary named in the complaint, under advice to the nodal officer referred to in Sub-Clause (3) of Clause 15, and endeavour to promote a settlement of the complaint by agreement between the complainant and the bank or its subsidiary through conciliation or mediation. (2) For the purpose of promoting a settlement of the complaint, the Banking Ombudsman shall not be bound by any rules of evidence and may follow such procedure as he may consider just and proper, which shall, however, at the least, require the Banking Ombudsman to provide an opportunity to the complainant to furnish his/her submissions in writing along with documentary evidence within a time limit on the written submissions made by the bank. Provided, where the Banking Ombudsman is of the opinion that the documentary evidence furnished and written submissions by both the</p>

	<p>(3) The proceedings before the Banking Ombudsman shall be summary in nature.</p>	<p>parties are not conclusive enough to arrive at a decision, he may call for a meeting of bank or the concerned subsidiary and the complainant together to promote an amicable resolution.</p> <p>Provided further that where such meeting is held and it results in a mutually acceptable resolution of the grievance, the proceedings of the meeting shall be documented and signed by the parties specifically stating that they are agreeable to the resolution and thereafter the Banking Ombudsman shall pass an order recording the fact of settlement annexing thereto the terms of the settlement.</p> <p>3) The Banking Ombudsman may deem the complaint as resolved, in any of the following circumstances:</p> <p>a. Where the grievance raised by the complainant has been resolved by the Bank or the concerned subsidiary of a bank with the intervention of the Banking Ombudsman; or</p> <p>b. The complainant agrees, whether in writing or otherwise, to the manner and extent of resolution of the grievance provided by the Banking Ombudsman based on the conciliation and mediation efforts; or</p> <p>c. In the opinion of the Banking Ombudsman, the bank has adhered to the banking norms and practices in vogue and the complainant has been informed to this effect through appropriate means and complainant's objections if any to the same are not received by Banking Ombudsman within the time frame provided.</p> <p>(4) The proceedings before the Banking Ombudsman shall be summary in nature.</p>
6	<p>Clause 12 (5): Notwithstanding anything contained in sub-clause (4), the Banking Ombudsman shall</p>	<p>Clause 12(5) : Notwithstanding anything contained in sub-clause (4), the Banking Ombudsman shall not</p>

	not have the power to pass an award directing payment of an amount which is more than the actual loss suffered by the complainant as a direct consequence of the act of omission or commission of the bank, or ten lakh rupees whichever is lower.	have the power to pass an award directing payment of an amount which is more than the actual loss suffered by the complainant as a direct consequence of the act of omission or commission of the bank, or two million rupees whichever is lower.
7	<p>Clause 12 (6):</p> <p>In the case of complaints, arising out of credit card operations, the Banking Ombudsman may also award compensation not exceeding Rs 1 lakh to the complainant, taking into account the loss of the complainant's time, expenses incurred by the complainant, harassment and mental anguish suffered by the complainant.</p>	<p>Clause 12 (6) :</p> <p>The Banking Ombudsman may also award compensation in addition to the above but not exceeding ₹ 0.1 million to the complainant, taking into account the loss of the complainant's time, expenses incurred by the complainant, harassment and mental agony suffered by the complainant.</p>
8	<p>Clause 13 : Rejection of the complaint :</p> <p>The Banking Ombudsman may reject a complaint at any stage if it appears to him that the complaint made is;</p> <p>(a) not on the grounds of complaint referred to in clause 8 or otherwise not in accordance with sub clause (3) of clause 9;</p>	<p>Clause 13 : Rejection of the complaint :</p> <p>The Banking Ombudsman may reject a complaint at any stage if it appears to him that the complaint made is;</p> <p>a. Not on the grounds of complaint referred to in clause 8; Or</p> <p>b. Otherwise not in accordance with Sub Clause (3) of clause 9;</p>
9	<p>Clause 14 : Appeal before the Appellate Authority:</p> <p>(1) Any person aggrieved by an Award under clause 12 or rejection of a complaint for the reasons referred to in sub clauses (d) to (f) of clause 13, may within 30 days of the date of receipt of communication of Award or rejection of complaint, prefer an appeal before the Appellate Authority;</p>	<p>Clause 14 : Appeal before the Appellate Authority:</p> <p>(1) Party to the complaint aggrieved by an Award under Clause 12 or rejection of a complaint for the reasons referred in sub clauses (d) requiring consideration of elaborate documentary and oral evidence (e) without any sufficient cause (f) not pursued with reasonable diligence (g) no loss or damage or inconvenience caused to the complainant of Clause 13, may within 30 days of the date of receipt of communication of Award or rejection of complaint, prefer an appeal before the Appellate Authority;</p>

The enlarged scope of the Scheme coupled with increased awareness among the common persons about it as a result of continuous publicity measures and outreach programmes initiated by RBI and the OBOs, have resulted in increasing the volume of complaints, from 38,000 in the year 2006-07 to 130,000 in 2016-17.

The increasing volume of complaints combined with the need for enhancing the reach of the BO Scheme, the RBI, during 2016-17 opened new OBOs at Dehradun, Jammu, Raipur, Ranchi and additional OBO at New Delhi, taking the number of OBOs from 15 to 20. Revised areas of jurisdiction is given in the Annex I of this report.

During the year, the twenty OBOs received 130987 complaints. A detailed analysis of the complaints handled by the OBOs during the year is given in the ensuing chapter.

Profile of customer complaints handled by OBOs

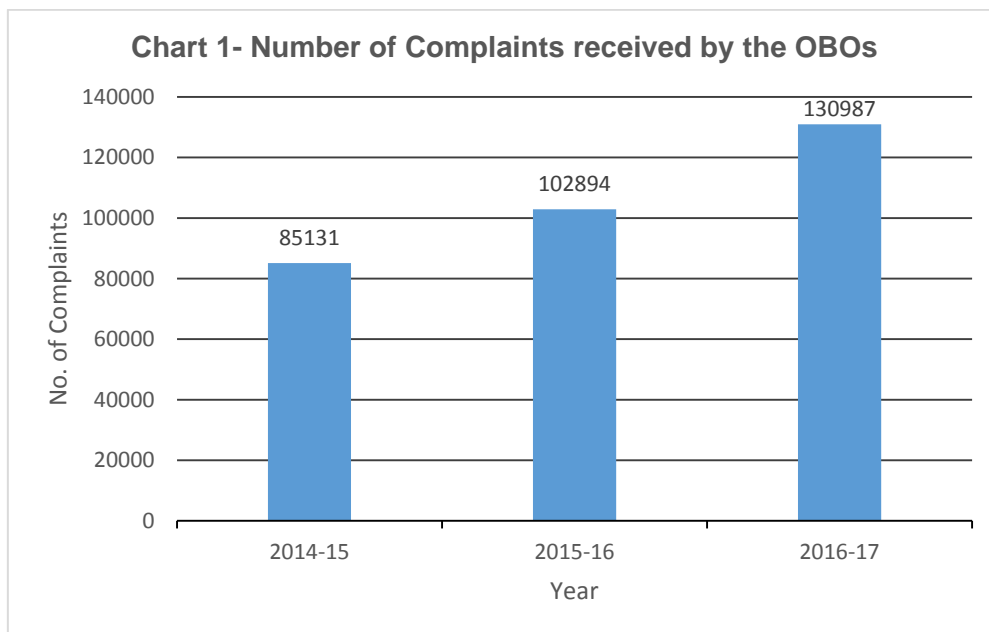
Particulars	2014-15	2015-16	2016-17
Complaints brought forward from previous year	3,307	3,778	5,524
Complaints received	85,131	102,894	130,987
Total No of complaints handled	88,438	106,672	136,511
Complaints disposed	84,660	101,148	125,319
Complaints pending at the end of the year	3,778 (4%)	5,524 (5%)	11,192 (8%)
Complaints Pending for less than one month	2,375 (2.55%)	3,136 (2.9%)	4,511 (3.10%)
Complaints Pending for one to two months	1,207 (1.23%)	1675 (1.5%)	3,181 (2.35%)
Complaints Pending for two to three months	105 (0.12%)	481 (0.4%)	1,361 (1%)
Complaints Pending for more than three months	91 (0.1%)	232 (0.2%)	2,139 (1.55%)
Appeals pending at beginning of the year	30	15	3
Appeals received	73	34	15
Total no. of Appeals handled	103	49	18
Appeals Disposed	88	46	11
Appeals pending at the end of the year	15	3	7
Representations to review the decision of BOs	810	855	835

2. Receipt of Complaints

2.1 Comparative position of complaints received by twenty offices of Banking Ombudsman (OBOs) during the last three years is given in Table 1, Chart 1.

Table 1 - Number of complaints received by OBOs

	2014-15	2015-16	2016-17
No. of OBOs	15	15	20
Complaints received during the year	85131	102894	130987



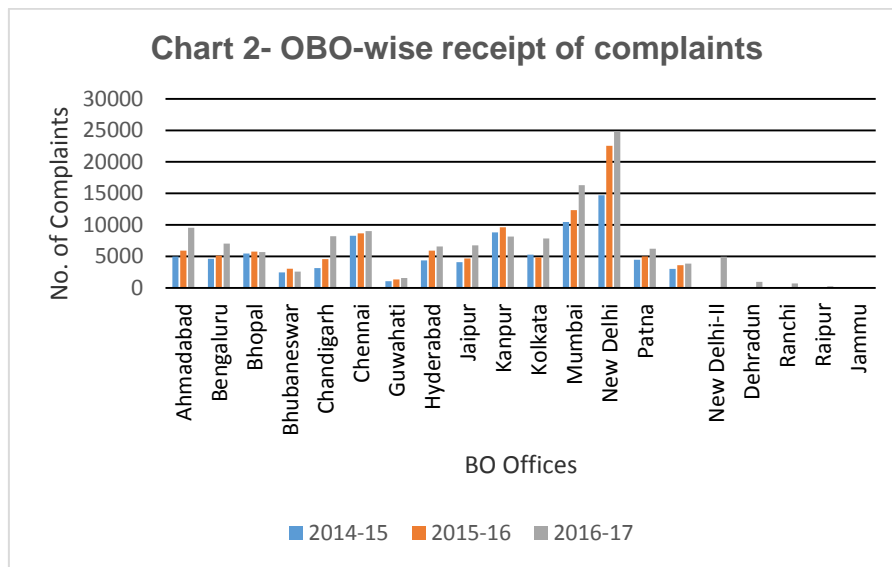
Compared to previous year, complaints increased by 21% in 2015-16 and 27 % in the year 2016-17. Increasing awareness about the BO Scheme and increasing customer base dominated by young generation bank customers' aware about their rights, are some of the reasons for increase in volume of complaints received in the OBOs.

OBO-wise receipt of complaints

2.2 Comparative position of complaints received by OBOs 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 2016-17 over 2015-16	% to total complaints
	2014-15	2015-16	2016-17		
Ahmadabad	4,965	5,909	9,552	61.65%	7.29%
Bengaluru	4,610	5,119	7,042	37.57%	5.38%
Bhopal	5,451	5,748	5,671	-1.34%	4.33%
Bhubaneswar	2,448	3,050	2,582	-15.34%	1.97%
Chandigarh	3,131	4,571	8,189	79.15%	6.25%
Chennai	8,285	8,645	9,007	4.19%	6.88%
Guwahati	1,054	1,328	1,569	18.15%	1.20%
Hyderabad	4,366	5,910	6,570	11.17%	5.02%
Jaipur	4,088	4,664	6740	44.51%	5.15%
Kanpur	8,818	9,621	8,150	-15.29%	6.22%
Kolkata	5,277	4,846	7,834	61.66%	5.98%
Mumbai	10,446	12,333	16,299	32.16%	12.44%
New Delhi	14,712	22,554	24,837	10.12%	18.96%
Patna	4,456	5,003	6,225	24.43%	4.75%
Thiruvananthapuram	3,024	3,593	3,855	7.29%	2.94%
New Delhi-II *	0	0	4,935	-	3.77%
Dehradun *	0	0	948	-	0.72%
Ranchi *	0	0	715	-	0.55%
Raipur*	0	0	237	-	0.18%
Jammu*	0	0	30	-	0.02%
Total	85,131	102,894	130,987	27.30%	



OBO New Delhi received the highest number of complaints (24837) with 19% of the total complaints received. Four metro centres OBOs viz. New Delhi I, Chennai, Kolkata, Mumbai and two non-metro centres viz. OBO Ahmedabad and Chandigarh put together, accounted for 58 % of the total complaints received. OBO Ahmedabad, Chandigarh and Kolkata recorded more than 50% increase in complaints received compared to previous year.

Zone-wise distribution of complaints

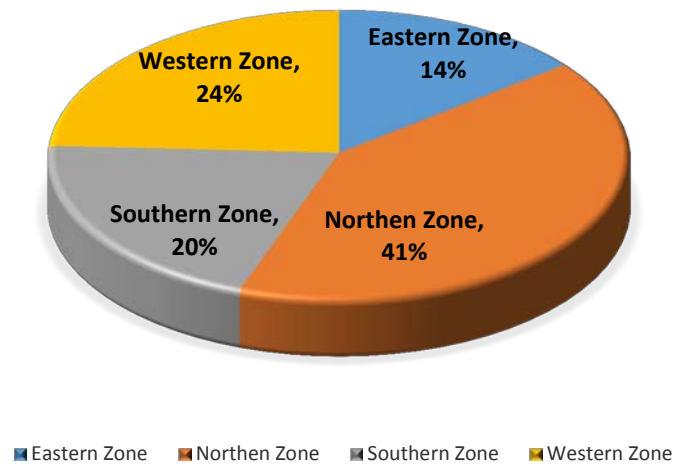
2.3. Zone-wise distribution of complaints is shown in Table 3 and Chart 3.

Table 3 - Zone-wise distribution of complaints

EASTERN ZONE	2015-16	2016-17	%change
Bhubaneswar	3050	2582	-15.34%
Guwahati	1328	1569	18.15%
Kolkata	4846	7834	61.66%
Patna	5003	6225	24.43%
Ranchi*	0	715	-
	14227	18925	33.02%
NORTHERN ZONE			
Chandigarh	4571	8189	79.15%
Dehradun *	0	948	-
Jaipur	4664	6740	44.51%
Jammu *	0	30	-
Kanpur	9621	8150	-15.29%
New Delhi	22554	24837	10.12%
New Delhi II *	0	4935	-
	41410	53829	29.99%
SOUTHERN ZONE			
Bengaluru	5119	7042	37.57%
Chennai	8645	9007	4.19%
Hyderabad	5910	6570	11.17%
Thiruvananthapuram	3593	3855	7.29%
	23267	26474	13.78%
WESTERN ZONE			
Ahmedabad	5909	9552	61.65%
Bhopal	5748	5671	-1.34%
Mumbai	12333	16299	32.16%
Raipur *	0	237	-
	23990	31759	32.38%

*OBO Ranchi operationalised wef 22.12.2016, Dehradun wef 16.12.2016, Jammu wef 12.4.2017, New Delhi II wef 20.10.2016 and Raipur wef 7.4.2017

Chart 3- Zone-wise distribution of complaints



Northern Zone accounted for 41% of total complaints received. Eastern, Southern and Western Zones accounted for 14%, 20% and 24% respectively. Year-on-year basis, complaints increased by 33% in Eastern and Western zone, 30% in Northern Zone and 14% in Southern Zone.

Population group-wise distribution of complaints received

2.4 Population group-wise distribution of complaints during the last three years is given in Table 4 and Chart 4.

Table 4 - Population group-wise distribution of complaints received

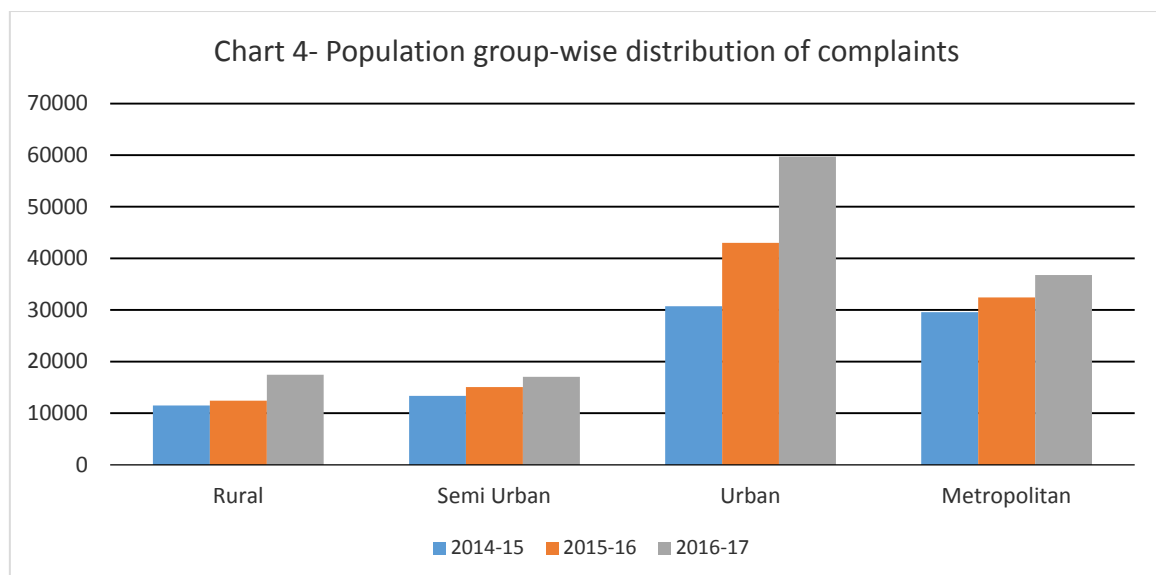
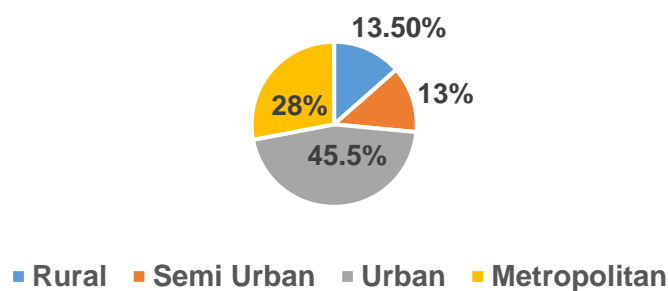
Population Group	No of complaints received during			% increase decrease (Year-on- year)
	2014-15	2015-16	2016-17	
Rural	11,484 (13%)	12,420 (12%)	17,458 (13.5%)	40.56%
Semi Urban	13,363 (16%)	15,048 (15%)	17,040 (13%)	13.24%
Urban	30,710 (36%)	42,994 (42%)	59,721 (45.5%)	38.91%
Metropolitan	29,574 (35%)	32,432 (31%)	36,768 (28%)	13.37%
Total	85,131	102,894	130,987	

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

As may be seen from the table above, the share of complaints from Metropolitan areas has shown a linear decline of 35% of total complaints in 2014-15 to 31% in 2015-16 and further to 28% during 2016-17. Similarly the share of complaints in urban areas increased from 36% in 2014-15 to 42% in 2015-16 and 45.5% in 2016-17. The declining trend in metros and semi urban areas is outstripped by the rise of complaints in the urban areas.

Urban and Metropolitan areas contributed 73.5% of the total complaints. Year-on-year basis, Rural Population Group recorded phenomenal increase of 41%, whereas, complaints from urban areas increased by 39%, Metropolitan areas by 13% and in Rural and Semi-urban areas 13% respectively.

Population group-wise distribution of complaints received - 2016-17



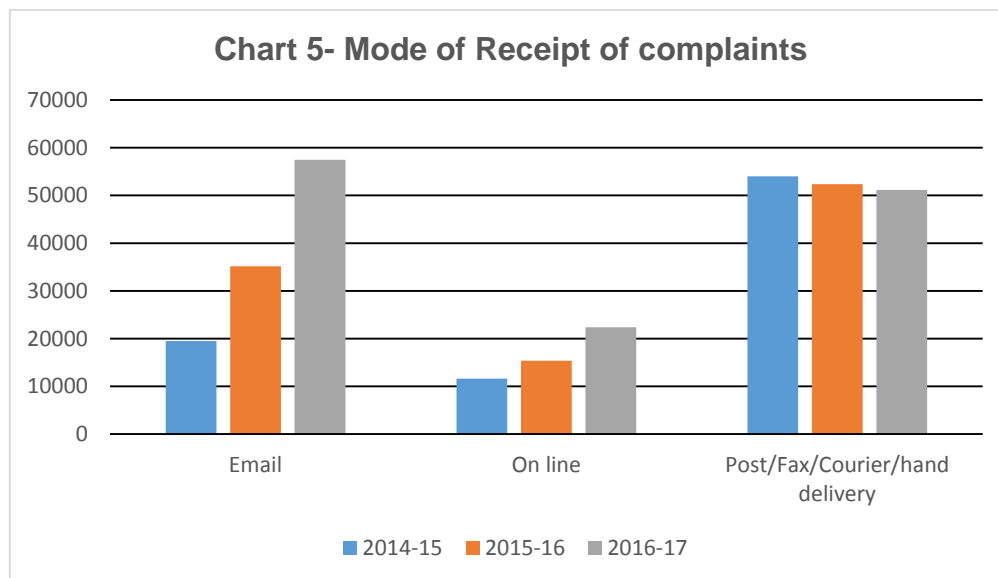
Modes of Receipt of complaints

2.5 Complaints are received in the OBOs through various modes viz., hand delivery, post, courier, fax or e-mail. Complaints can also be lodged online through the CTS which is accessible from the website of RBI. Comparative position of complaints received through various modes during the last three years is indicated in Table 5 and Chart 5.

Table 5 – Mode of Receipt of complaints

Mode of Receipt	No. of Complaints received during				% change (Year-on-year)
	2014-15	2015-16	% (Year-on-Year)	2016-17	
Email	19,508 (23%)	35,169 (34%)	80.28%	57,472 (44%)	63.42%
On line	11,634 (14%)	15,378 (15%)	32.18%	22,366 (17%)	45.44%
Post/Fax/Courier/hand delivery	53,989 (63%)	52,347 (51%)	-3.04%	51,149 (39%)	-2.29%
Total	85,131	102,894		130,987	

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



It can be seen that complainants are preferring electronic mode (Email/Online) for lodging complaints. The complaints lodged through Email and through the online CTS increased from 49% in 2015-16 to 61% in 2016-17. During the last three years proportion of complaints lodged through physical mode has declined from 63% in 2014-15 to 51% in 2015-16 and further to 39% 2016-17. Year-on-year basis, the

proportion of complaints lodged through Email has increased substantially by 63% followed by Online 45%.

Complainant group-wise classification

2.6 The individual bank customers constitute the single largest complainants group under BOS. During the year, 93% of complaints were received from individual customers including senior citizens. Break-up of complaints received from various complainant groups is given in Table 6.

Table 6 – Complainant group-wise classification

	Complaints Received		
	2014-15	2015-16	2016-17
Individual	78,353 (92%)	94,186 (91.54%)	120,105 (91.69%)
Individual- Business	2,566 (3%)	3,312 (3.22%)	3,855 (2.94%)
Proprietorship/Partnership	255 (0.3%)	310 (0.3%)	417 (0.32%)
Limited Company	699 (0.8%)	936 (0.91%)	1047 (0.80%)
Trust	224 (0.3%)	288 (0.28%)	307 (0.23%)
Association	281 (0.3%)	316 (0.31%)	307 (0.23%)
Government Department	376 (0.4%)	561 (0.54%)	491 (0.37%)
PSU	234 (0.3%)	524 (0.51%)	190 (0.15%)
Senior Citizen	1318 (1.55%)	1569 (1.52%)	1745 (1.33%)
Others	825 (0.97%)	892 (0.87%)	2523 (1.93%)
TOTAL	85,131	102,894	130,987

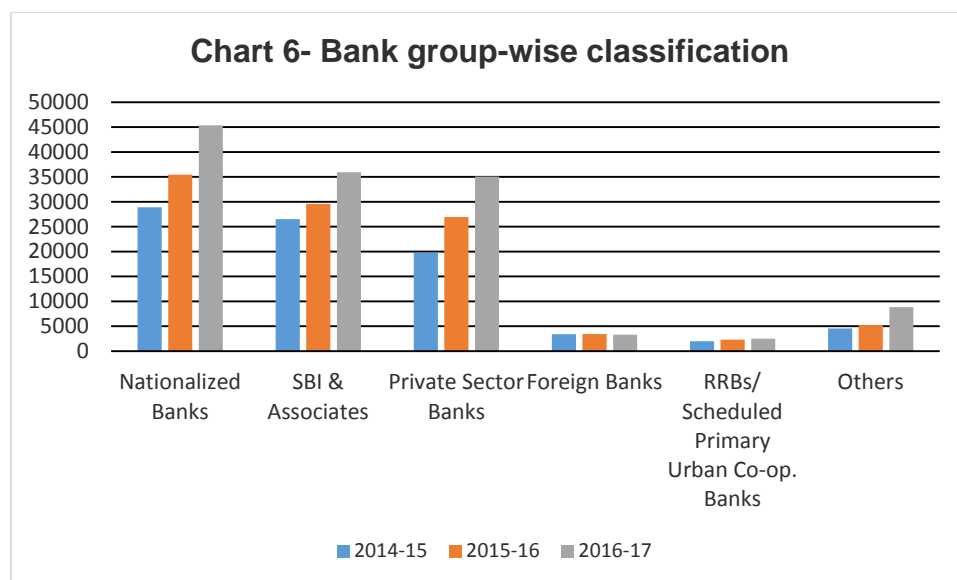
(*Figures in bracket indicate %age to total complaints of respective year)

Bank group-wise classification

2.7 Bank-group wise classification of complaints received by OBOs during the last three years is indicated in Table 7 and Chart 6.

Table 7 - Bank group-wise classification

Bank Group	No of Complaints Received During				% change (Year-on-year)
	2014-15	2015-16	% (year on year)	2016-17	
Nationalized Banks	28,891 (34%)	35,447 (35%)	22.69%	45,364 (35%)	27.98%
SBI & Associates	26,529 (31%)	29,585 (29%)	11.52%	35,950 (27%)	21.51%
Private Sector Banks	19,773 (23%)	26,931 (26%)	36.20%	35,080 (26.5%)	30.26%
Foreign Banks	3,406 (4%)	3413 (3%)	0.21%	3284 (2.5%)	-3.78%
RRBs/ Scheduled Primary Urban Co-op. Banks	1966 (2%)	2293 (2%)	16.63%	2481 (2%)	8.20%
Others	4,566 (6%)	5225 (5%)	14.43%	8828 (7%)	68.96%
Total	85,131	102,894		130,987	27.30%



Public Sector Banks accounted for 62% of the total complaints out of which 27% complaints were against SBI & Associates although the share of complaints during 2014-15 to 2015-16 decreased from 31% to 29% and further to 27% in 2016-17. Complaints of Private Sector Banks showed the rising trend during the last three years. Private Sector Banks accounted for 26.5% whereas Foreign Banks accounted for 2.5% of complaints received. Regional Rural Banks and Scheduled Urban Co-operative Banks accounted for 2% of the complaints. 7% of the complaints were against other non-bank entities not covered under the Scheme.

The detailed bank-wise (Scheduled Commercial Banks) and complaint category-wise break-up of complaints received during the year 2016-17 is given at Annex V.

3. Nature of Complaints Handled

3.1 The grounds for lodging a complaint with OBO have been specified under Clause 8 of the BOS 2006. There are 30 grounds of complaints as per the BOS 2006. Complaints received under these grounds are grouped into broad categories indicated in the table below. The Table 8 and Chart 7 indicate the proportion of complaints received under these categories to the total complaints received during the last three years.

Table 8 – Category-wise distribution of complaints

	No of complaints received		
	2014-15	2015-16	2016-17
Failure to meet commitments /Non observance of Fair Practice Code/BCSBI Codes	24850 (29.2%)	34928 (33.9%)	44379 (33.9%)
Others	14482 (17%)	16988 (16.5%)	23169 (17.7%)
ATM/ Debit Cards	10651 (12.5%)	13081 (12.7%)	16434 (12.5%)
Pension Payments	5777 (6.8%)	6342 (6.2%)	8506 (6.5%)
Credit Cards	7472 (8.7%)	8740 (8.5%)	8297 (6.4%)
Levy of Charges without prior notice	5510 (6.5%)	5705 (5.5%)	7273 (5.6%)
Deposit accounts	4661 (5.5%)	5046 (4.9%)	7190 (5.5%)
Out of purview of BO Scheme	3774 (4.4%)	3751 (3.7%)	6230 (4.8%)
Loans and advances	4846 (5.7%)	5399 (5.3%)	5559 (4.2%)
Remittances	2700 (3.2%)	2494 (2.4%)	3287 (2.5%)
DSAs and recovery agents	347 (0.4%)	357 (0.3%)	330 (0.25%)
Notes and coins	61 (0.1%)	63 (0.1%)	333 (0.25%)
Total	85,131	102,894	130,987

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

Chart 7 – Category-wise distribution of complaints

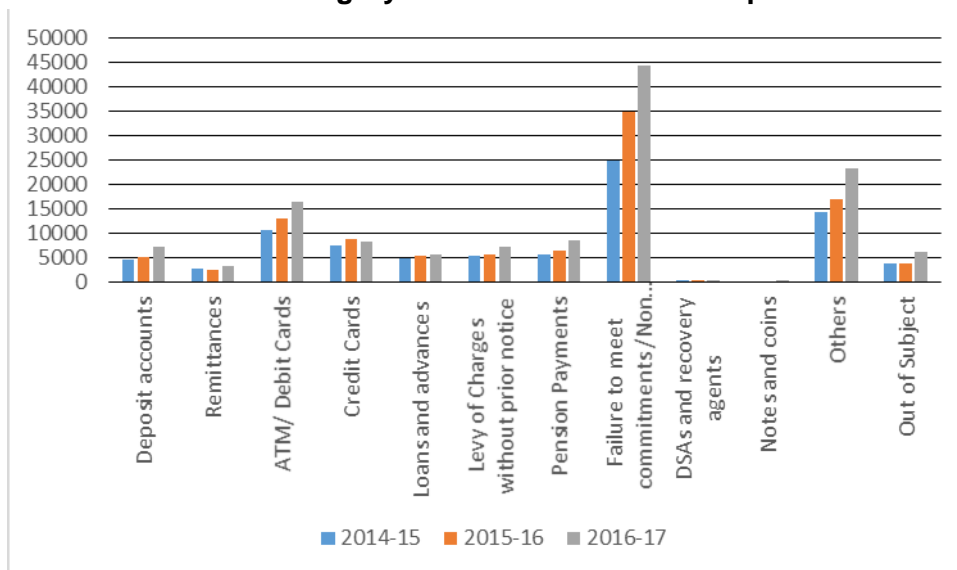


Table 8 A - Break up of Complaints in 'Failure to meet commitments/Non observance of Fair Practice Code/BCSBI Codes' Category

Sub Category	No of complaints		
	2014-15	2015-16	2016-17
Non observance of Fair Practice Code	16531 (19.4%)	23740 (23.1%)	31769 (24.3%)
Failure to meet commitments	6997 (8.2%)	7977 (7.8%)	8911 (6.8%)
Non adherence to BCSBI Codes	1322 (1.6%)	3211 (3.1%)	3699 (2.8%)
Sub-Total	24850 (29.2%)	34928 (33.9%)	44379 (33.9%)
Total No. of complaints received	85131	102894	130987

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

Table 8 B - Breakup of ATM/Debit Card Complaints

Sub Category	No of complaints		
	2014-15	2015-16	2016-17
Non-Payment of Cash	6128 (7.2%)	7095 (6.9%)	9656 (7.4%)
Short Payment of cash	862 (1%)	1164 (1.1%)	1222 (0.9%)
Others	3661 (4.3%)	4822 (4.7%)	5556 (4.2%)
Sub-Total	10651 (12.5%)	13081 (12.7%)	16434 (12.5%)
Total No. of complaints received	85131	102894	130987

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

Table 8 C - Breakup of Complaints in "Others' Category

Sub Category	2014-15	2015-16	2016-17
i.Non adherence to RBI directives on :			
I. Banking or other services	5318 (6.25%)	4529 (4.4%)	5202 (4%)
II. Interest rates (loans and advances)	918 (1.08%)	957 (0.9%)	1051 (0.8%)
III. Any other direction or instruction as may be specified by the RBI on loans and advances	7373 (8.66%)	10401 (10.1%)	13986 (10.7%)
ii. Non Adherence to Prescribed Working Hours	102 (0.12%)	148 (0.1%)	387 (0.3%)
iii. Refusal to accept or delay in accepting payment towards taxes as required by RBI/Govt	171 (0.20%)	230 (0.2%)	183 (0.1%)
iv. Refusal to issue or delay in issuing or failure to service or delay in servicing or redemption of Government Securities	75 (0.09%)	101 (0.1%)	210 (0.2%)
v. Others	525 (0.62%)	622 (0.6%)	2150 (1.6%)
Sub-Total	14482 (17.01%)	16988 (16.5%)	23169 (17.7%)
Total No. of complaints received	85131	102894	130987

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

3.2 Failure to meet commitments /Non observance of fair practices code/BCSBI Codes accounting for 33.9% of total complaints remained the major category of complaints in the year 2016-17 as was the case in the previous two years. Training of the frontline staff on the Fair Practices Code of BCSBI, regulatory instructions, and monitoring by the Top Management will help to bring down the complaints under this category.

3.3 As reflected in the above table, there is a decline in the number in the credit card related complaints as well as their percentage share of these complaints. At the same time there is a perceptible rise in the number of ATM /debit card related complaints which increased by 12.5% during the year under review. Card related complaints (Debit and Credit) comprised 18.9% of total complaints and accounted for the second highest number of complaints. Out of a total of 24731 card related complaints, 16434 complaints pertained to ATM/Debit Cards (12.5% of total complaints received). Non-dispensation/short dispensation of cash in ATM withdrawals were the major causes of complaints under this category. Complaints related to Credit Cards constituted 6.4% of total complaints received during 2016-17.

3.4 Pension related complaints constituted 6.5% of the total complaints. Delayed payment, errors in calculations, difficulties in converting the pension to family pension on demise of pensioner, non-cooperation of staff etc. were the area of grievance under this category.

3.5 'Levy of charges without prior notice' comprised 5.5% of total complaints received. Levying charges for non-maintenance of minimum balance, processing fees, pre-payment penalties, cheque collection charges were some of the major reasons of complaints in this area.

3.6 Delay 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 accounts maintained with a bank, etc., were the major reasons for complaints related to 'Deposit Accounts' which accounted for 5.5% of total complaints received.

3.7 Complaints on 'loans and advances' at 4.2 % of the complaints received mainly pertained to delay in sanction, disbursement, non observance of prescribed time schedule for disposal of loan applications and non-acceptance of application without valid reasons.

3.8 Non-payment or delay in payment of inward remittances, non-payment or inordinate delay in the payment or in the collections of collection of cheques, drafts, bills etc. were the major reasons for complaints received under the category of 'Remittances' which represented 2.5% of total complaints.

3.9 'Others' category of complaints includes those pertaining to non-adherence with prescribed working hours, delay in providing banking facilities, refusal/delay in accepting payment towards taxes as required by RBI/Government, refusal/delay in issuing/servicing or redemption of government securities, non-adherence to RBI directives, etc. These complaints constituted 17.7% of the total complaints.

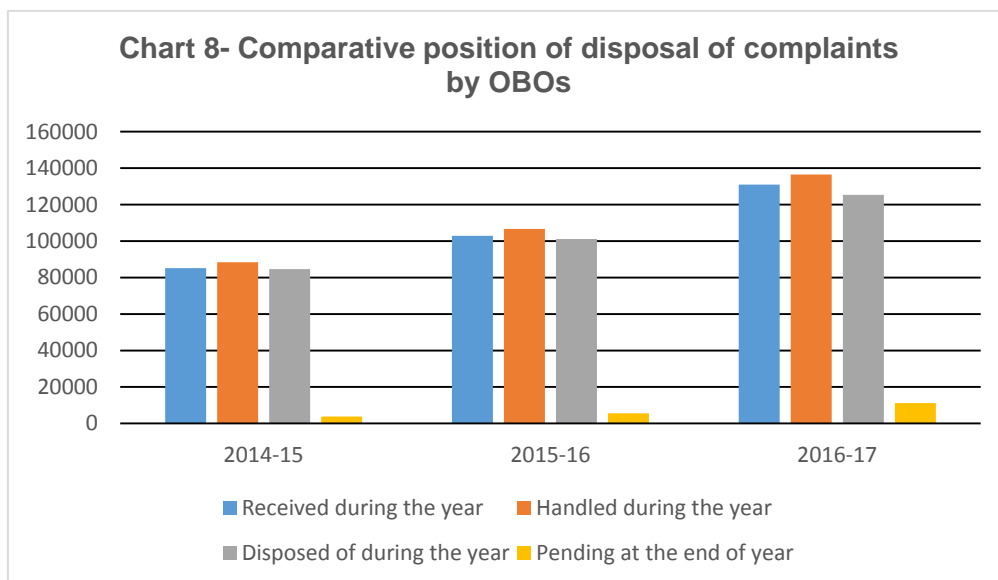
3.10 'Out of Subject' is the category of complaints which are not on the grounds of complaints specified under Clause 8 of the BOS. 4.8% of the complaints received during the year fell under this category.

4. Disposal of Complaints

4.1 During the year OBOs handled 1,36,511 complaints, including 5,524 complaints pertaining to last year. As on June 30, 2017, OBOs managed to dispose 92% of the complaints handled during the year. Table 9 and Chart 8 below indicate a comparative position of disposal of complaints by OBOs.

Table 9- Comparative position of disposal of complaints by OBOs

Number of complaints	Year		
	2014-15	2015-16	2016-17
Received during the year	85131	102894	130987
Brought forward from previous year	3307	3778	5524
Handled during the year	88438	106672	136511
Disposed of during the year	84660	101148	125319
Rate of Disposal (%)	96%	95%	92%
Carried forward to the next year	3778	5524	11192



Compared to previous years, complaints increased by 11% in 2014-15, 21% in 2015-16 and 27 % in the year 2016-17. Although the rate of disposal declined from 95% to 92% during the year, the actual number of complaints handled increased by 28%.

OBO wise position of complaints disposed during the year 2016-17 is indicated in Table 10 below:

Table 10 - OBO wise position of complaints disposed during 2016-17

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	0	9552	9552	9552	0	100.00%
Bengaluru	131	7042	7173	7169	4	99.94%
Bhopal	216	5671	5887	5599	288	95.11%
Bhubaneswar	8	2582	2590	2580	10	99.61%
Chandigarh	41	8189	8230	8229	1	99.99%
Chennai	116	9007	9123	9033	90	99.01%
Guwahati	37	1569	1606	1549	57	96.45%
Hyderabad	337	6570	6907	6714	193	97.21%
Jaipur	232	6740	6972	6720	252	96.39%
Kanpur	1457	8150	9607	6444	3163	67.08%
Kolkata	278	7834	8112	8065	47	99.42%
Mumbai	887	16299	17186	15503	1683	90.21%
New Delhi I	1584	24837	26421	22896	3525	86.66%
Patna	93	6225	6318	5910	408	93.54%
Thiruvananthapuram	107	3855	3962	3649	313	92.10%
New Delhi-II*	0	4935	4935	4010	925	81.27%
Dehradun*	0	948	948	799	149	84.28%
Ranchi*	0	715	715	649	66	90.77%
Raipur*	0	237	237	222	15	93.67%
Jammu*	0	30	30	27	3	90.00%
Total	5524	130987	136511	125319	11192	92.00%

*offices opened in 2016-17

Disposal of complaints

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

Non-Maintainable complaints are returned to the complainants stating the reason. Lack of awareness about the applicability of the Scheme is an important reason for this non-maintainable and maintainable complaints being in the same range.

Maintainable Complaints

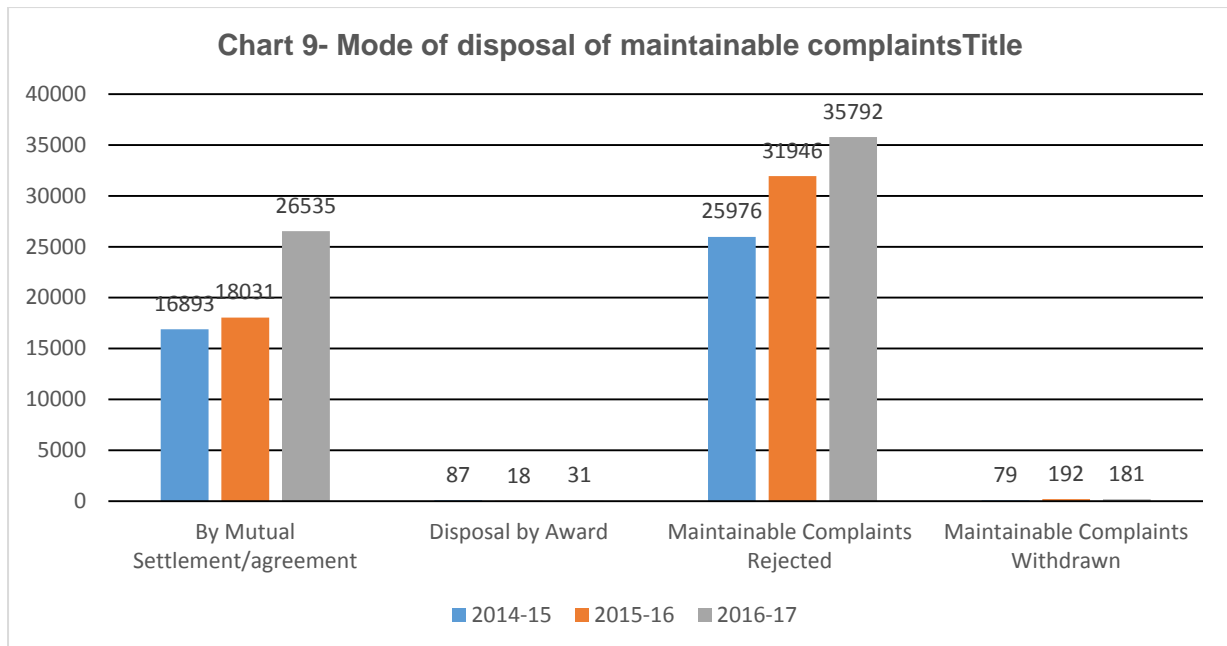
4.3 The redressal process under the Scheme envisages settlement of dispute by conciliation and mutual agreement. This is evident from the Clause 7(2) of the Scheme which states that "The Banking Ombudsman shall receive and consider complaints relating to the deficiencies in banking or other services filed on the grounds mentioned in clause 8 irrespective of the pecuniary value of the deficiency in service complained and facilitate their satisfaction or settlement by agreement or through conciliation and mediation between the bank concerned and the aggrieved parties or by passing an Award as per the provisions of the Scheme".

The initial efforts of the BO is to try to settle the dispute by mutual agreement. Only in extreme cases where conciliation efforts fail, the BO resorts to giving a decision or passing an Award. Table 11 and Chart 9 below indicate the mode of disposal of Maintainable complaints.

Table 11 - Mode of disposal of maintainable complaints

Disposal of Maintainable Complaints	2014-15	2015-16	2016-17
By Mutual Settlement/agreement	16893 (39.3%)	18031 (35.93%)	26535 (42.43%)
Disposal by Award	87 (0.2%)	18 (0.04%)	31 (0.05%)
Maintainable Complaints Rejected	25976 (60.3%)	31946 (63.65%)	35792 (57.23%)
Maintainable Complaints Withdrawn	79 (0.2%)	192 (0.38%)	181 (0.29%)
Total maintainable complaints disposed	43035	50187	62539

(* Figures in brackets indicate percentage to Maintainable Complaints)



42.43% of the maintainable complaints were resolved by mutual settlement whereas Awards were passed only in 0.05% of cases. 57.23% maintainable complaints were rejected after examination whereas 0.29% complaints were withdrawn by the complainants.

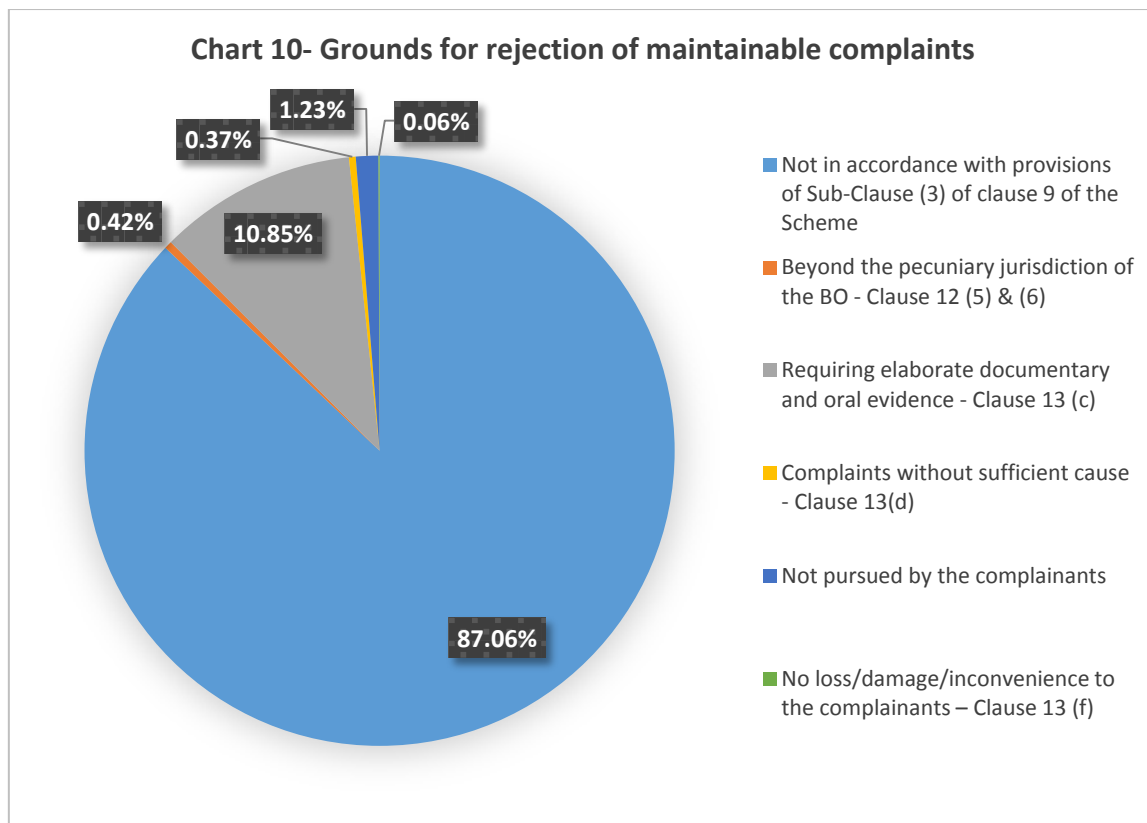
Grounds for rejection of Maintainable complaints

4.4 The grounds for rejection of Maintainable complaints and their proportion to total complaints received during the year are indicated in the Table 12 and Chart 10.

Table 12 - Grounds for rejection of Maintainable complaints

Sr. No.	Ground for Rejection	No of complaints rejected	% to Rejected Complaints	% to Total Complaints
1	Not in accordance with provisions of Sub-Clause (3) of clause 9 of the Scheme which deals with the procedure for filing complaints	31162	87.06%	23.79%
2	Beyond the pecuniary jurisdiction of the BO - Clause 12 (5) & (6)	152	0.42%	0.12%
3	Requiring elaborate documentary and oral evidence - Clause 13 (c)	3883	10.85%	2.96%
4	Complaints without sufficient cause - Clause 13(d)	132	0.37%	0.10%
5	Not pursued by the complainants	440	1.23%	0.34%
6	No loss/damage/inconvenience to the complainants – Clause 13 (f)	23	0.06%	0.02%
7	Total	35792		27.32%

(* Figures in brackets indicate percentage to Maintainable Complaints-Rejected)



4.5. First Resort Complaints: Bank is the first touch point for the complainant for resolution of his grievance. Clause 9 (3) of the BOS stipulates that, "*No complaint to the Banking Ombudsman shall lie unless:- (a) the complainant had, before making a complaint to the Banking Ombudsman, made a written representation to the bank and the bank had rejected the complaint or the complainant had not received any reply within a period of one month after the bank received his representation or the complainant is not satisfied with the reply given to him by the bank*". In terms of this Clause the complainant must first approach his bank for redressal of his grievance. However, a large number of complainants approach the OBO without first approaching the bank. These complaints are termed First Resort Complaint (FRC) and returned to the complainant with suitable advice. However, a copy of the complaint is also forwarded to concerned bank for suitable resolution. 24% of the complaints received in the OBOs during the year were FRCs.

FRCs received online through the complaint form placed on the website of RBI are directly forwarded to the concerned bank for suitable action. During the year, 20077 FRCs received through this mode were forwarded to the banks concerned. The software used in OBOs for processing of complaints has the facility to forward FRCs

received in the OBO physical form, to concerned banks online by attaching scanned copy of the complaint. OBOs forwarded 3713 FRCs to concerned banks through this module during the year.

Awards Issued

4.6 BOs issued 31 Awards during the year. Of these, 20 have been implemented as on June 30, 2017. Out of 11 Awards remaining unimplemented, in five cases, banks have preferred appeal before the Appellate Authority, two Awards have lapsed and four Awards remained unimplemented as on June 30, 2017.

OBO-wise position of Awards issued during the year 2016-17 is indicated in Table 13 below:

Table 13 - OBO wise position of Awards issued during the year 2016-17

OBO	Awards Issued
Ahmedabad	0
Bengaluru	2
Bhopal	0
Bhubaneswar	1
Chandigarh	0
Chennai	1
Guwahati	0
Hyderabad	0
Jaipur	0
Kanpur	17
Kolkata	6
Mumbai	0
New Delhi	1
Patna	1
Thiruvananthapuram	0
New Delhi-II	0
Dehradun	2
Ranchi	0
Raipur	0
Jammu	0
Total	31

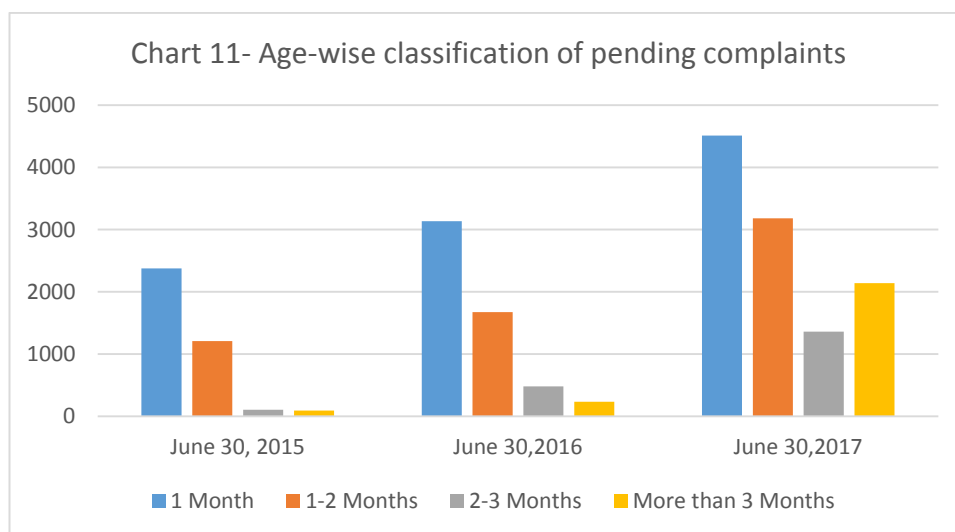
Age –wise classification of pending complaints

4.7 Table 14 and Chart 11 below indicate age-wise classification of pending complaints.

Table 14- Age-wise classification of pending complaints

Pending up to	June 30, 2015	June 30,2016	June 30,2017
1 Month	2375 (2.69%)	3136 (2.88%)	4511 (3.10%)
1-2 Months	1207 (1.36%)	1675 (1.51%)	3181 (2.35%)
2-3 Months	105 (0.12%)	481 (0.41%)	1361 (1%)
More than 3 Months	91 (0.1%)	232 (0.2%)	2139 (1.55%)
Total Pending	3778 (4%)	5524 (5%)	11192 (8%)
Complaints handled	88438	106672	136511

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



At the end of the year, 11,192 (8%) complaints were pending at all OBOs. Out of these, 3.10% complaints were pending for less than one month, 2.35% complaints were pending between one to two months, 1% complaints were pending between two to three months and 1.55% complaints were pending beyond three months.

5. Cost of Running the Scheme

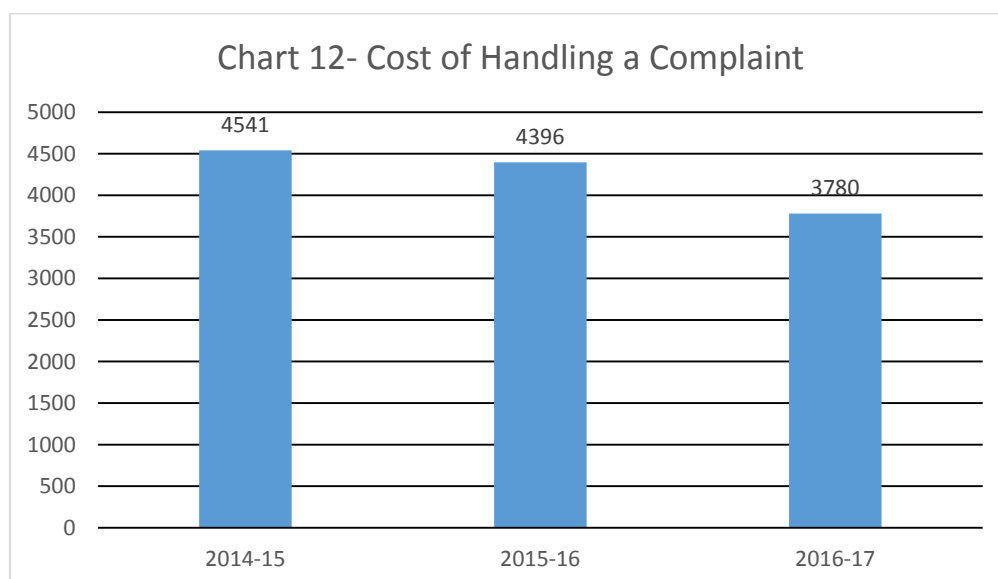
5.1 The expenditure incurred on running the BOS is fully borne by the RBI from the year 2006. This includes revenue expenditure and capital expenditure incurred on administration of the BOS. The revenue expenditure includes establishment items like salary and allowances of the staff attached to OBOs 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 15 and Chart 12.

Table 15 - Cost of handling a complaint

	2014-15	2015-16	2016-17
Total Cost (Rs. Million)	387	452	495
Complaints Received	85131	102894	130987
Average Cost of handling a Complaint (₹)	4541	4396	3780

The aggregate cost of running the BOS has increased from ₹ 452 million in 2015-16 to ₹ 495 million in 2016-17. The volume of complaints increased by 27.30% during this period, the average cost of handling a complaint has declined from ₹ 4396/- to ₹ 3780/-.



BO Office wise 'Per-Complaint Cost' for the year 2016-17 is given in Table 16

Table 16 - OBO wise 'Per-Complaint Cost' for the year 2016-17

OBO	Per Complaint Cost (₹)
Ahmedabad	4621
Bengaluru	3139
Bhopal	5208
Bhubaneswar	8748
Chandigarh	4349
Chennai	3236
Guwahati	5705
Hyderabad	4766
Jaipur	4277
Kanpur	5737
Kolkata	4984
Mumbai	4157
New Delhi	1690
Patna	3280
Thiruvananthapuram	5770
New Delhi-II	2117
Dehradun	5741
Ranchi	6163
Raipur	8649
Jammu	91306

6. Appeals against the Decisions of the BOs

6.1 The BOS provides an option of appeal to both the parties in terms of Clause 14 of the BOS 2006. Any party aggrieved by an Award issued by the BO under clause 12 or by rejection of a complaint for the reasons referred to in sub clauses (d) to (g) 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 Consumer Education and Protection Department is the designated Appellate Authority (AA). The secretarial assistance to the AA is provided by the Consumer Education and Protection Department (CEPD).

Position of appeal handled by the Appellate Authority during the year 2016-17 is given in Table 17 below.

Table 17 - Position of appeals

Particulars	No of Appeals
Appeals pending at the beginning	3
Appeals received during the year from complainants	7
Appeals received during the year from Banks	8
Total appeals handled during the year	18
Appeal disposed during the year	11
Pending at the end of the year	7
Mode of Disposal	
Appeals remanded to the BO for review	2
Appeals withdrawn / settled	3
Appeals rejected	-
Appeals allowed	6
Appeals Disposed during the year	
In favour of customers	5
In favour of banks	1

6.2 During the year 15 appeals were received against the decisions of BOs and including 3 appeals pending at the beginning of the year, the Appellate Authority

handled 18 appeals during the year of which the Appellate Authority disposed 11 appeals. The OBO wise position of appeals received during the year 2016-17 is given in Table 18.

Table 18 - OBO wise position of appeals received during the year 2016-17

OBO	No of Appeals
Ahmedabad	0
Bengaluru	0
Bhopal	0
Bhubaneswar	1
Chandigarh	0
Chennai	1
Guwahati	1
Hyderabad	0
Jaipur	0
Kanpur	8
Kolkata	2
Mumbai	0
New Delhi	0
Patna	2
Thiruvananthapuram	0
New Delhi-II	0
Dehradun	0
Ranchi	0
Raipur	0
Jammu	0
Total	15

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

The Department of Administrative Reforms and Public Grievances of Government of India has developed a web based application CPGRAMS for citizens to lodge online complaints. Government Departments and banks are sub-ordinate offices under this system to receive and redress complaints forwarded through this portal. CEPD, RBI is the Nodal Office for RBI. Twenty OBOs are sub-ordinate offices. Comparative position of complaints handled by OBOs through this portal is given in Table 19 below.

Table 19 - Position of Complaints received through CPGRAMS

OBO	2014-15	2015-16	2016-17
Ahmedabad	07	19	20
Bengaluru	06	16	14
Bhopal	02	17	8
Bhubaneswar	04	07	1
Chandigarh	14	6	3
Chennai	23	52	15
Guwahati	03	7	3
Hyderabad	07	11	9
Jaipur	01	9	9
Kanpur	23	31	21
Kolkata	13	14	8
Mumbai	21	37	29
New Delhi	48	79	37
Patna	05	6	4
Thiruvananthapuram	01	19	3
New Delhi-II	0	0	1
Dehradun	0	0	0
Ranchi	0	0	0
Raipur	0	0	0
Jammu	0	0	0
Total	178	330	185

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 20 OBOs received 616 applications under RTI Act. The OBO wise position of RTI applications is indicated in the Table 20.

Table 20 - Applications received by OBOs under RTI Act

BO	Applications received
Ahmedabad	17
Bengaluru	30
Bhopal	30
Bhubaneswar	2
Chandigarh	21
Chennai	45
Guwahati	3
Hyderabad	26
Jaipur	32
Kanpur	181
Kolkata	16
Mumbai	74
New Delhi	88
Patna	36
Thiruvananthapuram	10
New Delhi-II	0
Dehradun	5
Ranchi	0
Raipur	0
Jammu	0
Total	616

9. Other Important Developments

9.1. Annual Conference of Banking Ombudsmen 2017

9.1 The Annual Conference of Banking Ombudsmen was held at Mumbai on July 25, 2017. The Conference was attended by Managing Directors and Senior Executives of major Commercial Banks, Indian Banks' Association, Banking Codes and Standards Board of India, Banking Ombudsmen and heads of concerned regulatory and supervisory departments of the Reserve Bank.

The Deputy Governor (DG), Shri Mundra in his keynote address, touched upon the recent initiatives of the RBI in the area of grievance redressal. He mentioned that the Banking Ombudsman Scheme had been amended in July 2017 to, *inter alia*, include deficiencies in mobile and electronic banking as well as mis-selling of third party investment products by banks as eligible grounds for lodging complaint under the BO Scheme. In order to deepen and widen the reach of the BO Scheme, DG mentioned that the RBI had opened five new BO offices and if required, opening of few more BO offices could be considered over time.

Drawing attention to a large number of complaints on mis-selling, DG pointed out that the underlying reasons were the challenging targets set for employees, incentive linked quotas, lack of training and fast rotation of frontline staff. These along with the lack of co-ordination between back and front office, impacted customer protection and made it inconvenient for the complainants to easily approach the appropriate authorities for redressal. He therefore urged that the commitment of the Top Managements of banks should also percolate down the line so that the customers received efficient services as well as due care at all touch points. With regard to complaint management, he said that the banks should seek to study the patterns and undertake root cause analysis of complaints, which would be possible by adopting end-to-end automation of the grievance redressal mechanism and deployment of latest analytical tools.

Delineating the changing profile of banking, DG stated that the new generation of customers were more technology savvy and the choices available to them, including the channels, had also increased exponentially. A scenario was thus emerging wherein customers would be able to silently walk out from one institution to another, in case of any dissatisfaction with the services. This, he said, would be further accentuated with the possibility of portability of accounts. In this context, the DG urged the banks to work towards Account Number portability as it will be a far-reaching step towards enhancing competition and improving customer service.

DG also broached the issue of the rising trend of loss of cheques from drop boxes and the lack of alacrity shown by banks in redressing such complaints. In such cases, he said that the customer must be compensated immediately. The DG therefore urged the banks to explore the possibility of creating a common account and compensate the customers immediately from this pool, without waiting for recovery of the amount from insurance etc.

Stressing upon the importance of the Banking Correspondents (BCs) in the light of the recent RBI guidelines making the BC equivalent to banking outlet, the DG exhorted banks to pay close attention to services rendered by BCs especially in rural and semi-urban areas and take precautions to curb mis-selling of products and address the problem of illiterate customers getting duped by aggressive marketers of financial products. He also impressed upon the banks to move away from seeking 'negative confirmation' from customers in respect of legal agreements that often have several fine prints, and instead obtain 'positive confirmations' from the customers that they have read and understood the terms and conditions of the product / service. Touching upon the tenets of the Charter of Customer Rights, DG urged banks and the IBA to work towards evolving a common platform to provide a comparative and transparent view of various products and services to help the customer in selecting the option/s best suitable to them.

Speaking on the occasion, Smt. Surekha Marandi, Executive Director (ED), emphasised on the need for coordination between RBI and banks on the issue of educating the customers for ensuring cyber hygiene as a form of protection in view of increasing use of mobile banking.

Shri Rajeev Rishi, Chairman IBA, said that having an institution of the Internal Ombudsman within banks was a good idea and promised to have a fresh look on issues involved in setting up a Common Minimum Framework to be provided by all the banks with regard to the office of the IOs.

Shri A C Mahajan, Chairman, BCSBI flagged important findings of the Code Compliance Survey conducted by the BCSBI. He mentioned that although there was an improvement in compliance, no bank was fully Code Compliant.

During the conference, a need for setting up a common interbank platform in coordination with the cyber police for registering complaints of victims of cybercrimes at a single touch point was emphasized for better inter-agency collaboration against cybercrimes. The misleading product information being displayed by some financial sector players particularly with regard to interest rates was discussed in the context of the need for standardization of the format for display of the important aspects of product information such as rate of interest, periodicity of yields, various charges etc.

9.2 Half yearly meeting with Principal Nodal Officers of banks

Half yearly meeting with Principal Nodal Officers (PNO) of Scheduled Commercial Banks for the period ended June 2016 was held in two phases on September 29, and 30, 2016 at RBI Mumbai. PNOs of major Scheduled Commercial Banks, representatives from Indian Banks Association and Banking Codes and Standards Board of India, heads of the regulatory and supervisory departments of the Bank and four Banking Ombudsman viz. BO Mumbai, BO New Delhi, BO Chennai, BO Kolkata also participated in the meeting.

During the meeting, the PNOs were advised to work towards making their internal grievance redressal mechanism more responsive and robust through ongoing root cause analysis of complaints and take corrective measures. It was said that banks should own up their customers and try to resolve the complaints within the bank itself, so that a minimum number of complaints are escalated to the BOs. The need to handhold of customers especially in the area of electronic banking and its security aspects and to spread awareness about Banking Ombudsman Scheme and BCSBI Codes was also impressed upon the Nodal Officers. Special campaign on the investment needs of Senior Citizens and providing such products which match the requirements and profile of this class of customers was highlighted during the discussion by the RBI.

Representatives from IBA, BCSBI, heads of regulatory and supervisory departments of the RBI and Banking Ombudsmen present, had interaction with PNOs.

9.3 Special Camps conducted by the Offices of Banking Ombudsmen to ascertain the problems faced by Senior Citizens/pensioners

With a view to ascertain the problems faced by senior citizens/pensioners in their dealings with banks and the need for any further regulatory intervention, RBI had advised all OBOs to arrange special camps of senior citizens/pensioners in their jurisdictions. All the OBOs arranged these camps and have submitted their findings to the RBI.

9.4 Meeting with Internal Ombudsmen of banks

The meeting with Mumbai based Internal Ombudsmen (IOs) of banks was held at Reserve Bank of India, Mumbai on May 22, 2017. Smt S Marandi, Executive Director (ED), RBI chaired the meeting which was attended by the IOs of 13 Mumbai based banks. Representatives of Indian Banks' Association, Banking Codes and Standards Board of India and Banking Ombudsman Mumbai, were also present at the meeting.

In the meeting, ED stated that even after a period of two years since setting up of this mechanism and the issue of Standard Operating Procedure (SOP) by the RBI, the implementation of the IOs in the banks was not at the desired level. Banks were following diverse practices which were at times of variance with the SOP. In a few banks the

infrastructure provided to the IOs was not adequate. ED stressed upon an urgent need to frame an industry-wide common minimum framework including compensation for the IOs. While drawing the IBA's attention to this action points of the last year's IO Conference, the ED urged IBA to take steps for setting up such industry-wide framework. As regards the impact of IO mechanism on complaints received in the offices of Banking Ombudsmen, ED expressed concerns over the fact that during the last two years, no visible impact of IO mechanism could be seen as the number of complaints in the offices of Banking Ombudsmen had gone up considerably during this period. ED emphasized the need for a coordinated effort by all stake holders to make this initiative effective.

9.5 Regional Conferences of Banking Ombudsmen

Regional Conferences of BOs are held twice a year, once in each half year. The regions and the lead OBO of the region for the purpose have been identified as follows:

Area	OBOs	Lead BO Office
Western	Ahmadabad, Bhopal, Mumbai, Raipur	Mumbai
Eastern	Bhubaneswar, Guwahati, Kolkata, Patna, Ranchi	Kolkata
Northern	Chandigarh, Dehradun, Jaipur, Jammu, Kanpur, New Delhi I, New Delhi II	New Delhi I
Southern	Bangalore, Chennai, Hyderabad, Thiruvananthapuram	Chennai

Systemic issues observed, important decisions taken, regulatory instructions on various customer service issues, suggestions for improving the BO Scheme/OBO/Customer Services etc. are discussed in these Conferences.

9.6 Awareness and Consumer Education

Raising the level of awareness about BO Scheme especially in rural and semi-urban areas is one of the important aspects of the functioning of the OBO. During the year OBOs took several initiatives to improve awareness about the BO Scheme. Major initiatives taken by the OBOs are given below.

- **Ahmedabad:**

The OBO organised Town hall Event at Bhavnagar, Customer Awareness Programme at Vapi and an exclusive meeting with senior citizens and pensioners. The participants of these events were briefed about the salient features of the Banking Ombudsman Scheme 2006. In the open house sessions during these events queries raised by the participants were clarified.

- **Bhopal :**

Awareness programmes were held at Gwalior, Khandwa and a Town Hall Meeting was held at Jabalpur. The participants were briefed about the salient features of the Banking Ombudsman Scheme and initiatives taken by the Reserve Bank of India for improvement in customer services. OBO published advertisements on BOS in local newspapers and also arranged broadcast of 'Jingles' on the BOS on Prasar Bharti (AIR) in Madhya Pradesh and Chhattisgarh.

- **Bengaluru:**

A Town Hall meeting was organized at Udipi, Udipi District. Besides, explaining the salient features of the Banking Ombudsman Scheme specially printed pamphlets explaining the Scheme in local language were distributed and also given to banks for onward distribution at branches. On-the-spot grievances were also redressed with the help of the bankers concerned.

- **Bhubaneswar:**

The OBO organized two Town Hall Events at Nayagarh and Balasore and 11 public awareness camps at different centers in the State. Most of the camps were held in semi-urban areas at district level, from where the receipt of complaints was less. Apart from this a special camp for senior citizens was organized to address the issues faced by them. The advertisements on the BOS were published in English, Hindi and local language in leading local newspapers and also telecast on DD Odia channel during the live broadcast of Rath Yatra (Cart Festival) at Puri.

- **Chandigarh:**

In addition to two Town hall Events organised at Rampur Panchayat, District Sirmaur (Himachal Pradesh) and Bathinda, Punjab, the OBO organised awareness Programmes at various places in Himachal Pradesh, Punjab and Haryana. The office participated in live telecast on Doordarshan as well as Radio programs (Radio Jingle) broadcasted by All India Radio wherein BO scheme was explained. A stall was put up at the International Lavi Mela, Rampur where the participants mostly from rural areas were made aware and briefed on BOS; grounds and procedure of filing complaint, jurisdiction and powers of BO, simplified KYC norms etc. With a view to assess the impact of awareness / outreach programmes on the complaints being received, the OBO initiated an Impact Analysis.

- **Chennai:**

The office organised six Awareness Programmes at Tiruchendur, Tenkasi, Theni, Harur, Yanam Special camp for senior citizens in Chennai and Town Hall Event at Kumbakonam, in co-ordination with the lead banks of the respective districts. The

animation CD on Banking Ombudsman Scheme prepared by the Office was displayed to the audience during these programmes.

- **Dehradun**

The Office organised a Town Hall Event at Dehradun for senior citizen and pensioners, Awareness programme at Kathgodam and Rudrapur for entrepreneurs and other bank account holders. The participants were briefed on Banking Ombudsman Scheme; grounds and procedure of filing complaint, jurisdiction and powers of BO, customer service aspects relating to deposit accounts, loan accounts, nomination facilities; reporting of credit information to CIBIL etc. and were advised to be extra vigilant/alert while using their credit/debit cards for transactions at ATMs as also for online transactions

- **Guwahati**

The OBO published advertisements in English, Hindi, Bengali, Assamese and other local languages about the Banking Ombudsman Scheme and its functioning in various Newspapers / magazines in all the seven States under its jurisdiction. A spot advertisement on BOS was telecast on Doordarshan. An advertisement on Banking Ombudsman Scheme 2006 was aired on AIR. The OBO organised a special camp for senior citizens and pensioners, a Town Hall Event at Shillong (Meghalaya) and Awareness Programme at 'Sualkuchi', Assam, at 'Udaipur', Tripura, at 'Naharkatia' Assam, at 'Sihphir', Aizawl and 'Yaripok', Imphal.

- **Hyderabad**

Two Town Hall events, one each in the states of Andhra Pradesh and Telangana were organised to interact with various stake holders and create awareness about the scheme. A special meeting was also arranged for getting insight into senior citizens' issues. The office pursued a multi-pronged outreach strategy to create awareness which included targeted action like participation in exhibitions, FLARE UP programs by RBI Hyderabad, distribution of pamphlets/FAQ on the scheme etc.

- **Jaipur**

The OBO organized Town Hall Events at Udaipur city, Vallabhnagar (semi-urban), Bhinder (village), Neemrana and Behror of Alwar District Rajasthan. The special camp to understand issues and difficulties relating to banking services, faced by Senior Citizens for was organised at Jaipur.

- **Jammu**

The Office conducted two awareness programmes at Basholi and Bani. The OBO put up a stall at University of Jammu during a Town Hall event arranged by FIDD, RBI where the information about the BO Scheme was shared with large number of visitors and

printed material providing full details of the Scheme was distributed. OBO tried to reach out to the people through fliers/ pamphlets / printed material, about the BO Scheme, inserted inside the leading newspapers of Jammu and its peripheral areas.

- **Kanpur:**

The OBO, through advertisements in Newspapers (both Hindi and English), All India Radio, electronic media (Door Darshan) and also direct interactions with members of public in customer education programmes, Banker Customer meets, exhibitions, fairs, etc., to spread awareness about the BO Scheme among people, especially in remote areas. OBO organized a Town Hall Event at Mughal Sarai (UP) and customer education/awareness campaigns in different areas of Uttar Pradesh and Uttarakhand.

- **Kolkata:**

The OBO organized two Town Hall Meetings and seven Outreach Programmes. The venue of these programmes were selected based on analysis done to identify places from where fewer or no complaints were received. Apart from this, a Senior Citizens' Meet and a sensitization programme on Credit Card transactions were organized at Kolkata. OBO also published advertisements regarding the BO Scheme in major newspapers, in Bengali, Hindi and in English.

- **Mumbai:**

A town hall event was organized at Nagpur and Awareness Programmes were organised at Sewagram, Wardha and Alibaug. The participants were sensitized about the dos and don'ts while using credit/debit cards, making ATM and/or online transactions. The occasion was also used to interact with the local bankers wherein they were impressed upon to provide better service to their customers. An interactive programme with senior citizens/pensioners/old incapacitated persons who are customers of banks, was also organized in Mumbai.

- **New Delhi:**

The office followed multi-pronged approach which included, conduct of outreach programme, issue of advertisements in newspapers, sending staff/officers to various meetings/Town Halls events organized by other departments. It served the dual purpose of disseminating of financial literacy as well as of conveying the expectations of the Office from the banks for effective and expeditious disposal of complaints. The office organised outreach programmes in Delhi and Haryana, a special camp for senior citizens and pensioners at Delhi and an outreach programme at Lingaya's University.

- **New Delhi II**

The OBO organised outreach programmes, published advertisements in newspapers, deputed staff to various meetings/Town Halls organized by other banks/institutions to increase the visibility of the Scheme in the area of its jurisdiction. It organised a Special camp in Gururgram district of Haryana for senior citizens and pensioners.

- **Patna**

OBO organized seven awareness programmes including two Town Hall Meetings. The focus of these outreach initiatives were the vulnerable class of bank customers and people in smaller towns and rural centres. Special Pension Camp was organised for the benefit of pensioners and Senior Citizens. The OBO issued advertisements about the BO Scheme in leading newspapers in English and Hindi. During Rajgir Mahotav at Rajgir, information regarding BO Scheme was disseminated amongst the public through distribution and displays of posters. An advertisement on the BO Scheme using a short jingle was aired on Radio

- **Raipur**

A Town Hall Meeting was conducted in Raipur City. The salient features of the BO Scheme were explained to the participants and queries raised by the participants were answered. Banks were advised to give special attention to resolve the complaints of the senior citizens, pensioners and those pertaining to ATM transactions.

- **Ranchi**

A special meeting with Senior Citizens/ Pensioners was organized with a view to understand various issues and difficulties faced and to disseminate information and salient features of the BO Scheme. The operationalisation of OBO at Ranchi was advertised through the English and Hindi newspapers wherein the Scheme was briefly furnished along with the contact details of the OBO for the benefit of the general public.

- **Thiruvananthapuram:**

Outreach events were conducted at places from where the number of complaints being received was relatively lower. The events were highly interactive and not only were doubts raised clarified but even complaints, where possible, were redressed on the spot.

9.7 Skill building

OBOs arranged training programmes for their staff in coordination with external institutions like IDRBT, NPCI, etc. OBOs also deputed their staff to the training programmes conducted by the Zonal Training Centre, RBI, New Delhi and Reserve Bank Staff College, Chennai.

10. Consumer Protection and Awareness Initiatives by Reserve Bank of India

10.1 Some of the important initiatives taken by RBI in the area of consumer protection are discussed in the following paras.

10.2. Opening of new Offices of Banking Ombudsman

Considering the significant increase in banking network during the recent past and the large jurisdiction being covered by some of the OBOs, RBI has opened four new OBOs at Dehradun, Jammu, Raipur, Ranchi and the second OBO at New Delhi. The area of operation of these new OBOs is as indicated below. All the new OBOs have started their operations.

Sr No.	OBO	Jurisdiction
1	Dehradun	i. State of Uttarakhand ii. Saharanpur, Shamli (Prabudh Nagar), Muzaffarnagar, Baghpat, Meerut, Bijnor and Amroha (Jyotiba Phule Nagar) Districts of Uttar Pradesh. (currently under the jurisdiction of OBO Kanpur)
2	Jammu	State of Jammu and Kashmir (currently under the jurisdiction of OBO New Delhi)
3	New Delhi II	Haryana (except Panchkula, Yamuna Nagar and Ambala Districts) and Ghaziabad and Gautam Buddha Nagar Districts of Uttar Pradesh.
4	Raipur	State of Chhatisgarh (currently under the jurisdiction of OBO Bhopal)
5	Ranchi	State of Jharkhand (currently under the jurisdiction of OBO Patna)

10.3 Amendment to the Banking Ombudsman Scheme 2006

The Reserve Bank has released a Notification dated June 16, 2017 amending the Banking Ombudsman Scheme 2006. The amended Scheme has come into force from July 1, 2017.

Under these amendments the scope of the Scheme has been widened to include, inter alia, deficiencies arising out of sale of insurance/ mutual fund/ other third party investment products by banks. A customer would also be able to lodge a complaint against the bank for

its non-adherence to RBI instructions with regard to Mobile Banking/ Electronic Banking services in India. The pecuniary jurisdiction of the BO to pass an Award has been increased from existing rupees one million to rupees two million. Compensation not exceeding Rs.0.1 million can also be awarded by the BO to the complainant for loss of time, expenses incurred as also, harassment and mental anguish suffered by the complainant. The procedure for complaints settled by agreement under the Scheme has also been revised. Appeal has now been allowed for the complaints closed under Clause 13 (c) of the existing Scheme relating to rejection of complaints which was not available earlier.

The amended Scheme is available on the Reserve Bank's website at <https://www.rbi.org.in/commonman/English/Scripts/AgainstBank.aspx>

10.4 Limiting Liability of Customers in Unauthorised Electronic Banking Transactions:

The RBI issued directions to banks limiting the liability of Customers in unauthorised electronic banking transactions. In terms of these directions, a customer shall be liable for the loss occurring due to unauthorised transactions in the following cases:

- I. Where the loss is due to negligence by a customer, such as where he has shared the payment credentials, the customer will bear the entire loss until he reports the unauthorised transaction to the bank. Any loss occurring after the reporting of the unauthorised transaction shall be borne by the bank.
- II. In cases where the responsibility for the unauthorised electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and when there is a delay on the part of the customer in notifying the bank of such a transaction, the per transaction liability of the customer has been restricted to the transaction value or the amount specified in the Circular whichever is lower depending upon the type of account and the time taken for notifying the bank of such a transaction.

10.5 Standardisation of commonly used forms in banks

In the backdrop of many requests to standardise commonly used forms by bank customers, a Committee consisting of representatives of regulatory departments of RBI and Indian Banks Association was constituted to identify such forms and to standardise the formats for use across banks. The Committee shortlisted ten forms and standardised their formats. IBA advised the member banks to bring the standardised forms in use from January 1, 2017.

10.6 The Ombudsman Scheme for Non-Banking Financial Companies

The Reserve Bank is in the process of setting up an Ombudsman Scheme for Non-Banking Finance Companies. NBFCs are regulated under Chapter III-B of the RBI Act, 1934. Section 45 L of the RBI Act empowers the Reserve Bank to, inter alia, give directions to Financial Institutions. The Ombudsman Scheme for NBFCs is proposed to be operationalised by the Reserve Bank under Section 45 L of the RBI Act

10.7 Complaint Management System

The Reserve Bank has initiated the work for setting up a complaint management system (CMS) with a view to harnessing the benefits of information technology (IT) for managing the increasing volume of complaints being received by it. The web-based CMS will replace the existing complaint tracking system (CTS) used in the offices of Banking Ombudsmen. CMS will help the Reserve Bank not only to manage the complaints more efficiently but also provide a robust management information system. It will also help to integrate the grievance redressal mechanism in the Bank by bringing the offices of Banking Ombudsman, as well as CEPCs and banks on the CMS platform for facilitating better coordination and effectiveness.

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 G J Raju 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 V K Nayak 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
Bhubaneswar	Shri S Behera 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 J L Negi C/o Reserve Bank of India 4th Floor, Sector 17 Chandigarh Tel. No. 0172 - 2721109 Fax No. 0172 - 2721880 Email	Himachal Pradesh, Punjab, Union Territory of Chandigarh and Panchkula, Yamuna Nagar and Ambala Districts of Haryana.
Chennai	Shri R Lakshmi Kanth Rao C/o Reserve Bank of India Fort Glacis, Chennai 600 001 STD Code: 044 Tel No. 25395964 Fax No. 25395488 Email	Tamil Nadu, Union Territories of Puducherry (except Mahe Region) and Andaman and Nicobar Islands
Guwahati	Smt Anandita Bhattacharya C/o Reserve Bank of India Station Road, Pan Bazar Guwahati-781 001 STD Code: 0361	Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura

	Tel.No.2542556/2540445 Fax No. 2540445 Email	
Hyderabad	Smt Reeny Ajit 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	Smt Madhavi Sharma C/o Reserve Bank of India, Ram Bagh Circle, Tonk Road, Post Box No. 12 Jaipur-302 004 STD Code: 0141 Tel. No. 0141-5107973 Fax No. 0141-2562220 Email	Rajasthan
Kanpur	Shri Shankar Suman 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, Gautam Buddha Nagar, Saharanpur, Shamli (Prabudh Nagar), Muzaffarnagar, Baghpat, Meerut, Bijnor and Amroha (Jyotiba Phule Nagar)
Kolkata	Smt. Reena Banerjee C/o Reserve Bank of India 15, Netaji Subhash Road Kolkata-700 001 STD Code: 033 Tel. No. 22304982 Fax No. 22305899 Email	West Bengal and Sikkim
Mumbai	Smt. Ranjana Sahajwala C/o Reserve Bank of India 4th Floor, RBI Byculla Office Building, Opp. Mumbai Central Railway Station, Byculla, Mumbai-400 008 STD Code: 022 Tel No. 23022028 Fax : 23022024 Email	Maharashtra and Goa
New Delhi (I)	Shri R L Sharma C/o Reserve Bank of India, Sansad Marg, New Delhi STD Code: 011 Tel. No. 23725445/23710882 Fax No. 23725218 Email	Delhi
Patna	Smt. Nandita Singh C/o Reserve Bank of India Patna-800 001 STD Code: 0612 Tel. No. 2322569/2323734 Fax No. 2320407 Email	Bihar

Thiruvananthapuram	Shri H N Iyer C/o Reserve Bank of India Bakery Junction Thiruvananthapuram-695 033 STD Code: 0471 Tel. No. 2332723/2323959 Fax No. 2321625 Email	Kerala, Union Territory of Lakshadweep and Union Territory of Puducherry (only Mahe Region).
New Delhi (II)	Shri R S Amar C/o Reserve Bank of India Sansad Marg, New Delhi STD Code: 011 Tel. No. 23724856 Fax No. 23725218-19 Email	Haryana (except Panchkula, Yamuna Nagar and Ambala Districts) and Ghaziabad and Gautam Budh Nagar districts of Uttar Pradesh
Dehradun	Shri H S Khitaulia C/o Reserve Bank of India 74/1 GMVN Building, 3rd floor, Rajpur Road, Dehradun - 248 001 STD Code : 0135 Telephone : 2742003 Fax : 2742001 Email	Uttarakhand and seven districts of Uttar Pradesh viz., Saharanpur, Shamli (Prabudh Nagar), Muzaffarnagar, Baghpat, Meerut, Bijnor and Amroha (Jyotiba Phule Nagar)
Ranchi	Shri Sanjiv Dayal C/o Reserve Bank of India 4th Floor, Pragati Sadan, RRDA Building, Kutchery Road, Ranchi Jharkhand 834001 STD Code : 0651 Telephone : 2210512 Fax : 2210511 Email	Jharkhand
Raipur	Shri. Keshab Korkora C/o Reserve Bank of India 54/949, Shubhashish Parisar, Satya Prem Vihar Mahadev Ghat Road, Sundar Nagar, Raipur- 492013 STD Code : 0771 Telephone: 2242566 Fax : 2242566 Email	Chhattisgarh
Jammu	Shri Suresh C Sharma C/o Reserve Bank of India, Rail Head Complex, Jammu- 180012 STD Code : 0191 Telephone: 2477617 Fax : 2477219 Email	State of Jammu & Kashmir

Annex - II

Important Notifications Relating to Customer Service issued by the RBI in 2016-17

July 14, 2016	<p>Facility for Exchange of Soiled/ Mutilated/ Imperfect Notes: DCM (NE) No. 120/08.07.18/2016-17. The facility of exchanging mutilated/ imperfect notes is available across the banking system. Similarly, exchange of soiled notes is available at all the bank branches. With a view to improve customer service and enhance customer protection RBI has modified the procedure.</p> <p>Tenderers aggrieved with the service provided by the banks in this regard may approach Banking Ombudsman concerned for necessary action.</p>
July 18, 2016	<p>Master Circular – Facility for Exchange of Notes and Coins: DCM (NE) No.G-1/08.07.18/2016-17. All branches of banks in all parts of the country should provide the following customer services, more actively and vigorously to the members of public so that there is no need for them to approach the RBI Regional Offices for: (i) Issuing fresh / good quality notes and coins of all denominations on demand,(ii) Exchanging soiled / mutilated / defective notes, and(iii) Accepting coins and notes either for transactions or exchange. None of the bank branches should refuse to accept small denomination notes and / or coins tendered at their counters.</p>
August 4, 2016	<p>Dishonour of cheques – Modification in procedure: DBR.No.Leg.BC.3/09.07.005/2016-17. Banks were earlier advised to introduce a condition for operation of accounts with cheque facility that in the event of dishonour of a cheque valuing rupees one crore and above drawn on a particular account of the drawer on four occasions during the financial year for want of sufficient funds in the account, no fresh cheque book would be issued and also, the bank may consider closing current account at its discretion. These instructions have been reviewed and it has been decided to leave it to the discretion of the banks to determine their response to dishonour of cheques of the account holders.</p>
September 1, 2016	<p>Free Annual Credit Report to Individuals: DBR.CID.BC.No.11/20.16.042/2016-17. In exercise of the powers conferred upon Reserve Bank of India by sub-section (1) of Section 11 of Credit Information Companies (Regulation) Act, 2005, RBI has directed Credit</p>

	Information Companies (CIC) to provide access in electronic format, upon request and after due authentication of the requester, to one free full credit report (FFCR) including credit score, once in a year (January- December), to individuals whose credit history is available with the CIC. This report must show the latest position of the credit institutions' exposure to the individual as per records available with the CIC. All CICs have been advised to put in place necessary systems to provide access to the FFCR once, at any time, during a year, upon request, to individuals whose credit data they hold, from the year commencing January 1, 2017 and to notify on their website the procedure for accessing the FFCR, and also have a board approved policy in this regard.
September 15, 2016	Security and Risk Mitigation Measures for Card Present and Electronic Payment Transactions – Issuance of EMV Chip and PIN Cards: DPSS.CO.PD No.812/02.14.003/2016-17 . Keeping in mind the objective to further enhance the security and risk mitigation in card present transactions, and also the impact it may have on achieving the timeline for complete migration of all existing magstripe cards, it has been decided <u>not</u> to grant any further extension beyond the respective timeline indicated in circular dated August 27, 2015 for new issuances and full migration to EMV Chip and PIN cards.
September 29, 2016	Aadhaar-based Authentication for Card Present Transactions: DPSS.CO.PD No.892/02.14.003/2016-17 . RBI has advised banks to comply with extant regulatory instructions on this issue and ensure that all new card acceptance infrastructure deployed with effect from January 1, 2017 are enabled for processing payment transactions using Aadhaar-based biometric authentication also.
October 6, 2016	Operating Guidelines for Payments Banks: DBR.NBD.No. 25/16.13.218/2016-17 . Considering the differentiated nature of business and financial inclusion focus of Payment Banks, RBI has issued the Operating Guidelines for payments banks. In terms of these guidelines Payment Banks will be covered by the Banking Ombudsman Scheme.
October 6, 2016	Operating Guidelines for Small Finance Banks: DBR.NBD.No. 26/16.13.218/2016-17 . The RBI issued the Operating Guidelines for Small Finance Banks. In terms of these guidelines Small Finance Banks will be covered by the Banking Ombudsman Scheme.

October 27, 2016	Detection and Impounding of Counterfeit Notes: DCM (FNVD) No. 1134/16.01.05/2016-17 . In order to facilitate identification of people abetting circulation of counterfeit notes, banks are advised to cover the banking hall/area and counters under CCTV surveillance and recording and preserve the recording.
November 22, 2016	Special measures to incentivize Electronic Payments – Enhancement in issuance limits for Pre-Paid Payment Instruments (PPIs) in India: (DPSS.CO.PD.No.1288/02.14.006/2016-17) . Following the withdrawal of legal tender characteristics of existing Rs. 500/- and Rs. 1000/- Bank Notes, in order to facilitate the adoption of digital payments, RBI has enhanced the limit of semi-closed PPI that can be issued under Para 7.2 (i) of the Master Circular on issuance and operations of PPIs in India, from Rs. 10,000/- to Rs. 20,000/-.
December 02, 2016	Aadhaar-based Authentication for Card Present Transactions: DPSS.CO.PD No.1421/02.14.003/2016-17 : Banks were advised to ensure that all new card present acceptance infrastructure deployed with effect from January 1, 2017 are enabled for processing payment transactions using Aadhaar-based biometric authentication also. It has been decided to extend the time for deployment of Aadhaar-enabled devices till June 30, 2017. However, banks may continue to make necessary arrangements, including changes as host-end, network level and device readiness, as required to ensure adherence to above instructions.
December 6, 2016	Card Not Present transactions – Relaxation in Additional Factor of Authentication (AFA) for payments upto Rs. 2000/- for card network provided authentication solutions: (DPSS.CO.PD No. 1431/02.14.003/2016-17) . The AFA requirement for transactions up to Rs. 2000/- for online CNP transactions for the 'payment authentication solutions' provided by authorised card networks with the participation of respective card issuing and acquiring banks has been relaxed subject to the conditions indicated in this circular. In the interest of customer awareness and protection, the banks and authorised card networks offering such solutions are also advised to make customers aware that the solution is an optional facility for card-not-present transactions for values upto Rs. 2000/- only and that they are free to make payments using other forms of AFA as hitherto, educate the customers about its use, risk and the mechanism for customer grievance

	redressal and reporting of complaints through multiple channels (website, phone banking, SMS, IVR etc.), indicate the maximum liability devolving on the customer, if any, at the time of enrolling/registering customers and the responsibility of the customer to report any frauds while transacting.
December 31, 2016	<p>Facility for Citizens and NRIs who were Abroad for Exchange of SBNs -</p> <p>In terms of Circular DCM (Plg) No.2170/10.27.00/2016-17, the facility for exchange of Specified Bank Notes (SBNs) has been made available for the resident and non-resident citizens who could not avail the facility from November 10 to December 30, 2016 on account of their absence from India during the aforementioned period, in five offices of RBI. The facility will remain open for residents from January 2, 2017 to March 31, 2017 and for NRIs from January 2, 2017 to June 30, 2017. Any person, aggrieved by the refusal of the RBI to credit the value of such SBNs tendered, may represent to the Central Board of the RBI. Such representations should be addressed to the Central Board, Reserve Bank of India, Secretary's Department, Central Office Building, 16th Floor, Shahid Bhagat Singh Marg, Mumbai – 400 001.</p>
February 16, 2017	<p>Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934:</p> <p>“Capital Small Finance Bank Limited” has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DBR.PSBD. No.5201/16.02.001/2016-17 dated November 8, 2016, and published in the Gazette of India (Part III - Section 4) dated February 4 - February 10, 2017. (DBR.No.Ret.BC.51/12.07.145A/2016-17).</p>
February 16, 2017	<p>Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934:</p> <p>“Equitas Small Finance Bank Limited” has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DBR. PSBD. No. 7144/16.02.002/2016-17 dated December 23, 2016, and published in the Gazette of India (Part III - Section 4) dated February 4- February 10, 2017. (DBR.No.Ret.BC.52/12.07.143A/2016-17).</p>
March 09, 2017	<p>Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934:</p> <p>“The Royal Bank of Scotland plc” has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DBR. IBD. No. 3878/23.13.020/2016-17 dated September 29, 2016, and published in the Gazette of India (Part III - Section 4) dated January 21- January 27, 2017 (DBR.No.Ret.BC.54/12.07.150/2016-17).</p>

March 30, 2017	<p>Rationalisation of Merchant Discount Rate (MDR) for Debit Card Transactions – Continuance of Special Measures: In terms of circular DPSS.CO.PD.No.1515/02.14.003/2016-17 dated December 16, 2016 special measures for debit card transactions (including for payments made to Government) were introduced for a temporary period starting January 1, 2017 through March 31, 2017. Further, RBI had invited comments from the public on draft Circular on "Rationalisation of Merchant Discount Rate for Debit Card Transactions" dated February 16, 2017. Reserve Bank of India has since received feedback from various stakeholders including banks, non-bank entities, individuals and Government Departments / Ministries. The feedback so received are being examined. Till the issuance of final instructions on MDR for debit card transactions, the extant instructions issued vide circular dated December 16, 2016 shall continue. (DPSS.CO.PD No.2737/02.14.003/2016-17).</p>
April 20, 2017	<p>Inclusion/Exclusion/Change in names of banks in Second Schedule to the Reserve Bank of India Act, 1934:</p> <p>KBC Bank N.V. has been excluded from the Second Schedule to the Reserve Bank of India Act, 1934. DBR.No.Ret.BC.24/12.07.118A/2016-17.</p>
April 20, 2017	<p>Name of "Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A." has been changed to "Coöperatieve Rabobank U.A." in the Second Schedule to the Reserve Bank of India Act, 1934. DBR.No.Ret. BC/21/12.07.131 A/2016-17.</p>
April 20, 2017	<p>Name of "Abu Dhabi Commercial Bank Limited" has been changed to "Abu Dhabi Commercial Bank PJSC" in the Second Schedule to the Reserve Bank of India Act, 1934. DBR.No.Ret.BC/22/12.07.053A/2016-17.</p>
May 08, 2017	<p>National Electronic Funds Transfer (NEFT) system – Settlement at half-hourly intervals: DPSS (CO) EPPD No.2612/04.03.01/2016-17. Additional settlements in the NEFT system at half-hour intervals are being introduced to enhance the efficiency of the system and add to customer convenience. The half hourly settlements would speed up the funds transfer process and provide faster credit to the destination accounts. Accordingly, it is decided to introduce 11 additional settlement batches during the day, taking the total number of half hourly settlement batches during the day to 23. The additional batches will be introduced from July 10, 2017.</p> <p>For efficient customer service, the participant banks in NEFT system were</p>

	advised (vide, circular DPSS CO EPPD No.168/04.03.01/2009-2010 dated February 5, 2010) to send a positive confirmation to the remittance originator (customer) confirming the successful credit of funds to the beneficiary's account. Accordingly, beneficiary / destination banks shall ensure strict adherence in sending the N10 messages to the originating banks, which in turn shall ensure sending the positive confirmation to the remitting customer advising status of credit to the beneficiary account
June 8, 2017	Recording of PPO Number in the passbook of Pensioners / Family Pensioners: DGBA.GBD.No.3235/45.01.001/2016-17 : All agency banks are advised to record the PPO numbers on the passbook of pensioners/family pensioners to alleviate the difficulties reported by pensioners/family pensioners to get duplicate Pension Payment Orders (PPO) in case of missing of original PPO, transfer of pension account from one bank/branch to another bank/branch, commencement of family pension to spouse or dependent children after the death of pensioner, etc. in the absence of ready availability of PPO number.
June 22, 2017	Recording of Details of Transactions in Passbook/Statement of Account: DBR.No.Leg.BC.76/09.07.005/2016-17 . Banks have been advised to provide minimum relevant details in respect of entries in the Passbook/Statement of accounts. Illustrative narrations to be recorded in the Statement of Account/ Passbook has been given in the Circular which is indicative and not exhaustive. Banks have also been advised to incorporate information about 'deposit insurance cover' along with the limit of coverage, subject to change from time to time, upfront in the passbooks.

Annex - III

Exemplary Cases dealt with by BO offices during 2016-17

ATM / DEBIT CARD

1. The complainant alleged that while he was in possession of his ATM card, 5 fraudulent withdrawals took place within a span of 5 days from his account. He immediately approached his bank for refund of money and also filed FIR with Police.

The issuing bank submitted the electronic journal log showing all transactions as successful. However, it could not produce the CCTV footage of all the disputed transactions to establish the customer's presence in the ATMs during the time of occurrence of the disputed transactions. The bank was also found deficient in not raising charge back for all the five transactions. It was further observed that 2 of the disputed transactions had taken place at different ATMs of different locations on the same date and time. One transaction had taken place in another city while the complainant was physically present at his branch to block his ATM card. It was thus evident that transactions had taken place even when the card was in possession of the complainant. The bank was not also able to provide the CCTV footage for the disputed transactions. Therefore, the bank was held deficient and was advised to compensate the complainant with the disputed amount.

2. A complainant's card was used 68 times at ATMs in various locations during the period of two months. He complained about it to the bank after two months and the card was blocked. The bank replied that an auto renewed card and the PIN was dispatched to his registered address by two different courier agencies and was received by him. It was only when the complainant came forward with the complaint it was learnt that he had changed his address and mobile number since the time of opening the account. The bank also pleaded that the customer's account was classified under low risk category, and therefore as per bank's policy, the KYC updating of the customer was due after seven years. However, the BO opined that there was deficiency in service by the bank in so far as the bank did not exercise due care in updating the customer's address/contact number before dispatching the renewed card. Also, without ascertaining the receipt of the card by the complainant, the bank mechanically dispatched the PIN. While using the services of outsourcing agency, the bank did not put into place appropriate risk management framework. The bank failed to monitor the pattern of customer transactions before and after issue of renewed card. The sudden surge of

transactions after dispatch of renewed card should have raised suspicion. The bank was advised to pay the total amount of all the disputed transactions.

3. The complainant's account was debited with ₹ 80,000 in 8 unauthorised transactions. He immediately lodged a complaint with the bank but got no response. The card was in the possession of the complainant and he had not shared his card details with anyone. The bank submitted that 8 illegal transactions were done through various banks ATM's i.e., three acquirer banks were involved. The case appeared to be of card cloning and BO directed the Issuing bank to repay in terms of extant regulatory instructions contained in para 9(i) of the Master Circular on debit/credit cards in terms of which the security of the debit card shall be the responsibility of the bank and losses incurred by any party on account of breach of security or failure of the security mechanism shall be borne by the bank. The issuing bank remitted the amount to the complainant's account.

4. The complaint was regarding fraudulent/suspicious withdrawals from the complainant's account by way of multiple transactions. After receiving complaint from the customer the bank was asked to inform whether the complainant had a history of high value transactions and whether alerts were triggered if the pattern of the transactions were unusual. The complainant had acknowledged that he had received a phishing mail and the bank claimed that he may have divulged personal information in his revert to the mail. However, the BO observed that the bank had failed to adhere to RBI's instructions relating to monitoring of transaction pattern of the usage of card and building a system of call referral. If the bank had done velocity checking and alerted the complainant, the loss could have been avoided, had the card been blocked. The bank was advised to pay the disputed amount to the complainant.

5. The complainant alleged that he withdrew ₹14000 from ATM, but only ₹10000 were dispensed. The bank in its initial comments submitted to BO stated that full amount was dispensed by the ATM. Bank submitted EJ log and other documents to prove its statement. A conciliation meeting was held by BO between the bank and complainant. During this meeting CCTV footage of the disputed transaction was submitted by the bank. After careful examination of CCTV footage it was found that complainant had received less amount from the ATM and has followed due procedure in filing the complaint with the issuing bank as well as to the BO. Accordingly bank was ordered to pay remaining ₹4000 to the complainant.

6. The complainants alleged that he tried to withdraw ₹ 20,000/- each on two different dates at ATM of the bank, however, he did not receive the cash but his account was debited with ₹ 40,000/-. The OBO took up the matter with the bank and advised bank to submit EJ Log, Switch Report, Cash Balancing Report (CBR) and CCTV footage in respect of two disputed transactions. From the CCTV footage it was found that the complainant had collected the cash on both occasions and he was also seen counting the notes carefully. To verify the same the complainant was contacted and it was informed to him that as per CCTV footage provided by the bank he was seen collecting cash. In response the complainant stated that while reconciling his account he found a difference of ₹ 40,000 and therefore presumed that it could be due to ATM transactions/withdrawals.

7. The complainant alleged that fraudulent ATM transactions from her saving bank account had taken place by using her ATM card. She stated that her ATM card was deceitfully exchanged by miscreants when she went to ATM for withdrawal. She further stated that SMS alerts for the disputed transactions were not delivered to her registered mobile number. During scrutiny of the complaint, it was observed that multiple transactions viz. ATM withdrawals, POS transactions, account to account transfer, etc had been carried out at different banks' ATMs on various dates across various locations. Bank's submission was that all the disputed transactions were PIN enabled which was privy to the complainant. Bank further submitted that SMS alerts for all the disputed transactions were delivered to the registered mobile number and bank had proactively blocked the ATM card immediately after reporting by the complainant. During conciliation meeting it was observed that incorrect mobile number was registered in the name of the complainant. Transaction pattern monitoring was not done by the bank. The complainant on her part had failed to maintain confidential information privy to her as help had been sought from third party. BO decided that since lapses were observed on the part of both the parties, bank should pay 50% of disputed amount and the complainant should bear a loss of remaining 50% amount of the disputed transactions.

8. The complainant attempted to withdraw ₹10,000 from an ATM but the cash was not dispensed and the ATM screen went blank. There was no security guard in the ATM kiosk. One person who was watching the whole incidence suggested him to call the bank's toll free number as his card had been blocked. After few minutes of moving out from ATM kiosk, complainant received a message that amount of ₹ 20,000 was debited from his account. Bank submitted that the ATM transaction was successful but no other document was provided by the bank in support of their response on the matter.

On scrutiny of the CCTV footage submitted by the complainant, OBO observed that claim made by the complainant was right and he had not received the cash. Also there was no security guard to prevent such fraudulent activities. Accordingly, OBO advised the bank to credit the disputed amount to the complainant's account.

DEPOSIT ACCOUNTS

1. The complainant had opened an FD account with his bank on December 1, 1998. When he approached the bank with the FD receipt on March 31st, 2012, the cashier informed him that the FD was 17 years old, he must leave the original FDR receipt with them to enable them to calculate the interest amount and issue new FD to the customer. The complainant handed over the FDR to the cashier. Thereafter, the customer approached the bank on numerous occasions to enquire about the status of renewal of the FDR. The response of the bank officials was that they were unable to trace the FDR receipt deposited by the complainant and could neither renew his FD nor issue new FDR.

On taking up the matter, the bank initially replied that the payment towards the FD was already made earlier to the customer and since the FD receipt was 17 years old and old registers / bank records were destroyed, they were unable to certify the genuineness of the FDR or retrieve any data pertaining to the FDR. Further, the bank also stated that customer had not submitted original FD receipt to them.

BO advised the bank that their reply was not convincing as customer claimed that he had submitted the original FDR to bank official on December 31, 2012, therefore the bank must confirm the payment made towards the same by thoroughly verifying their records since that date and also furnish point-wise reply to the issues/points raised by the complainant.

In response, the bank submitted that they had credited the maturity amount of FD to the complainant's account and were under process of calculating the interest to be paid on the disputed FD, which would be credited to the complainant's account in due course.

2. The complainant had opened Fixed Deposit accounts online which were in the nature of recurring FDs permitting him to park funds at periodic intervals. He complained that although two FD accounts matured, the maturity proceeds were neither credited to his Savings Bank account as per the terms of FD/RD, nor were the accounts renewed. He was able to see the balance increasing online every quarter after interest payment on the account. However, when he requested redemption of maturity

proceeds, he was paid a lesser amount of interest than the contracted rate. When he took up this matter with the bank, he was informed that the balance appearing in the online accounts was not valid as he should have raised a closure request for those accounts. The complainant reiterated that he had not received any SMS or mail informing him about the maturity of the accounts. Further, he was not made aware of the procedure in case of online accounts, nor was this specified in the terms and conditions. The bank informed that interest under such online FD/RD accounts is paid as per the applicable rate till date of maturity. In case the account is not closed on maturity, interest is paid at SB rate for the overdue period. The interest rate, post maturity, is not updated automatically in such online accounts. Hence it would be computed as per the original contracted rate and credited to the SB account. At the time of redemption / closure of the account, overdue / excess interest paid is adjusted to applicable SB rate of interest and the balance amount is paid to the customer. Hence, interest credited as per the original contracted rate, from the date of maturity till the date of closure, was adjusted to the SB rate and the excess interest credited was recovered before payment of closure proceeds. The bank also clarified that the terms and conditions of the product were communicated online to the customer at the time of opening of the account and the product profile was also hosted on their website. It had also confirmed having forwarded a SMS alert informing the maturity of the deposits.

The bank could not, however, submit proof of forwarding such SMS alerts. Further, as claimed by the bank, the website also did not contain clear product features viz. lack of auto renewal facility, requirement of customer's application for closure, terms and conditions relating to rate of interest applicable post maturity etc.

In the absence of such information, it was concluded that the bank had misled the customer by not communicating the features of the product and hence deprived him of the legitimate interest. The bank was, therefore, advised to refund the interest short paid to him along with SB rate of interest thereon till actual date of refund.

3. The complainant had alleged that though he had deposited cash in his and his wife's SB account, the amounts were not credited in their accounts. As a proof for same, he submitted the original counterfoil of the deposit slips to the bank. The counterfoil of deposit slips were duly stamped and signed by the bank officials. The bank submitted that the counterfoil of the deposit slip cannot be treated as valid and genuine, as it had the signature of cashier only and did not bear the signature of any authorized official of the bank. However, the submission of the bank was not acceptable as the signature of the cashier on cash deposit receipts was considered enough to prove the same as valid and genuine. The bank was therefore directed to credit the

complainant's account with the disputed amount along with interest at savings bank interest rate of 4%.

4. The complainant opened an account with a bank on behalf of his maid servant, an illiterate widow with an initial deposit of ₹10,000/-. The savings bank interest earned in the account was withdrawn by the account holder once a year and there were no other transactions in the account. A complaint was lodged with OBO stating that initially quarterly SMS charges were debited to the account which resulted in shortfall in minimum balance. The bank then went on debiting charges for non-maintenance of minimum balance in the account and over a period of five years the balance in her account became zero. It was observed that a wrong debit of SMS charges had brought down the deposit balance to below the minimum balance of ₹10,000/- and the bank continued to debit charges for non-maintenance of quarterly average balance thereafter wiping out entire deposit towards charges which was found to be a grave deficiency in service on the part of the bank. The bank's response was that the case was a process error and they reversed all the charges to the complainant's account. The bank's action had deprived the complainant of her funds unjustly. The bank was therefore directed to pay a compensation of ₹10,000/- to the complainant over and above the reversal of entire charges and also extend an apology to her.

5. The complainant alleged that the current account maintained with the bank was dormant for three year though the Branch Manager had assured her that no charges would be levied on activation of the account, as soon as the account was activated, the bank deducted ₹ 2.4 lakh towards minimum balance and other charges. On making a complaint the bank, ₹ 1 lakh was reversed. However, reversal of the balance amount was not done.

The bank advised that the charges were levied as per the schedule of charges applicable to the account. However, on receipt of the customer's complaint addressed to their senior management, the bank had reversed a part of the amount. They added that they had requested the customer to maintain the required monthly average balance of ₹5,00,000/- in the account and transact as per the facility provided in the account to avoid charges in future. Alternatively, the complainant could choose a different account variant that suited their requirement.

The bank was found deficient in having levied penal charges for not maintaining minimum balance in an inoperative/dormant account. Its action was in violation of RBI instructions. The bank was advised to reverse all charges levied in the complainant's account for not maintaining minimum balance.

6. The complainant opened a Recurring Deposit Account for one year under a certain deposit scheme of a bank. The Complainant deposited amount on monthly basis to the bank for two years (24 months) and the bank accepted it. As per the request of the complainant the account was closed after two years by the bank and the maturity amount was credited to the complainant's Savings Account along with the interest for one year. The complainant then lodged a complaint to the bank and claimed interest on the amount deposited by him for the record year on the deposit. The bank replied that as per the bank's guidelines under no circumstances interest will be paid beyond stipulated period and the complaint was rejected. The complainant then approached the OBO. In a conciliation meeting and after hearing from both the parties BO directed the bank to pay the interest on the amount deposited to the bank since the bank had accepted deposit.

LOANS AND ADVANCES

1. The complainant had availed a housing loan jointly with her husband from the bank and also purchased a life insurance policy for hedging the housing loan repayment. As per the scheme, in the event of death of the insured the amount outstanding in the books of the bank towards housing loan availed by the insured would be settled by the Insurance Company. On sudden demise of the husband, a claim was lodged by the complainant (wife of the insured) with the Insurance Company and they settled the claim for outstanding loan amount as per their records on the date of death. However, when the wife of the insured viz. the complainant, approached the bank for "No Dues Certificate", they asked her to repay some more amount which according to them was outstanding in their books. The complainant paid the residual outstanding as on date as advised by the bank. As the complainant did not agree with the recovery of the said amount by the bank she made a complaint to the OBO. The bank argued that settlement of claim was between complainant and Insurance Company and according to them there was some amount outstanding in their books which had to be paid by the complainant. A conciliation meeting was held with complainant and bank officials. After hearing both the parties, BO advised the bank to restore the amount overpaid by the complainant for which both the bank and complainant gave their consent and accordingly the complaint was closed.

2. The complainant had approached the bank with a request to close the home loan account taken by her late husband against the insurance claim for which the bank had deducted the insurance premium. She further alleged that despite several requests

by her and assurance by the bank for more than a year, bank had not taken effective steps to get the insurance claim and settle the home loan account.

On taking up the matter, the bank initially replied that they were under correspondence with Insurance Company(IC) and they would close the home loan account within one week. Subsequently, bank came out with the plea that the policy issued by the IC was in the name of some other person and IC was delaying the payment of claim of amount. However, the bank did not produce any documentary evidence to prove that the premium amount deducted by them had been actually remitted to the IC furnishing complete details of the insured borrower to them. Therefore, the bank was advised to revisit the case and consider to settle the loan account without further delay and follow up with IC for claims separately. The bank was also advised to submit reply along with the views of their Internal Ombudsman as the case was pending for a long time. On reconsideration, the bank submitted a reply stating that with approval of their Head Office, they have settled the home loan account and returned the documents to the complainant without waiting for the settlement of the claim from IC.

3. In a complaint, the complainant alleged that he was not being allowed to avail switch over facility from base rate to MCLR. On taking up the matter, the bank replied that the switch over facility as per bank's extant internal guidelines was available only to the home loan customers who availed the home loan facility before July 11, 2011 and as such switch over facility was not available to the complainant as he had availed the Home Loan after the above-mentioned cut-off date. It was observed that the bank's internal instructions were not in conformity with the RBI Master Direction on Interest rate on the Advances. Therefore, the bank was advised to revisit the case in the light of the RBI Master Direction (2016) and provide the complainant a mutually acceptable offer in the matter. The bank re-examined the matter and submitted that they have changed the home loan account of the complainant from base rate to the MCLR system.. There were a few more such complaints against the bank on this aspect. These cases have also been settled in favour of the customer The bank has also been advised to revise their internal guidelines in conformity with RBI Master Direction on this subject.

4. The bank had sanctioned a composite housing loan for purchase of plot and construction of house. The borrower had to commence construction of the house within 6 months from date of sanction and complete it within 3 years failing which the composite loan would be converted to a plot loan and 2% conversion charges would be levied. Further, the borrower had to submit license for construction and sanctioned plan issued by the competent authority, prior to availing disbursement towards construction of the house. The bank initially disbursed an instalment towards purchase of plot and

the balance was earmarked for funding construction of the house. When the borrower failed to construct the house within the stipulated time frame, the bank charged 2% extra interest. According to the complainant, the bank had sanctioned the composite loan knowing fully well that it was a 'B' Khata property for which there was no sanction of competent authority. Although she had been constantly following up with the bank for release of the balance amount, the bank had not disbursed the same since last three years and had suddenly advised her about conversion of composite loan to plot loan and levied penal interest. The complainant sought refund of penal amount charged by the bank.

The bank advised that the complainant had not approached them for availing construction loan during the last three years. Further, the complainant had never produced the license for construction and sanctioned plan by competent authority. Hence the composite loan was converted into a plot loan and penal charges were levied as per the terms of sanction.

On examination it was observed that the State Government had introduced a Scheme to regularize the 'B' Khata properties. Before the stay of the Scheme by the High Court, some banks had been providing loans against these properties as these were to be regularized by the State Government. However, due to the Court stay the grant of fresh loans/ disbursement was stopped. The bank had sanctioned the loan much before the Scheme. As this was a credit sanction decision which rested solely with the bank it was not within the ambit of the BOS 2006.

However, as regards to levy of penal interest by the bank, the complainant was advised to furnish a copy of application form / letter / any evidence that she had applied for fresh disbursement of loan before completion of three years period from the date of sanction and was denied a loan. The bank was advised to furnish a copy of the undertaking signed by the complainant regarding commencement and completion of construction of the house within three year.

The complainant stated that she had been orally requesting the bank for construction loan and could not produce any evidence to support that she had applied for a fresh loan disbursement. The bank submitted a copy of the requisite undertaking signed by the borrower. However, the bank could not produce any evidence of follow-up / due diligence to obtain an application for disbursement from the borrower to ensure fulfilment of the borrower's obligation.

In view of the above, the bank was directed to waive 50% of the penalty imposed, purely as a service gesture. The bank complied with the same.

5. A partnership firm complained that they had availed Overdraft (OD) against security of Term Deposits (TD), based on the bank's advice that the rate of interest on the OD facility would be low and that the deposits would be prematurely closed and adjusted to the OD account if they did not operate the account for two months. The complainant alleged that the branch manager suddenly blocked the ODTD account without prior notice. The firm repeatedly requested the branch manager to pre-close their Term Deposits and adjust the amount towards the OD facility and remit the balance amount to them. The branch manager however failed to accede to their request, added interest to the ODTD account and treated their account as NPA.

On calling for comments, the bank stated that the maturity disposal instructions given for all the TDs were auto renewal. Hence these TDs were automatically getting renewed on maturity along with interest. One of the partners had sent registered notice to the branch asking to pre-close the term deposits and adjust the proceeds to the OD account. The bank stated that there was no operation in the OD account for the last two years. The bank informed one of the partners that the consent of the individual Term Depositors was required for pre-closing the TDs and for adjusting the proceeds to the OD account. The letter was returned undelivered. The branch closed the TDs and adjusted the proceeds to the payoff amount of the OD account and refunded the balance to the respective TD holder. No comments were furnished by the bank on blocking of the ODTD account.

On examining the terms of sanction of the ODTD account, it was observed that the bank had the right to set off the amount of the deposits against the outstanding balance in the ODTD account. Further, the bank had been authorized by the term deposit holders that after adjusting the proceeds of the pledged deposit to the ODTD account and /or on expiry / cancellation of the limits, the bank was at liberty to close the said account within 15 days from the date of expiry of the limit and send the credit balance to them. Hence, the bank's contention that the individual Term Deposit holders should give consent for pre-closing the TDs and for adjusting the proceeds to the OD account was not tenable. In view of the foregoing, the BO directed the bank to set off the balance outstanding in the ODTD account against the balance in the Term Deposits and refund the balance of the term deposit amounts after closure of the ODTD balance after adjusting the interest payable on these term deposits as per bank's extant guidelines as on that date, to the respective depositor, pay the depositors a compensation of ₹ 20,000/- each for bank's failure to abide by the terms of sanction of the ODTD facility.

6. The complainant had availed education loan from the bank on September 2, 2008. The loan was disbursed in seven instalments from September 2, 2008 to June 8, 2012. He alleged that bank had paid interest subsidy on the education loan only for one year i.e. 2010 and thereafter no interest subsidy was paid to him. The complainant claimed that as per Government notification, he was eligible for interest subvention after April 1, 2009 for the subsequent years also till the date the loan was active, which in the instant case was 2013.

The bank stated that the complainant had availed education loan on September 2, 2008. He received interest subsidy on October 22, 2010 under the Scheme of the State-Government and not the Central Government. The Central Interest Subsidy Scheme (CISS) on education loan was available for loans sanctioned after April 1, 2009. Hence the complainant was not eligible. The Government had introduced another Special Scheme "CISS 2014-15", according to which loans sanctioned prior to April 1, 2009 were eligible for interest subsidy as a one-time measure. Since the complainant had availed the loan prior to April 1, 2009, he was eligible under the scheme, only if there was interest outstanding as on December 31, 2013. Since the complainant had closed the loan before December 31, 2013, he was not entitled to receive the subsidy.

Perusal of the complaint revealed that the education loan was disbursed on various dates during September 2, 2008 to June 8, 2012. It was obvious that at the end of each year i.e. 2009-10, 2010-11, 2011-12 and 2012-13, there would be interest outstanding till the loan was repaid. The bank was, therefore, advised to explain why the outstanding interest for the subsequent years was not considered and only the outstanding interest of 2009-10 was considered for payment of Interest subsidy. The bank admitted its error and confirmed that it would recalculate the eligible interest subsidy and credit the same to the complainant account.

7. The complainant alleged that even after depositing a cheque for ₹ 24.78 lakh drawn on his savings bank account towards prepayment of the full outstanding amount against the loan availed by him from the same bank/branch, the proceeds of the cheque was not credited in the respective loan account of the complainant with the plea that the foreclosure charges @2% of the total loan sanctioned was not paid by him. The complainant requested for waiver of the foreclosure charges to the bank as the terms and conditions of the sanction letter did not contain this clause. Since, the issue regarding foreclosure charges was not resolved, the bank kept the cheque for ₹ 24.78 lakh idle and unaccounted; though there was enough balance in his savings bank account and which could have been recovered and credited to the loan account.

The complainant argued that when the cheque of ₹24.78 lakh was given to the bank for closure of his loan account 8 months ago, it should have been credited to the loan account, which could have reduced the interest burden. Since, the cheque was given by the complainant for closure of loan account and funds were available in his SB account, the bank was advised to extend interest benefit at the same rate at which interest was being charged in the loan account of the complainant with retrospective effect for 8 months. Regarding the foreclosure charges, based upon documents submitted before the Banking Ombudsman, the complainant was advised to pay 1% of the total loan sanctioned. The decision was accepted by bank as well as the complainant.

8. The complainant had stated that after adjustment of the surrender value of the LIC policies for ₹ 3.25 lakh in October 2015, he was advised by the bank that he had to deposit the remaining outstanding balance of ₹4000/- to close the housing loan of ₹ 5.00 lakh availed from bank in the year 2010. Accordingly, he deposited the balance amount with interest in April 2016 and the account was closed. But, when he asked for the clearance certificate in August 2016, i.e, after 4 months of closure of the account, the bank demanded for payment of another ₹1.60 lakh. The bank explained that the account had slipped into NPA category in the year 2012 for which the bank had to recover ₹ 1.60 lakh towards reversal of unrealised interest and unapplied interest. The complainant submitted that when the surrender value of LIC policies was adjusted in October 2015 and the final payment was made in April 2016, the bank did not inform him about any due towards any interest to be recovered from him.

The BO observed that when the surrender value of LIC policies for ₹3.25 lakh was credited in the loan account of the complainant in October 2015, the account stood upgraded on the said day and hence the unrealised interest should have been debited to the account immediately. Again, there was a delay and lapse on the part of the bank in not reversing the same till April 2016, when the borrower deposited the remaining balance of ₹ 4000/- for closure of the account; thereafter another 4 months till the time the complainant has asked for clearance certificate.

Though there were delays on the part of the bank in not accounting for the unrealised and unapplied interest, the claim of the bank towards unrealised interest of ₹ 1.60 lakh was, however, genuine and backed by accounting records. Hence, the complainant was advised to pay 75% of the dues towards full and final settlement of the loan'

9. One customer had applied for housing loan. After accessing his eligibility, he was advised to apply along with other documents like Valuation Report, Search Report

etc. for which, he had to incur some expenditure. After submitting loan application, the bank found him in-eligible and rejected his loan application. He complained to OBO that if he was in-eligible then why the bank had advised him to submit documents which were to be procured with fee. The bank failed to submit reason, so it was advised to pay the disputed amount. The bank neither paid the amount nor submitted reasons for the same. After exhausting all the measure, BO issued the Award against the bank.

10. The complainant stated that her daughter had taken an education loan and was regularly paying the EMIs. She alleged that the bank had sent recovery agent who asked her to repay the entire bank loan along with interest immediately. She had requested the bank to reduce the rate of interest of loan amount. The bank's official acknowledged that the repayment was regular. The bank's recovery agent had contacted complainant in the normal course. BO advised that Agents were prohibited from making any kind of threat while trying to recover loans. The bank was advised to caution the concerned Recovery Agent in writing, to adhere to regulatory guidelines.

11. The complainant was received from one of the 10 members of the Self Help Group (SHG) to whom ₹ 5 lakh was sanctioned by the bank i.e ₹ 50,000/- to individual member. However, the bank did not sanction ₹ 50,000/- to the complainant under the pretext that her husband had availed Agricultural Term Loan (ATL) of ₹ 25,000/- which had turned NPA due to non-payment of dues. However, it was observed that the reason for rejection of loan of the complainant was not in order as she was not co-obligant to her husband's ATL and she had applied for individual loan through Self Help Group. The BO advised the bank to consider the application on merits irrespective of the credit history of the husband as the wife was not co-obligant. The bank subsequently considered the loan application of the complainant favourably.

12. The complainant had taken two loans viz. housing loan and mortgage loan. He had paid all instalments pertaining to the housing loan as per terms and conditions of the loan. He alleged that the bank had recovered ₹5 lakh additionally towards his housing loan by deducting ₹10,000/- in 50 instalments on a single day from his mortgage loan account which had drawable balance. On account of this deduction, he had paid more interest on mortgage loan also. In response the bank submitted that interest rate on housing loan was on a floating rate and had increased over a period by 3%. There was accumulated interest outstanding in the housing loan account. In order to ensure that the two loan accounts did not slip to NPA thereby affecting the complainant's credit score also, the bank transferred the surplus in the mortgage loan

account to the housing loan account. After the personal hearing with both the parties and examining records pertaining to the two loans it was observed that the bank had not communicated the increase in interest rate to the complainant. The complainant was also not diligent to ascertain the liability on his loan account from the bank especially since he had opted for floating rate of interest. The BO therefore advised the complainant to repay ₹5 lakh towards his mortgage account and the bank was directed to reverse the interest applicable on ₹5 lakh from the date of debit till the date of direction from BO.

13. The complainant had availed education loan for his son from a bank by pledging original title deeds of his property. He cleared the entire dues but the bank did not return the property documents stating that they were misplaced. The bank however handed over certified copies of the property documents to the complainant and also provided an undertaking that as and when the documents were found, they would be returned to him. The complainant lodged a complaint with OBO stating that he was not able to sell his property with the certified copy of title deeds as the prospective buyers backtracked due to defective title deeds and this has caused him mental agony. He requested to arrange for return of the original property documents and also to take stringent action against the bank. A personal hearing was held with the Nodal Officer of the bank and the complainant during which complainant demanded that the bank give him the original title deeds and suitable compensation. The bank was given time and ample opportunity to locate the documents and resolve the issue but failed in the matter. The bank was therefore directed to pay compensation of ₹ 50,000/- to the complainant for the mental agony caused to him due to deficiency in service.

14. The complaint was about non delivery of original title deed and chain deed of the property auctioned which the complainant acquired through bidding process initiated by the bank towards recovery of dues in a housing loan facility provided to a borrower. The bank submitted that in course of transferring title deeds /documents of title to various stressed loan assets which were sold to (An Asset Reconstruction Company), the bank had erroneously transferred the title deed and chain deed of the said property already auctioned. A detail examination of the case including the documents and relevant correspondence revealed that the bank sold the property to the ARC and got money from it for the same, which was already auctioned and sold to the complainant. Thus the bank received money for the same property sold to two different entities and ARC was insisting for refund of the money for the property already paid before parting with the title deed and chain deed of the property, etc.

The bank had caused considerable delay in this matter and even after issuance of advisory failed to redress the grievance of the complainant. As such, BO issued Award directing the bank to make immediate arrangements for delivery of the title deed and chain deed in original to the aggrieved customer and also to pay interest at prevailing FD rate on the auction price paid, to compensate for the monetary loss caused to the complainant, for the period from the date of payment of the auctioned value of the property to the actual date of delivery of title deed including chain deed.

15. The complainant had closed his Kisan Credit Card (KCC) account after depositing the full amount. However, he had received a recovery notice from the bank towards overdue in the KCC account. He also stated that as per the account statement there was a sanction of fresh limit for which he had not made any request. He also alleged that there was an unauthorized withdrawal which was in excess of the sanctioned limit.

In a conciliation meeting the bank failed to submit documents relating to unauthorised withdrawal which was in excess of the sanctioned limit as also the documents relating to increase of KCC limit. The bank stated that there was a fraud reported in the KCC accounts in the said branch and it was quite possible that this too was a fraudulent account. But beyond this bank could not furnish any other information.

BO observed that the bank had no documents to produce in respect of the request of increase of limit nor could bank clarify as to how an unauthorised withdrawal was made in the KCC account. Bank also could not clarify as to how the account was not closed even after the deposit of the due amount by the complainant and 'a/c closed' clearly written on the deposit slip. Thus, the bank was advised to initiate due procedure to close the account and issue no dues certificate to the complainant.

16. The complainant was maintaining cash credit account with a bank. For operational convenience and as he felt rate of interest charged by the bank was high, he shifted his account to other bank. On closure of account the complainant noted that his account was debited with foreclosure charges of ₹ 2,26,977.00. The complainant alleged that the bank had levied various service charges in his account and the levy of foreclosure charges was huge and requested for refund of the same.

The matter was taken up with the bank and it submitted that the complainant had availed Cash Credit facility of ₹100 lakh originally sanctioned in 2007 for a period of 12 months which was subsequently renewed annually. The cash credit limit was subsequently taken over by other bank. The borrower was aware of the applicability of

pre closure charges. On verification of terms and conditions of sanction it was observed that the pre-closure charges were included under the head "Other charges-as applicable from time to time" in the sanction letter issued to the complainant and duly acknowledged by him. The sanction letter acknowledged by him did not specifically mention pre closure charges. The applicability of pre-closure charge ought to have been intimated to the complainant either at the time of sanction of cash credit or incorporated in terms and conditions signed by him. The bank had also not informed him in writing about the charges at the time of processing his request for take-over facility by other bank.

Bank was advised to reverse the pre closure charges levied as it had not adhered to the guidelines on customer service policy of bank and was not considered transparent in its dealings.

17. The complainant alleged that the bank demanded an amount of ₹ 12196.00 towards premium for a Life Insurance policy after a period of four years of closing of housing loan account and releasing of the housing loan documents. The bank had blocked the salary a/c of the complainant and a report of default was recorded with CIBIL without any intimation to the complainant.

On taking up the matter with the bank, it stated that the customer had availed housing loan of ₹ 6 lakh and a Life Insurance limit of ₹ 37,525.00 was also sanctioned on June 30, 2011 towards the premium on the Insurance policy. The premium was payable in five annual instalments of ₹ 7505.00 each and the borrower had paid the first instalment. On closure of the loan account, by oversight it had released the housing loan documents. The insurance loan account was active with an outstanding of ₹ 12388.00. Post receipt of complaint from OBO, the bank verified its record and discovered that the insurance application and policy documents were not available with it. The DD for ₹ 7505.00 favouring the life Insurance company had also not been encashed. On taking up the matter with Insurance Company, the bank realised that no policy record was available with the Company. The bank had closed the insurance loan account by reversing the amount outstanding.

On being taken up by OBO, the bank lifted the block placed on complainant's salary account and assured the complainant that it will set right the CIC record.

MISSELLING

1. The Complainant had approached the bank for a grant of loan under Chief Minister Yuva Udhami Yojna for starting transport business and purchase of commercial vehicles. The bank representative persuaded him to make an investment of ₹ 10,00,000/- in insurance plan with yearly instalment of ₹ 2,00,000/-. The sanction of loan was linked to this investment. The complainant did not have any source of income and agreed to invest initial amount of ₹ 2,00,000/- by borrowing from other sources. The loan was subsequently rejected after four months. The complainant filed a complaint with the OBO stating that he was misled to participate in the investment plan by the bank official with the promise that the investment would guarantee his loan approval and the processing of the loan was deliberately delayed so that the free-look period for cancellation of policy lapsed. On receipt of complaint, the bank was advised to furnish its comments more specifically with regard to linking the investment policy to the grant of the loan and the reasons for delay in processing the loan application, etc. As regards mis-selling of policy, the bank was also advised to comment whether the suitability of the product sold to the complainant was examined in the light of the borrowed funds for investment when the investor did not have any regular source of income. The bank submitted their reply stating that they investigated the matter and resolved the complaint by cancelling the policy and crediting the amount together with the interest to the account of the complainant.

2. The complainant alleged that when her husband (since expired) approached the bank to close his fixed deposit (FD) of ₹ 1.50 lakh to meet his medical expenses, the bank persuaded to avail a loan against the abovesaid FD and sanctioned him a loan of ₹ 1.35 lakh in May 2010. Since, the complainant's husband was receiving pension of ₹ 1,293 only per month, he was not in a position to repay the loan sanctioned against the FD and hence he had requested for closing the FD account. She further alleged that when the outstanding balance in the loan account along with interest happened to be equivalent with the maturity value of the FD, the loan account was not closed by the bank and it was allowed to continue for two years with increasing interest every month. Subsequently, after adjusting the entire proceeds of FD in the loan account, the bank recovered ₹ 23,000/- from the pension account, put the pension account on hold and started issuing demand notices to the complainant for recovery of the remaining outstanding of the loan account.

Banking Ombudsman observed that when the complainant was drawing a meagre amount of pension of ₹ 1293/- per month and he was not in a position to repay the loan,

it was not a fit case to sanction loan against FDR. Moreover, the loan sanctioned for ₹ 1.35 lakh in May 2010 should have been liquidated against the FD of ₹ 1.50 lakh as at the end of March 2011 when the outstanding in the loan account with interest thereon was equivalent to FD amount. It was a lapse on the part of the bank for not adjusting the proceeds of FD and closing the loan account at the end of March 2011. The BO advised that the loan account may be treated as closed as at the end of March 2011 and all the transactions made in the loan account since April 2011 including the amount of interest debited each month thereafter may be treated as unnecessary/unjustified. Accordingly, the bank was advised to refund ₹ 23,000/- which was recovered from pension account after March 2011 and waive all the debits effected in the account after March 2011.

3. The complainant alleged that the bank had recovered ₹ 24,000/- from his salary account towards bills raised on his credit card which was not delivered to him. He had applied for a credit card. The bank, on the pretext of registering the credit card, had informed him about the compulsory requirement of joining insurance policies and accordingly opened two insurance policies in his name and charged ₹ 24,000/- towards insurance premium to the credit card account and raised bill for the same. Since the complainant had not received the credit card, he did not pay the bill amount raised on the undelivered credit card.

The bank then recovered the bill amount from his salary account maintained with the bank without informing him and credited the same to credit card account. A conciliation meeting was held to resolve the complaint. The complainant alleged that the contact numbers provided in the insurance policies for any help or cancellation were not reachable and hence he was not able to contact the officials for cancellation during free look-in period. This was considered one of the deficiencies on the part of the bank. Moreover, it was not proper on the part of the officials of the credit card department of the bank to ask the complainant to avail insurance products linking it with the issuance of the credit card. Therefore, the bank was found deficient and was advised to refund the entire amount to the complainant.

4. The complainant, a carpenter and daily wage earner, alleged that the officials of the bank had taken his and his wife's signature on blank forms and made them join insurance policies involving payment of annual premium of ₹ 8 lakh for five years with the provision of pension after ten years of joining the policy. They had been to the bank with intention for depositing the money they had received after selling landed properties in fixed deposit schemes. They were not given any information by the officials regarding payment of such a huge premium annually for five year. The complainant submitted that as a daily wage earner and carpenter, he did not have adequate income to pay annual

premium of ₹ 8 lakh for both the policies. Moreover, the complainant informed that he was already 62 years old and the pension payable after 10 years of joining the policy may not be of any benefit to him. The complainant approached the bank several times during free-look period for cancellation of the policies, but the bank did not accept his application for cancellation during free-look period and did not even cooperate in cancellation of the policies. Rather, the complainant was forced to send the application for cancellation by post, which was also not addressed by the bank. Looking at the age of the complainant, the waiting period of 10 years to avail the benefit of Life insurance policy and no adequate income to pay annual premium of ₹ 8 lakh per year for five years, it was a clear case of selling an unsuitable product to the complainant. Hence, the bank was advised to cancel the insurance and refund the entire amount to the complainant.

5. The complainant, aged 75 years, submitted that her FD matured on 22.02.16. She was offered by the bank to invest this sum (₹19 lakh) in a special FD scheme for senior citizens under which she would get 14% interest. However, a sum of ₹15 lakh was invested in some Mutual Fund, ₹2,93,600 in fixed deposit and ₹99,000 in Life Insurance product of a company. Complainant disputed that the investment made in mutual fund and insurance were done without her consent as she simply wanted to invest all her amount in a simple FD. Although the complainant got ₹99,000 recovered from Life Insurance Company by approaching IRDA. The bank, submitted that the complainant had visited their branch on maturity of her FD and inquired regarding long term investment options with a regular inflow of money at regular intervals. The bank submitted the application forms for insurance and Mutual Fund on which signatures of the complainant were obtained and the fact that the complainant agreed to T&C and added her grandson as nominee.

A meeting was held at BO Office and the BO took a view that it was a case of mis-selling as the investment products defies customer's right to suitability. Thus, it was decided that the bank will refund the amount of ₹15 lakh to the complainant after cancelling the mutual fund. After various reminders sent to the bank, the bank finally refunded the amount of ₹15 lakh to the complainant.

The complainant, however, again approached the BO office for payment of interest on delayed discharge of funds. The BO found the complainant's concern to be genuine and instructed the bank to either pay FD interest applicable or net NAV appreciation value as the bank unduly delayed the payment for almost a year and harassed the complainant. The bank paid ₹ 1,13,389 to the complainant towards compensation.

6. The complainant reported that the bank had issued an Insurance policy by debiting the premium amount from the sanctioned KCC loan without his knowledge. To resolve the case a conciliation meeting was convened which was not attended by the complainant. The bank official intimated that the borrower had signed the documents and all the terms and conditions were explained to him. After hearing the bank's submission and on perusal of documents, it was observed that the balance in the S/B account of the complainant was never equal to ₹ 25000/-. It appeared to be a clear case of misselling of Insurance product as the complainant would never be in a position to service the product. The bank was advised to reimburse the amount of ₹ 25000/- along with interest charged thereof.

7. The complainant who wanted to place Term Deposit, was asked to fill up a form and the bank executed a life Insurance Policy and recorded wrong mobile number. As a result, no confirmation over phone or message was received by the complainant. The complainant received and kept the policy without knowing that he was supposed to pay annual premium for 5 year.

In the conciliation meeting the bank intimated that the complainant had signed the documents and all the terms and conditions were explained to him. He could have opted out of the Insurance product during the free look in period of 15 days but approached after almost a year for refund of amount. After hearing the bank's submission and on perusal of documents, it became clear that the representative of the Insurance Company had given his own mobile no. for verification call and the complainant's financial position was not found to be good enough to service the product for 5 year. The bank was advised to refund the premium amount.

8. The complainant alleged that he was compelled to buy accident insurance policy and medical insurance policy while opening S B Account and an amount of ₹ 100/- and ₹ 1300/- deducted from his SB account towards premium for the said insurance policies respectively. Moreover, despite his request in this matter the bank had neither issued the insurance policy certificate nor provided any acknowledgement towards subscription to the insurance policies. The bank failed to provide any concrete proof that the insurance policies were made on the basis of explicit consent of the complainant and the policies were actually issued to the complainant. The complaint was a clear case of mis-selling of insurance policies by the bank in clear violation of Charter of Customer Rights - Right to Transparency, Fair and honest dealing and Right

to suitability. The bank was asked to initiate measures for resolution of the grievance of the complainant and the bank refunded the amount so deducted towards premium of insurance policies to the complainant.

PENSION

1. The compliant was received by the OBO from a defense personnel regarding non receipt of pension arrears from bank from January 01, 2006 to till date of the complaint. He had also mentioned that neither the concerned bank nor its Central Pension Processing Cell had replied to him on this matter. The matter was taken up with bank for expediting the process with the CPPC. The bank took up the case with its CPPC and informed that it had paid ₹ 4,84,576/- as per circular issued by the office of the Principal CDA (pension). In this case the OBO had also asked the bank to pay the delayed interest on late payment of arrears @ 8%. The bank paid ₹ 66,608/- towards 8% interest on delayed payment of arrears of pension on June 21, 2017.

2. The complainant was about non-payment of family pension as per the revised rates. The complainant was being paid a monthly pension of ₹ 4,010/- instead of ₹ 26,995/-. BO observed that pension was not paid to her at the entitled rate since January 01, 2016, nor was pension revised in line with revision circulars issued from time to time. The CDA had issued a special order, giving the rates of special family pension payable to her since 01.01.2006. On the advice of BO, the bank calculated the pension arrears due to the complainant. The bank was advised to pay the arrears of ₹ 7.49 lakh and also to pay interest @ 8% on delayed payment. The bank was also advised to forward the detailed calculation, showing amount payable, arrears paid, delay in payment and interest paid on delay, to the complainant. The bank paid the arrears, interest for delayed payment and refixed the pension at ₹ 26,954/-.

3. The complainant had raised the issue of payment of Life Time Arrears of Pension. He had stated that his mother was drawing family pension. While his father expired on 21.05.2009, the mother had also expired on 18.07.2016. He had requested for payment of arrears for the period 21.05.2009 to 18.07.2016. The bank submitted that the arrear amounting to ₹ 3,77,214.00 was credited on 13.01.2017. Transfer of amount to legal heir account had not taken place as the death claim from the complainant was not received. The bank was advised to pay interest at 8% for the period of delay.

REMITTANCES

1. The complainant alleged that a cheque deposited in the bank was credited to the account after a gap of 4 year. The complainant had asked for interest applicable to fixed deposit for the delay in collection of the cheque. As there were lapses on the part of the complainant also, for not following up with the bank for the delay in collection of the cheque, the complainant was advised not to ask for interest rate as applicable to fixed deposit and instead was offered to accept savings bank rate of interest of 4% for the delayed period of 4 year. It was observed that the proceeds of the cheque was actually paid by the paying bank to the collecting bank after 4 years though there was sufficient balance during the entire period of 4 years in the account on which the cheque was drawn. Accordingly, since the paying bank had not participated with the funds for 4 years, the bank was advised to pay 70% of the total interest required to be paid to the complainant. The collecting banker was also found deficient in not following up with the paying bank for collection of the cheque and hence was advised to pay remaining 30%. The decision was accepted by all.

2. The complainant had complained about fraudulent encashment of a cheque for ₹ 2,36,337 issued in favour of beneficiary drawn on collecting bank. It was informed by issuing bank that the said cheque was missing and it already stood cleared in CTS. On further investigation, it was found that the cheque was credited in the account of a third person in some other bank (neither issuing nor collecting). He had further stated that as per police investigation, cheque was not stolen from issuing bank and also the cheque was not verified under UV scanner.

Issuing bank in its reply submitted that the fraud did not occur at their branch. The third bank opened the account of the fraudulent person and made payment in his account. CCTV footage from issuing bank had been taken by police. Police had not found any evidence that the cheque was stolen from issuing bank. The third bank was advised to submit original cheque and KYC documents of the account in which cheque was credited which in its reply stated that the account of third person(beneficiary of cheque amount) was opened with due diligence and proper KYC documents were obtained.

The third bank was given ten days' time to investigate the matter. It was advised to send the cheque to a forensic lab for investigation and in the meanwhile pay the disputed amount to complainant. Ultimately, the third bank remitted the amount of cheque to the complainant.

3. The complainant had issued three cheques in favour of a life insurance company towards premium. His account statement revealed that the three cheques were paid to a different payee. He lodged a complaint with OBO attaching photocopies of first two cheques. The paying bank furnished scanned copies of the three cheques and advised that the cheques were presented in CTS clearing by collecting bank and were paid based on the CTS images. It was observed from the photo copies of cheques submitted by the complainant and scanned images furnished by the bank that the payee's names differed. The original cheques were therefore called from the collecting bank which revealed that an ex-agent of the life Insurance company who collected the premium cheques had altered the beneficiary insurance company name with his own name. He had also altered the amount in words and figures in his handwriting in order not to raise any suspicion. The material alteration was visible on the physical cheques, though it was not visible on the images of cheques. As the deficiency in service pertained to the collecting bank, which received physical cheques which were materially altered, BO ordered the collecting banker to make good the loss.

4. The complainant's cheque presented in clearing was returned by the issuing bank with reason "funds insufficient" inadvertently while there was sufficient balance in complainant's account. The cheque was token advance payment to a builder for purchasing land. During personal hearing, the bank submitted that the cheque was received on a strike day through inward clearing and due to manpower shortage, temporary staff was deployed who entered, the wrong account number and the cheque was returned. It was observed that there was clear deficiency of service on the part of the bank, as due diligence was not carried out while dishonouring the cheque. Consequently, the complainant suffered mental agony for the undue dishonour of cheque causing loss of investment opportunity apart from the stigma attached to dishonour of cheque, as he was holding a respectable position in the society. Keeping in view the mental agony caused by the bank's deficiency in service, the bank was advised to pay ₹ 25,000/- as a token compensation to the complainant and to give an unconditional apology to the complainant which the bank complied with.

5. The complainant had sent a cheque through his current accountant for ₹5.00 lakh by writing pay to y/s for NEFT/RTGS along with a slip containing details of beneficiary viz. Name, A/c Number and IFSC Code etc. After one month, it was informed by beneficiary that he had not received the payment. When the complainant

verified from the bank, it came to his notice that the payment of cheque was made at the counter as self cheque to some other person.

A conciliation meeting was convened on 13.01.2017. During the proceedings, the complainant told that they have been doing business with the bank for the last five years and always submitted a bearer cheque for NEFT/RTGS drawn on y/s. He never took the acknowledgement of the cheques in good faith. The SMS of the transaction was received on his mobile but he didn't notice whether it was a transfer or cash transaction. It came to his notice only when the beneficiary informed that he had not received the amount. Bank officials stated that it was a bearer cheque and cheque leaf was from cheque book issued to the customer, therefore, they made the cash payment of the cheque.

After prima facie scrutiny of the cheque, it was seen that there was an alteration in the instrument (although not visible with naked eye) due to which the payment could not be termed as "payment in due course" as defined under Negotiable Instrument Act, 1881. The bank had also not confirmed from the customer before making the cash payment of the cheque. As per CCTV footage, it was seen that the payment was taken by a person not known to the complainant. As negligence on the part of the bank was quiet clear, the bank was advised to park the amount of ₹ 5.00 lakh in the complainant's account till the completion of Police enquiry.

6. The complainant, a Government Department, remitted a total amount of ₹ 8,08,280/- through two RTGS transaction to a district authority for a welfare project. The amount was wrongly credited to another account by the presenting bank. The account holder withdrew the funds and the bank was making efforts to get him to return the funds. They stated that the amount could only be credited to the correct account or returned to the remitter once it was recovered from the wrongly credited account. The bank's contention was that it would be out of funds if it credited the beneficiary account as the money was not with them. The issue was pending resolution for more than four years, due to the banks refusal to pay. Finally, a conciliation meeting was held and the bank was convinced that the amount had to be paid to the remitter.

7. The complainant issued a cheque for ₹ 3 lakh in favour of the beneficiary maintaining his account with another bank. The complainant stated that after the beneficiary approached him stating that he had not received credit in his account for the above mentioned cheque, he paid ₹3 lakh to him again by another cheque. Later,

the complainant found that double payment had been made to the beneficiary through two cheques of ₹ 3 lakh each. On making enquiries, the complainant found that the first cheque was paid 106 days after the date of issue. The complainant sought refund of the amount, interest on ₹ 3 lakh for the period that he remained out of funds, i.e. nearly 33 months and compensation.

The bank stated that the cheque was passed well in time and the matter be taken up with the beneficiary's bank. They added that the complainant had not approached them with his complaint.

The beneficiary bank submitted that the cheque was presented in CTS clearing and cleared but the proceeds were inadvertently kept in the 'Sundry Creditors' account instead of crediting to the beneficiary's account. Later, on realizing the error, the beneficiary's account was credited.

After the complaint got escalated to the OBO, the beneficiary's bank requested the beneficiary to return ₹ 3 lakh back to the complainant. The beneficiary informed that ₹ 1.5 lakh had already been transferred back to the complainant and the remaining amount would be given back at the earliest.

As there was apparent deficiency on the part of the beneficiary bank, it was found liable to pay compensation to the complainant, as per their compensation policy. The BO also advised the bank to pay a compensation of ₹10,000/- to the complainant.

8. The complainant's grievance was that an IMPS fund transfer made through his banker, got credited to a wrong account with another bank. He alleged that despite the fact that the beneficiary had given his consent to reverse the funds, the beneficiary's bank was not doing so. The complainant's bank submitted that the complainant himself had put the wrong account number at the time of remitting the funds. They had, however, taken up the matter with the beneficiary's bank for the refund.

The beneficiary's bank submitted that the beneficiary's account was under banker's lien and they had exercised the banker's lien and right to set-off and adjusted the amount received into the account against the outstanding dues.

While disposing the case, the BO took recourse to following Court judgments:

Apex Court's judgment in the case of *Jammu & Kashmir Bank Limited v. Attar-UI - Nissa and Others* [AIR 1967 SC 540], wherein, the Supreme Court had held that if a third party, by mistake, deposits money in the account of some other person, the money becomes the money of that third person as soon as the money is deposited in the account of such person and it is not open to the bank in such circumstances, without obtaining the consent of the customer, to reverse the entry of credit made in his account

and in effect pay back the money to the person who had deposited it, even though it might have been deposited by mistake.

Tannan's Banking Manual (24th edition 2011 at page 988), which states that when money is received by the bank paid by mistake of a third person, the bank cannot set up a lien or a claim for a set-off, which he can otherwise do against his own customer, even where such third person so paid the money as an agent of the third person.

The beneficiary's bank was advised by OBO to show cause as to why the bank should not reverse the amount considering the above mentioned legal position. The bank later confirmed reversal of the IMPS amount of ₹ 10000/- to the complainant's bank.

9. The complainant, an NRI account holder sent a cheque for ₹67,344.00 by post from UK favouring a property dealer. When the customer noted an unauthorised withdrawal of ₹ 3,67,344.00 from his account, he registered a complaint with the bank and noted that the cheque for ₹ 67,344.00 which was sent by him was not received by the intended recipient. The complainant alleged that it was encashed by another bank at Mumbai to the account of some other for an amount of ₹ 3,67,344.00.

On taking up the issue the bank reported that the customer had informed the matter only after the encashment of cheque. The collecting bank was advised to provide copies of KYC documents of the account holder who had encashed the cheque.

On perusal of the image of disputed cheque, KYC documents and the account statement, minimal activity was observed in the account. The balance also was very low. The amount of disputed cheque was the only high value credit to the account. Further, an amount of ₹ 48,200.00 was withdrawn on the very day of credit of the cheque followed by withdrawal of balance amount by cheques within the next three days.

BO observed that the collecting bank had not adhered to the RBI guidelines on KYC which require banks to exercise due diligence with respect to every customer and closely examine the transactions to ensure that the account activity is consistent with customer's profile and source of funds. Further, as per the procedural guidelines of Cheque Truncation System (CTS), to ensure the genuineness of the cheque presented under CTS, the onus of due diligence lies with the collecting bank, who receives payment based on an electronic image of a truncated cheque.

The collecting bank had failed to observe any of the due diligence measures and was deficient in service on account of failure to monitor account. The collecting bank was advised to pay the entire disputed amount along with simple interest from the date of encashment of the cheque to the date of credit to the complainant's account.

10. The complainant stated that she had deposited a foreign currency draft in October for 4000 USD and not received the credit for the same. The bank had told her that it would take 20 days but she had not got the credit for over 90 days. On taking up the issue with the bank it was learnt that the bank received the draft on October 29, 2016. It was sent for processing only on December 29, 2016 due to a delay at the branch end. The cheque was realized and credited to complainant's account on January 18, 2017. The bank had apologized to the customer for the delay. BO advised the bank to pay interest @ TD rate for the period of delay.

OTHERS

1. Late husband of the complainant had taken PMSBY (Pradhan Mantri Suraksha Bima Yojana) from the bank for which no premium was debited from the account. The bank rejected the claim on the ground that in the absence of premium deduction, claim cannot be passed. On seeking a clarification, the bank reiterated their reply and further informed that premium amount was not deducted due to technical reasons. Since the bank's stand was not found justified, a conciliation meeting was held with both the parties. Service deficiency was observed on the part of the bank for not debiting the premium amount. The BO directed the bank to pay insurance amount of ₹ 2 lakh to the complainant for which both the bank and the complainant agreed.

2. In a complaint received from a visually impaired account holder it was alleged that the complainant was denied ATM facility stating that visually impaired persons can't avail the facility of ATM despite RBI guidelines stipulated that all banking facilities should be invariably offered to visually challenged persons without any discrimination as they are legally competent to contract. The matter was taken up with the concerned bank branch who assured to ensure compliance with the guidelines. Subsequently, the complainant furnished a satisfaction letter stating that he was contacted by bank manager and when he approached the bank branch, he was explained that there was no objection in allowing a visually impaired persons for any banking facility.

3. The complainant had stated that he had deposited notes in denominations of ₹ 500 and ₹ 1000 of Specified Bank notes/demonetized notes on November 13, 2016 but the bank had not credited the amount to his account. The bank officials obtained the counter foil of deposit receipt from him and returned the old notes to him stating that his

account was KYC deficient. The bank had kept the Specified Bank Notes deposited by the complainant upto the last date and returned it to the complainant after the specified date of exchange. The bank should have taken the necessary steps by communicating to the customer and ensuring that the amount was credited to the complainant's account. Observing the deficiency of service by bank, the BO directed the bank to credit the disputed amount to the complainant's account.

4. The complainant was operating the locker jointly with his wife. He visited the bank to operate the locker and was shocked to find the locker empty. He alleged that the bank officials had colluded with his wife allowing her to operate the locker against the joint operation mandate given by him which had resulted in a loss of assets worth ₹ 32 lakh from the locker. It was observed from the locker access register produced by the bank that the complainant and his wife were allowed by the bank to operate the locker singly on six occasions. This was in clear violation of the mandate given by the complainant to the bank for locker operation. The bank admitted the lapse on their part but opined that such irregularity could not be attributed for loss of assets worth ₹ 32 lakh on any particular single operation as both the complainant and his wife operated the locker singly on different occasions. The BO observed that compensation for loss of assets worth ₹ 32 lakh could not be considered, as there were five irregular operations. However, keeping in view the major violation of locker operation mandate by the bank which had given rise to the complaint on loss of assets, the bank was directed to pay a compensation of ₹ 50,000/- to the complainant.

5. The complainant claimed that his credit score was affected on account of credit card dues whereas he had never applied for the credit card. The bank claimed that the credit card was processed based on the application signed by the applicant along with associated documents like PAN card, passport copy and Employee ID card, Salary slip and Mobile bill. During the personal hearing wherein the bank produced the account opening documentation it was observed that there was negligence on the part of the bank in KYC verification with the original documents. There was no payment from the complainant's bank account towards the credit card dues. This being a case of identity theft and thereby affecting the credit score of the complainant, the bank was advised to compensate the complainant with Rs 10,000/- for the mental agony he suffered. The bank also rectified the credit score with the Credit Information Company.

6. The complainant lodged a complaint stating that she had made three cash deposits through Cash Dispensing Machine (CDM) of her bank at different times on a particular day. She claimed that the first two transactions were successful but the money

got stuck in the machine during the third cash deposit transaction of ₹ 1,50,500/- and the amount was not credited to her account. The bank produced the EJ log for the disputed transactions and CCTV footage. The EJ Log had no record of the third transaction though the footage clearly indicated that the CDM went out of order when the complainant had just finished depositing the cash on the third occasion. The bank was therefore directed to credit the disputed amount and also pay interest at FD rate for inordinate delay in crediting the amount.

7. Employees of a well-known organisation formed a Co-operative Housing Society and approached a bank for housing loan for their members which was sanctioned. Some of the members lodged a complaint with OBO stating that the bank had hurriedly disbursed 96% of the loan to the members without proper inspection of the proposed construction site, no deadline was stipulated for completion and registration of the houses. Due to non-occupation of their houses they were incurring huge loss. The bank was not responding to any of their queries on the above. The bank responded to the complaint stating that they had sanctioned 450 housing loans with a moratorium period of 24 months. As per the information received from the Housing Society, 500 houses were nearing completion and remaining 150 houses would be completed within a six month period as per the agreement and the houses would be allotted on a lottery system. Many personal hearings were held with the bank officials and complainants and a meeting was also held with the Internal Ombudsman of the bank. It was observed that the bank was deficient in not adhering to the terms of the tripartite agreement signed by the bank, Housing Society members and loanees before disbursing full amount of loan, in not being able to identify the plots financed by them and not getting the completion of work for such a major project assessed by an external Empanelled Engineer as per extant RBI instructions. The bank was therefore directed to settle the grievance caused by the deficiency in service, by ensuring allotment of plots/houses in a time bound manner. Accordingly amicable settlement was reached by the complainants with the bank to form a committee with their participation to expedite allotment of plots/houses.

8. The complainant stated that he had authorized his creditor banker at Jaipur to draw an amount of ₹ 12,954/- per month through ECS, as monthly EMI of an Auto Loan. This amount was to be drawn from SB A/c maintained with another bank at Jaipur. The bank made payment for 3-4 months and then suddenly, without any request from the complainant or by the creditor banker, stopped the payment. The complainant further stated that he made a written request in this matter to the paying bank but no reply was received. The creditor bank continued to levy additional interest and cheque bounce

charges. To get rid of this situation the complainant had to pay the entire outstanding amount of Auto Loan. As a result the complainant had to pay an additional amount of ₹ 20,403/- (comprising of ₹ 10,940/- towards Pre-closure charges, ₹ 5041/- towards penalty charges due to ECS default and ₹ 4422/- towards other expenses).

The bank replied that ECS mandate was effected but stopped after a certain period due to technical reasons. The penalty imposed by the creditor banker was calculated and a sum of ₹ 5041/-, being the amount of penalty on account of ECS default was credited in the customer's account.

The case was examined and it was found that due to deficiency in paying bank's service complainant had to pay an additional amount of ₹ 20,403/-. As a result bank was advised to pay the entire amount of ₹ 20,403/- that the customer had to pay on account of ECS mandate not working.

9. The complainant approached the OBO in connection with non-settlement of personal accident insurance claim. A two wheeler loan was availed of by complainant's deceased son and a group personal accident insurance was executed in which the complainant was the nominee. The complainant's son died in accident. The complainant approached the bank for settlement of insurance claim and even submitted the succession certificate from Court on insistence of the bank.

The bank submitted that as per Hindu Succession Act, the complainant (Father of the deceased) was not Class-I legal heir, hence advised to submit succession certificate. The bank also advised to collect the balance amount by submitting Indemnity bond.

After examining the case gross deficiency was observed on the part of the bank for insisting on succession certificate whereas it could have released the claim amount immediately to the nominee subject to the condition that he/ she would be receiving payment as a trustee of the legal heirs of the deceased i.e. such payment to him/ her shall not affect the right or claim which any person may have against the nominee to whom the payment is made. It thus delayed the whole process of settlement of claim by seven year. The bank's insistence was undue, undesirable and avoidable. The bank was advised to pay a penalty at the existing FD interest rate on the sum involved for the delayed period taking into account the period/ no. of days it takes to settle the accidental death insurance claim till the date of settlement.

10. The complainant alleged that his credit card was not cancelled, though the same was physically surrendered to the bank and a series of fraudulent transactions had taken place after its surrender and the bank had recovered the amount for the fraudulent usage from him. The bank submitted that after the card was surrendered, it

was not closed as their officials were trying to engage with the customer to ascertain the reasons for surrendering the card and to try and retain him. The bank also claimed that all transactions done were secure online transactions authorised by a onetime password (OTP)/Verified by Visa (VBV) Pin as the second factor authorization. They also said that the cardholder himself might have compromised the card credentials and OTP. They further alleged that the while surrendering the card, the complainant had mentioned that he was surrendering the card as his son was misusing his card for online transactions. The BO observed that the credit card was surrendered physically by the complainant to the bank for cancellation/destruction, which the bank had acknowledged. Therefore, the bank was responsible for any misuse of the card after surrender, irrespective of the fact that the transactions were authorised by OTP/VBV or that the bank had sent SMS alerts to him. The bank's argument of not blocking the card was seen to be devoid of merit. By keeping the card live, it was open to misuse for which the bank was liable. The bank was advised to refund the amount representing the transactions that had happened after the card was surrendered to the bank.

11. The complainant submitted that he got a call from an officer of the bank offering him an overdraft facility and informing that the bank's agent will visit him at his residence for paper work. A person with ID of the bank visited the residence of the complainant and collected documents along with three cancelled cheques which were not signed by him at the back. After two days he got a SMS that ₹ 2 lakh were withdrawn from his account. When complainant enquired from the bank, he was informed that the bank had made payment to the holder of the cheque over the counter. On perusal of original cheque it was observed that writing on the cheque was either erased or chemically washed. Some impression of original writing was observed. The bank was found deficient and negligent in making cash payment of an altered cheque. The bank pleaded that it was a case of fraud and required investigation by the Police. As alterations on the cheque were clear and visible to the naked eyes, the bank could not be absolved from its responsibility and was advised to make payment.

12. The complaint was regarding the loss suffered by the complainants due to non-payment of crop insurance premium by the bank on the agricultural loans availed by them under KCC. Complainants had sought compensation for the loss suffered due to the deficiency in bank's service. On taking up the matter with the bank, it was informed that the complainants were sanctioned the KCC facility for 5 years for cultivating multiple crops subject to annual review and the facility was renewed till August 2016. The bank reported that the borrowers had not informed the split up area of cultivation of various

crops to the branch at the time of sanction and since the harvesting season of paddy was during July and August, the bank could not insure the paddy crops at the time of first disbursement on July 31, 2014. BO observed that credit appraisal after obtaining necessary details from the prospective borrowers was the responsibility of the bank and also, that it had not insured the crops even though it was mandatory as per RBI guidelines on Revised Kisan Credit Card (KCC) Scheme and National Agricultural Insurance Scheme. BO sought clarification from the bank on the following points:

- I. Safeguards taken by bank to ensure that the loan taken was utilized for productive crop harvesting
- II. Crop for which the loan was sanctioned and whether the area under cultivation was notified for crop failure during the year
- III. Whether Insurance claims of farmers were accepted by National Agricultural Insurance Scheme for the mentioned crop during the period.

Bank informed OBO that:

- I. The amount sanctioned was utilised for the cultivation of paddy crops during May 2014 and the customer had repaid the loans from the sale proceeds of the crops.
- II. They had not received any claim from other borrowers from the area of cultivation and no notice of insurance claim of farmers was accepted by National Insurance Scheme during May to August 2014.

BO sought opinion from NABARD/State Government/Agricultural Insurance Company of India Ltd (AIC) to examine the stand of the bank. It was confirmed that there was 100% shortfall in yield in the area under cultivation as per the declaration from the Principal Agricultural Officer of the district. It was also learnt that AIC had settled all the eligible claims pertaining to insured farmers in that area under Modified National Agricultural Insurance Scheme during Kharif 2014 Season. The bank's stand that the borrowers had managed to discharge their dues from the sale proceeds of crops and hence, would not have incurred any loss was not acceptable as the bank could not justify its act of omission of debiting the customer's account towards Insurance Premium, as required for KCC loans as per regulatory requirements, which had resulted in a loss to the complainant. Therefore, the BO directed the bank to make good the loss suffered by the complainant.

13. The complainant had made an online payment to BSNL. However, his account was debited twice. The amount of second debit was not credited back to his account. The matter was taken up by him with the bank which advised him that the

merchant transaction would get updated on the third working day and failed transaction amount would be refunded automatically within seven working days by the Payment Gateway.

On receiving no further response from bank, he approached OBO. When the matter was taken up with the bank, it reported that, it had contacted the payment gateway and it reported that both transactions were successful. However, at OBO's instance the bank again took up the matter with payment gateway and the bank reported that they could identify only one transaction with BSNL. The excess amount debited was refunded to the customer and interest at savings bank rate from the date of debit to date of refund was paid to the complainant

14. A request was received from a migrant worker employed at a shopping mall seeking BO's help to recover an amount of short billing of ₹ 9933.00 which happened due to her mistake. While swiping the card of a customer at the POS machine at the shopping mall, she had erroneously entered an amount of ₹ 100.34 instead of ₹ 10034.00. The amount of short billing was being sought to be recovered from her salary by the employer.

As the customer had used the credit card of a bank the matter was taken up with the bank. The bank in turn took up the matter with the merchant and obtained official intimation from them with documents confirming the short billing and requesting recovery of the amount from the concerned card holder. On BO's intervention, the bank resorted to "good faith request" to set right the position as a service gesture. The merchant received back the amount of short billing and released the amount recovered earlier from the salary to his employee.

Annex - IV

IMPORTANT DECISIONS OF APPELLATE AUTHORITY

1. A complainant, who had availed working capital facility and term loan facility from the bank, complained to the bank that due to fire the stocks were burnt. The insurance company had settled the claim limiting to the stock value of the original credit limit and did not settle it to the enhanced value of stock, though the credit limits were enhanced few times subsequently, since the bank failed to insure the full stock value. He alleged that the premium paid by the bank to the insurance company was not brought to his notice and on account of the bank's failure to insure the full stock value he suffered a loss of ₹ 46 lakh. The complaint preferred to the bank in this regard was rejected.

The complaint lodged by the complainant to the Banking Ombudsman was examined and the BO directed the bank to pay a compensation of ₹ 10 lakh immediately to the complainant citing the deficiency of service by the bank, stating inter alia that a) the bank's contention of insuring the stock /goods is the primarily duty of the complainant and it is discretionary for the bank to secure insurance as per the agreed terms and conditions and b) the complainant had not approached the bank for increase in the limit of insurance cover are not tenable as the bank has been securing insurance over the years and the stock statements were furnished to the bank by the complainant.

In the appeal preferred by the bank, among other aspects it stated that i) the bank's action of securing insurance for the borrowers property/stock is primarily based on the agreement entered into between the bank and the borrower and ii) it is discretionary on the part of the bank to secure insurance, in case if the borrower failed to secure insurance whereas it is mandatory on the part of the borrower to secure insurance to protect his property/goods, and hence, the award passed by BO may be set aside. The Appellate Authority on examination of the appeal observed that a) it is evident from the agreed terms and conditions that the borrower is obliged to insure his stock; b) in the event of borrowers' failure to do so, the bank at its sole discretion arrange to insure the hypothecated assets at the expense of the borrower and the borrower agrees & undertakes to pay all expenses and costs incurred by the bank on such insurance/ renewal thereof; c) the bank had not increased the cover of insurance as the bank's facility was secured by other securities provided for the facilities availed by the borrower; and d) such action of the bank cannot be construed as a deficiency in service. The Appellate Authority has allowed the appeal preferred by the bank and set aside the Award issued by BO.

2. A complainant, a serving member of the armed forces in his complaint to BO alleged that he tried to withdraw an amount of ₹ 20,000/- each from two ATMs of his bank in his native place during his visit, but could not receive the cash. When he checked his balance, he found that his account was debited by ₹ 40,000/- and hence he complained to the bank, which failed to refund the amount stating that the transactions were successful. The BO had arranged a conciliation meeting and the complainant did not attend the meeting nor sent any of his representatives. Since the bank had provided the electronic reports in support of the transactions and the complainant did not attend the conciliation meeting, the BO had closed the complaint under Clause 13 (e) of the BO Scheme [Complaint is not pursued by the complainant with reasonable diligence]. In the appeal preferred by the complainant, he had stated that he had received the intimation about the conciliation meeting after a week from the date scheduled for conciliation meeting and requested for refund of the amount debited or to reschedule the conciliation meeting. The Appellate Authority observed that a) the complainant did not receive the intimation of conciliation meeting on time; b) the bank neither sent any alerts to the complainant nor adhered to the regulatory instructions of registering the mobile number/e-mail of the customer for providing suitable alerts; and c) the bank did not provide the CCTV footage to BO nor preserved it till the closure of the complaint. Considering the above aspects, the AA giving the benefit of doubt to the complainant directed the bank to refund the disputed amount of ₹ 40,000/- subject to the filing of FIR/Complaint to the police authorities by the complainant and providing a copy of the same to the bank.

3. An Educational Society, which had availed two term loans from a bank, alleged that the bank had charged interest at higher rate of interest in both the loans, levied penal interest and various charges on different counts including high amount pre-payment charges, when it approached to shift the facilities to another bank. It had closed the facility under protest by depositing the total outstanding amount claimed by the bank including excess interest and various charges and the accounts were closed. The bank had although refunded some amount towards excess interest charged for both loans, it failed to refund full amount. It had sought relief from Banking Ombudsman for refund of excess interest and various charges levied by the bank on the term loans.

The OBO had examined the complaint and forwarded the bank's reply /comments on the complaint to the complainant on two occasions for its comments. As the complainant failed to submit the rejoinder to OBO and instead raised trivial issues, which were neither substantive nor factual, the BO had closed the complaint under clause 13 (e) of BO Scheme stating that the complaint was not pursued by the complainant with reasonable diligence.

The complainant preferred an appeal before the Appellate Authority (AA) requesting to set aside the BO's order and the complaint to be heard /resolved on merit. The AA on examination of the appeal preferred observed that the charges applied by the bank are as per the terms and conditions of the agreement and hence the aspect of refund of charges does not arise. However, since the penal interest charged by the banks was capitalized, which is not in consonance with banking laws and practice, the AA modified the decision of BO directing the bank to refund the interest charged on the penal interest.

4. A complaint was preferred to an OBO by a complainant, who was maintaining a savings bank account with a bank, stating that his son was requested by him to withdraw money for his wife's urgent medical treatment. When his son tried to withdraw money from ATM using the ATM/Debit Card, no cash was dispensed by ATM. In the ATM kiosk, some miscreants on the pretext of assisting him in the withdrawal process, exchanged the ATM/Debit card. Sequel to this, large amount of money was withdrawn from his account within three days' time at various places. The complainant also stated that he had not received any SMS alerts with regard to the disputed transactions though his mobile number was provided to the bank at the time of conversion of his single account into a joint account. The OBO examined the matter in detail, held a conciliation meeting to resolve the matter through mediation and conciliation. Though the bank had confirmed that the mobile number was available on bank's records, it contended that the customer has not registered for SMS alerts, which was a chargeable service of the bank. Further, it stated that the complainant's action of handing over his ATM/Debit card to his son was primarily against the mandate of the account and his son in turn not only handed over the card to miscreants but also revealed the credentials such as the ATM PIN to them. Hence, on account of the complainant's extreme negligence and his violation of mandate, the bank was not liable for the loss suffered by the complainant.

As the OBO's efforts of resolving the matter through conciliation did not fructify, the BO issued an award citing that a) the bank failed to register and update the mobile number provided by the customer, b) the bank had not put in place mechanism and validation checks to prevent fraudulent transactions by way of transaction pattern monitoring/velocity checks, irregular patterns monitoring etc. which was in variance to the minimum safety standards as per extant regulatory instructions. The complainant had erred in providing the ATM/Debit card to his son, which was not permissible in terms of the conditions for usage of ATM card. Considering the above, the BO issued an award by apportioning the loss between the bank and the complainant in the ratio of 70% and 30% respectively directing the bank to

compensate the customer with 70% of the total loss on account of major lapses in adhering to regulatory instructions.

The bank in its appeal preferred to the Appellate Authority (AA), inter alia stated that the complainant was extremely negligent and also acted in gross violation of terms of ATM/Debit and the award passed against the bank was not tenable and justified. The AA, on examination of the appeal, observed that: there were equal lapses on the part of both the bank and the complainant. The complainant had parted with his card and credentials i.e. ATM PIN to his son for withdrawal, who in turn unknowingly parted the same to the fraudsters in question. The bank was a) very negligent and failed to register the mobile in the system though the same was provided by the complainant and b) also failed to ensure the monitoring of such high velocity transactions as envisaged in the extant regulatory instructions. Considering the equal lapses on the part of both i.e. complainant and the bank, the AA modified the decision of BO and directed the bank to bear 50% and remit to the complainant immediately and directed the bank to put in place proper mechanisms as per the extant instructions to prevent such incidents.

5. A complainant had availed a loan under Small Road Transport Operators (SRT0) loan scheme from the bank for purchase of a commercial vehicle. The vehicle purchased from the loan was stolen within three months. On account of this, he was unable to repay the monthly installments towards the loan. After filing an FIR to the concerned Police authorities for recovering the stolen vehicle, he requested the bank not to charge interest and other charges on loan from the date of theft of his vehicle. He had also preferred a claim with Insurance Company in this regard.

Since the bank did not accede to his request but followed up the recovery process on account of delinquency in the loan account leading to Non-performing Asset, he made a complaint to the Office of Banking Ombudsman (OBO) stating that the Insurance Company had sought for various documents for the claim lodged for which he was constrained to spend substantial amount of money and the bank did not lodge the claim nor assisted him on time to lodge the claim with the Insurance Company. He had sought for a relief from the OBO that the bank may be advised not to charge interest and other charges on loan from the date of theft of his vehicle and to share some amount of insurance claim to him for the additional expenses he had incurred towards lodging the claim. With a view to promote a settlement, the OBO had invited the complainant and the bank for a conciliation meeting. Since neither the complainant nor his authorized representative attended the meeting, the complaint was closed by OBO under Clause 13(e) of the Banking Ombudsman Scheme (BOS), 2006 i.e. 'that the complaint made is not pursued by the complainant with reasonable

diligence'. But the closure letter sent by OBO to the complainant was returned undelivered with the remarks "Not Found - Return to Sender". The complainant subsequently had filed another complaint to OBO in this regard stating that he had not received any resolution from the OBO for his complaint. OBO had closed this reference stating that his complaint on the subject had already been dealt with as per the provisions of the Scheme.

Having received this communication from OBO, the complainant preferred an appeal to the Appellate Authority (AA) inter alia stating that he had neither received any information from the concerned bank branch nor from the Hon'ble Ombudsman with regard to conciliation meeting or about the closure of his complaint and the bank's contention of seeking further amount over and above the insurance claim is not appropriate. He had requested the Appellate Authority to direct the bank to resolve his complaint accordingly.

The Appellate Authority has inter alia observed that the letters of Banking Ombudsman with regard to conciliation meeting and the final closure communication on complaint were not received by the complainant. Hence, the closure of the complaint under Clause 13(e) of BOS, 2006 i.e. 'that the complaint made is not pursued by the complainant with reasonable diligence' does not hold good. The Appellate Authority in exercise of powers conferred under Clause 14 (2) (c) of BOS, 2006, remanded the case back to the Banking Ombudsman for examination of the same afresh as per the provisions of the BOS.

6. A complainant (senior citizen), who was maintaining a Savings Bank account in a bank had attempted to withdraw money from an ATM, but failed to receive the amount. A person standing nearby in the ATM Kiosk, on the pretext of rendering assistance and help to the complainant in the withdrawal, swapped the card with another card without complainant's knowledge. As the transaction did not succeed, complainant went home with the exchanged ATM/Debit card. On the next day, the complainant received a few SMS on mobile, of which some were relating to cash withdrawals from ATM and GGCC, and some other transactions were POS transactions. On receipt of such SMSs, the complainant immediately rushed to the bank with the ATM/Debit for assistance, as the complainant did not make any withdrawal and to understand the reasons for receipt of such SMSs. In the bank, complainant came to know about the exchange of ATM/Debit card and the disputed transactions were carried out by some miscreants. The complainant had requested the bank to block/hotlist the ATM/Debit card and provide a refund of fraudulent withdrawals made from the account. However, by that time, some more transactions were also made aggregating to the debit of large amount. Though there were many such transactions comprised of ATM withdrawal, Green Channel Counter transactions, POS and account to account transfers, only a few SMSs were

delivered to the complainant. The first SMS was delivered only after a period of more than 18 hour.

Not satisfied with the relief provided by the bank, the complainant approached OBO and sought for refund of the amount fraudulently withdrawn. A conciliation meeting was held by BO, wherein the bank had agreed that only a few SMS alerts for disputed transactions were delivered with considerable delay and for that deficiency the customer was appropriately compensated with the amount lost up to the first SMS alert received by complainant. The Banking Ombudsman observed inter alia that in terms of extant instructions on Credit/Debit cards, “the security of the debit card shall be the responsibility of the bank and the losses incurred by any party on account of breach of security or failure of the security mechanism shall be borne by the bank” but the bank had failed to compensate the complainant. Further, the bank’s internal circular in this regard stipulated only the maximum transaction amount that can be withdrawn per withdrawal and a particular amount for particular nature of transactions. However, the said circular does not stipulate the time period for the transactions which leaves a loophole for exploitation by unscrupulous elements as observed in numerous complaints pertaining to fraudulent withdrawals. Among other things the bank had also stated that there were technical glitches in their system on account of installation of some patch, which led to the non-delivery and delayed delivery of SMS alerts. On examination of the above, the BO observed that there was a complete failure in the bank’s systems and hence issued an advisory to the bank to refund the amount to the complainant within a time frame. When the bank had failed to settle the matter as per the advisory, the BO passed an Award advising the bank to refund the total amount withdrawn fraudulently to the complainant. Aggrieved by the BO’s Award, the bank preferred an appeal before the Appellate Authority stating that the customer is responsible to keep the card credentials secured in a manner, which cannot be revealed and the complainant is extremely negligent, which led to this fiasco. Since the bank had, compensated the amount up to which the first SMS was delivered, the bank can be exonerated from further liability.

The Appellate Authority has inter alia observed that (a) there was gross negligence on the part of the bank and the bank had failed to alert the customer on time about the transactions happened in the account using the ATM/Debit card, by SMS alerts; (b) the bank had apparently failed to adhere to the extant regulatory guidelines by Reserve Bank of India, as observed by Banking Ombudsman; (c) the bank had not put in place appropriate systems, internal checks and balances for the GCC transactions as such transactions can be done only in the branches; (d) the bank had not been able to stem the unauthorized transactions made within the premises; (e) there were also technical glitches which resulted in inordinate delay in sending SMS alerts; (f) the bank took considerable time to block the

card; and (g) the subsequent transactions would not have happened had the SMS alert was sent on time for the first transaction by the bank.

Considering the above lapses on the part of the bank which are larger than the minor negligence on the part of the complainant, the Appellate Authority modified the Award of BO and directed the bank to bear the entire loss amount *except for the first transaction amount*, which can be borne by the complainant, since the complainant would have got opportunity to block/hotlist the card and could have stemmed the loss, had the first SMS was delivered on time.

7. A complainant visited bank to deposit cash in account of one of his relatives (Intersol account). When he went to the cash counter, he was told to contact Branch Manager. A person (fraudster) wearing a suit met him offering to help him get the clearance and took him to the cabin of Branch Manager. He helped the complainant to fill the form and asked the complainant to get a photocopy of his PAN card. The complainant, presuming him as bank's staff handed his cash to the fraudster and went outside to get the photocopy of his PAN card. But, when he returned, the person was not present in bank's premises. The complainant asked the Branch Manager but he refused to acknowledge having seen him and also the fraudster. The complainant demanded CCTV footage which was refused by the Branch Manager. Complainant lodged FIR with the police. CCTV footage was provided by the bank to the police. The police nabbed the person related to this incident and local media also covered the same as well. Due to frequent visits of the complainant and his friends, the bank lodged an FIR against him. The complainant therefore made a complaint to the OBO.

After hearing both the parties in the conciliation meeting and viewing the CCTV footage, BO observed *inter alia* that there was no security guard in bank's premises and the man (fraudster) wearing a suit was roaming there with confidence and familiarity and was posing to be staff of the bank. Further, bank did not provide CCTV recording of 30 days prior to the incident to establish conclusively that the man was not a frequent visitor to the branch premises. On the basis of hearing and CCTV footage, the BO found a gross contributory negligence on the part of the bank causing pecuniary loss to the complainant and passed an Award under clause 12(1) of BOS, 2006 directing the bank to pay disputed amount to the complainant along with compensation at SB rate of interest (from the date of incident to the date of restitution).

Aggrieved by the award, the bank preferred an appeal before the Appellate Authority. Bank contended that it was not responsible for loss of money given by complainant to a stranger

willingly on its own, trusting him as bank staff. This is clear case of gross negligence on part of the complainant considering the fact that there is a specific counter for deposit of cash.

The Appellate Authority (AA) observed that the issues associated with the complaint are beyond the purview of the BO Scheme, 2006. The AA therefore remanded back the case to the Office of Banking Ombudsman concerned for appropriate disposal as per the provisions of the BO Scheme, 2006.

8. An account holder dropped three cheques, drawn in his favour, in his bank's (beneficiary bank) drop box. These cheques, drawn on three different banks, were not encashed even after a lapse of ten days. Upon enquiry, the beneficiary bank informed that the cheques were stolen from the bank. The account holder advised the drawers of the cheques about non-payment. It was found that while two of the cheques were not encashed, one cheque was encashed fraudulently. In spite of repeated requests and demands by the account holder, his bank failed to address the non-payment. Hence, the complainant, lodged a complaint with OBO against his bank. Further, complainant also lodged complaints with OBO against the bank on whom the cheques were drawn and who made the payment (paying bank) and presenting bank (collecting bank).

While passing the Award, BO observed that the paying bank had nothing to do with the disappearance of the cheque and hence closed the complaint against paying bank under Clause 13 (c). As regards complaint against presenting bank, BO ordered them to pay the entire amount to the paying bank for onward credit to the account of drawer. However, the presenting bank requested for a review of the BO's order considering the involvement of other banks in the case. The complainant had filed a fresh complaint against the paying bank. Having examined the complaints in detail, all the three banks (presenting bank, beneficiary bank and the paying bank) were advised by BO to share the total loss in the proportion viz., 50% to be shared by the presenting bank and 25% each to be shared by the beneficiary bank and the paying bank respectively. The presenting bank and the beneficiary banks paid their respective shares but the paying bank preferred an Appeal to the Appellate Authority.

The AA observed that in CTS clearing, the responsibility of presenting bank (collecting bank) is to ensure that the presented instruments are as per the specified guidelines. The presenting bank failed to adhere to the provisions of CTS clearing and in this regard, the BO's decision directing it to bear 50% was thus found to be in order. However, given the gross error and first point negligence of beneficiary bank, from whose drop box the cheques were stolen, BO's directions to the paying and beneficiary bank to bear the loss of 25% each

was not found to be in order. The award was, thus, modified by the AA, directing the beneficiary bank to bear another 25% of the loss i.e., the beneficiary bank to pay 50% of the amount involved.

9. Loan covered by Personal Accident Insurance Policy under corporate tie-up with an Insurance Company (IC) was granted to an ex-serviceman who died in a road accident when the policy was in force. The customer's wife became family pensioner and serviced the loan. Later, after learning about insurance policy, through inquiry under Right to Information Act, she requested the branch, after one-and-half-year, to lodge a claim with IC and settle the loan account. As per guidelines of IC, the accidental death should have been intimated to them immediately and the claim should be lodged within a period of 60 days after the date of the death. The bank lodged the claim after repeated requests but the same was declined on account of "delayed intimation".

A complaint was lodged with OBO stating that due to ignorance of the family and negligence of the branch, the EMI of the loan continued to be paid up from family pension, until it was known that the loan was covered under insurance policy. No action was taken by the bank despite repeated requests. The pension account was 'hold off'. However, on repeated requests and Pleader Notice, the account was 'opened for operation'. In a conciliation meeting BO directed the bank to settle the case within 15 days and close the loan account without asking for any payment. However, the branch did not resolve the issue. The BO observed that the bank had failed to lodge the claim in time with the IC. Further, in its reply to RTI query, the bank stated that no information regarding the death of late customer was recorded in the branch; whereas, his wife was drawing family pension from the same branch after submitting the death certificate of her husband. The borrower was not given any document informing him that the loan was covered under insurance policy. The bank failed to submit some of the documents asked and gave misleading information to OBO. Keeping this in view, the BO passed an Award and advised bank to settle the case by closing the loan account without asking for any payment towards principal and interest and issue a no due certificate. Aggrieved by the Award, the bank preferred an appeal before the Appellate Authority.

Bank in its appeal mentioned inter alia, that at the time of processing of family pension, the basic document relied upon was the death certificate. The complainant did not mention anything in her application about the housing loan availed by the deceased and the availability of insurance policy in the housing loan account.

The Appellate Authority (AA) observed that when wife of the deceased borrower submitted the family pension claim documents, the bank did not inform her about the deceased borrower being covered by the insurance policy. Further, she was neither a co-borrower nor guarantor for the housing loan availed by the deceased and the bank was not legitimately entitled to collect EMIs from the widow of the deceased.

In view of the above deficiency on the part of the bank, the Appellate Authority rejected the appeal and upheld the Award of BO directing the bank not to recover any outstanding principal and interest from the wife of deceased borrower and to refund all the EMIs and interest of the loan collected/ received after the demise of the borrower, along with interest and to settle the case by closing the loan account and issue a no due certificate.

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 - STATEMENT OF COMPLAINTS RECEIVED BY THE OFFICES OF THE BANKING OMBUDSMAN (2016-17)

Bank Name	TOTAL NUMBER OF COMPLAINTS RECEIVED	OTHER THAN CREDIT/DEBIT CARD COMPLAINTS PER 1000 ACCOUNTS	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	119678	0.06	0.03	0.98	6931	3184	5181	24278	7032	8400	12017	29524	291	318	2619	19903
PUBLIC SECTOR BANKS	81314	0.05	0.02	0.84	4889	2370	3610	15104	3799	8367	8232	19837	224	86	2168	12628
STATE BANK OF INDIA	30591	0.06	0.03	1.67	1688	791	1313	6851	1648	3098	3176	7297	69	36	601	4023
STATE BANK OF BIKANER AND JAIPUR	2031	0.09	0.00	1.41	138	91	99	262	75	514	176	154	8	2	58	454
STATE BANK OF HYDERABAD	862	0.03	0.00	0.42	50	29	26	205	17	49	69	271	3	0	40	103
STATE BANK OF MYSORE	450	0.03	0.00	0.39	105	20	17	56	12	14	112	63	2	1	6	42
STATE BANK OF PATIALA	1167	0.08	0.00	0.81	40	16	28	161	28	161	59	452	1	2	8	211
STATE BANK OF TRAVANCORE	849	0.04	0.00	0.68	18	29	17	143	36	80	41	423	1	0	0	61
TOTAL(SBI & ASSOCIATES)	35950	0.06	0.03	1.40	2039	976	1500	7678	1816	3916	3633	8660	84	41	713	4894
ALLAHABAD BANK	1414	0.03	0.02	0.42	42	48	62	195	61	136	153	474	3	2	36	202
ANDHRA BANK	1307	0.03	0.01	0.43	70	37	42	285	44	32	127	340	2	2	162	164
BANK OF BARODA	5042	0.06	0.02	0.90	391	204	187	792	252	435	477	1117	24	6	284	873
BANK OF INDIA	4187	0.04	0.01	0.79	149	100	144	609	143	801	435	1072	14	1	103	616
BANK OF MAHARASHTRA	845	0.03	0.01	0.43	31	19	24	93	49	38	162	320	0	0	20	89
CANARA BANK	5250	0.06	0.02	0.84	433	148	256	658	167	673	582	1322	15	7	102	887
CENTRAL BANK OF INDIA	2714	0.03	0.02	0.56	91	62	104	406	102	370	308	757	3	3	65	443
CORPORATION BANK	1255	0.04	0.03	0.49	132	33	73	333	47	7	139	226	4	0	18	243

DENA BANK	1141	0.04	0.02	0.63	107	50	65	170	49	124	79	302	5	0	25	165
INDIAN BANK	1673	0.03	0.01	0.61	200	55	215	264	38	119	106	430	5	4	31	206
INDIAN OVERSEAS BANK	2631	0.06	0.03	0.75	175	134	162	490	149	116	292	718	6	6	51	332
ORIENTAL BANK OF COMMERCE	1524	0.04	0.03	0.52	82	34	56	331	101	40	110	369	6	0	22	373
PUNJAB AND SIND BANK	691	0.07	0.02	0.45	26	13	38	63	11	49	50	250	0	3	14	174
PUNJAB NATIONAL BANK	6228	0.05	0.02	0.88	242	164	259	1170	221	890	436	1187	19	2	294	1344
SYNDICATE BANK	1417	0.03	0.01	0.35	124	32	94	157	44	161	136	283	1	1	40	344
UCO BANK	1746	0.05	0.02	0.55	91	63	69	221	111	215	222	448	7	4	49	246
UNION BANK OF INDIA	2556	0.04	0.02	0.58	207	76	120	438	97	136	299	676	15	2	61	429
UNITED BANK OF INDIA	958	0.03	0.02	0.46	34	42	30	177	90	92	179	193	2	1	20	98
VIJAYA BANK	690	0.03	0.02	0.32	81	21	39	106	31	11	101	151	3	0	24	122
TOTAL(OTHER THAN SBI & ASSOCIATES)	43269	0.04	0.02	0.63	2708	1335	2039	6958	1807	4445	4393	10635	134	44	1421	7350
BHARTIYA MAHILA BANK	16	0.03	0.00	0.15	2	0	1	3	0	0	1	3	0	0	3	3
IDBI BANK LIMITED	2079	0.09	0.04	0.99	140	59	70	465	176	6	205	539	6	1	31	381
TOTAL(OTHER PSBs)	2095	0.09	0.04	0.95	142	59	71	468	176	6	206	542	6	1	34	384
PRIVATE SECTOR BANK																
OLD PRIVATE SECTOR BANKS																
CATHOLIC SYRIAN BANK LTD	66	0.03	0.00	0.15	7	1	8	1	5	0	5	22	0	0	4	13
CITY UNION BANK LIMITED	136	0.03	0.01	0.25	6	5	6	14	9	1	6	74	0	0	2	13
FEDERAL BANK LTD	503	0.05	0.02	0.39	28	15	25	111	48	0	36	175	1	2	2	60

JAMMU AND KASHMIR BANK LTD	140	0.01	0.01	0.16	6	2	4	31	2	0	3	20	0	0	0	72
KARNATAKA BANK LTD	221	0.02	0.01	0.28	51	5	2	41	10	0	37	34	0	0	2	39
KARUR VYSYA BANK LTD	298	0.03	0.01	0.39	18	6	4	40	19	0	27	140	0	1	3	40
LAKSHMI VILAS BANK LTD	120	0.04	0.01	0.24	18	1	6	11	2	1	5	64	0	0	0	12
NAINITAL BANK LTD	25	0.02	0.00	0.18	2	0	2	5	1	0	1	2	0	0	0	12
RBL BANK	417	0.08	0.19	1.64	16	3	11	193	14	0	36	85	0	1	3	55
SOUTH INDIAN BANK LTD	206	0.03	0.00	0.23	22	8	10	17	9	0	13	90	0	1	2	34
TAMILNAD MERCANTILE BANK LTD	144	0.03	0.01	0.27	42	9	26	16	3	1	9	28	0	0	5	5
THE DHANALAKSHMI BANK LTD	64	0.03	0.01	0.22	7	2	3	6	1	0	2	38	0	0	1	4
TOTAL (OLD Pvt SECTOR BANKS)	2340	0.03	0.02	0.32	223	57	107	486	123	3	180	772	1	5	24	359
NEW PRIVATE SECTOR BANKS																
AXIS BANK LIMITED	6745	0.18	0.06	1.99	364	157	259	1431	505	9	677	1887	4	27	76	1349
BANDHAN BANK	102	0.01	0.00	0.12	5	5	2	17	3	0	14	32	0	0	6	18
DCB BANK LTD	317	0.28	0.12	1.08	11	8	38	59	13	0	27	106	0	0	3	52
HDFC BANK LTD.	9884	0.14	0.08	2.07	447	169	385	2609	1042	3	1168	2178	16	97	113	1657
ICICI BANK LIMITED	9541	0.11	0.05	1.97	486	217	402	2192	775	16	841	2490	37	38	139	1908
IDFC BANK	29	0.98	0.00	0.32	5	0	0	1	1	0	10	11	0	0	0	1
INDUSIND BANK LTD	1437	0.16	0.09	1.17	74	26	50	352	121	1	136	358	3	9	26	281
KOTAK MAHINDRA BANK LTD.	3715	0.48	0.09	2.56	205	81	165	589	428	1	332	1004	3	37	27	843
YES BANK LTD.	970	0.38	0.11	0.97	70	28	18	201	78	0	106	228	3	0	11	227
TOTAL (NEW Pvt SECTOR BANKS)	32740	0.14	0.06	1.83	1667	691	1319	7451	2966	30	3311	8294	66	208	401	6336

FOREIGN BANKS																
AB Bank Ltd.	6	8.30	0.00	6.00	0	0	1	2	0	0	0	0	0	0	0	3
Abu Dhabi Commercial Bank Ltd.	7	1.14	0.00	3.50	1	0	0	1	0	0	1	4	0	0	0	0
American Express Banking Corp.	187	0.07	0.11	93.50	2	1	1	111	7	0	13	25	0	1	2	24
Antwerp Diamond Bank NV	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Australia and New Zealand Banking Group Ltd.	2	2.75	0.00	0.67	0	0	0	0	0	0	0	2	0	0	0	0
Bank International Indonesia	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Bank of America National Association	12	0.62	0.20	2.40	1	2	1	3	0	0	0	1	0	0	0	4
Bank of Bahrain & Kuwait B.S.C.	2	0.11	0.00	0.50	0	0	0	0	1	0	0	0	0	0	0	1
Bank of Ceylon	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Bank of Nova Scotia	2	0.29	0.00	0.67	0	0	0	0	0	0	0	0	0	0	0	2
Barclays Bank PLC	55	2.21	8.30	9.17	2	1	2	28	1	0	2	15	0	2	0	2
BNP Paribas	1	0.18	0.00	0.11	0	0	0	0	1	0	0	0	0	0	0	0
Calyon Bank	1	0.00	0.00	0.00	0	0	0	0	0	0	1	0	0	0	0	0
Chinatrust Commercial Bank	1	0.90	0.00	0.00	0	0	0	0	0	0	0	1	0	0	0	0
Citibank N.A.	1241	0.16	0.12	25.85	58	24	37	504	59	0	107	235	0	2	8	207
Commonwealth Bank of Australia	1	0.52	0.00	1.00	1	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	0
Credit Suisse AG	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0

DBS Bank Ltd.	28	0.92	0.00	2.33	3	3	0	1	0	0	2	8	0	0	2	9
Deutsche Bank (Asia)	104	0.43	0.07	5.78	3	4	8	8	7	0	13	30	0	0	3	28
First Rand Bank	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
HSBC Ltd.	415	0.20	0.13	15.96	34	4	23	128	12	0	44	95	0	0	0	75
Industrial and Commercial Bank of China	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
JPMorgan Chase Bank National Association	0	0.00	0.00	0.00	0	0	0	0	0	0	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	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	0
Mashreqbank PSC	5	3.88	0.00	5.00	0	0	0	4	0	0	0	0	0	1	0	0
Mizuho Corporate Bank Ltd.	0	0.00	0.00	0.00	0	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	0
Rabobank International	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Sber Bank	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Shinhan Bank	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Societe Generale	1	0.68	0.00	0.33	0	1	0	0	0	0	0	0	0	0	0	0
Sonali Bank	1	0.34	0.00	0.50	0	0	0	0	0	0	0	0	0	0	0	1
Standard Chartered Bank	1086	0.45	0.19	10.75	40	22	69	400	53	0	104	190	0	11	10	187
State Bank of Mauritius Ltd.	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Sumitomo Mitsui Banking Corporation	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
The Bank of Tokyo-Mitsubishi UFJ Ltd.	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
The Royal Bank of Scotland N V	126	0.45	0.00	126.00	7	4	3	47	3	0	7	15	0	2	1	37

UBS AG	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
United Overseas Bank Ltd.	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
WestPac Banking Corporation	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Woori Bank	0	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL (FOREIGN BANKS)	3284	0.23	0.13	11.25	152	66	145	1237	144	0	294	621	0	19	26	580
Primary Urban Co-operative Banks	645	-	-	-	45	13	21	40	26	0	28	388	3	0	7	74
RRBs	1836	-	-	-	107	54	149	179	50	9	202	733	2	2	98	251
OTHERS	8828	-	-	-	107	36	208	234	165	97	363	1124	37	10	3506	2941
TOTAL	130987	-	-	-	7190	3287	5559	24731	7273	8506	12610	31769	333	330	6230	23169

Abbreviations

AA	- Appellate Authority	FRC	-First Resort Complaint
ARC	- Asset Reconstruction Company	IBA	- Indian Banks Association
ATM	- Automated Teller Machine	IC	-Insurance Company
BC	-Banking Correspondent	IMPS	-Immediate Payment Services
BCSBI	- Banking Codes and Standards Board of India	IO	-Internal Ombudsman
BPLR	- Benchmark Prime Lending Rate	KCC	-Kisan Credit Card
BO	- Banking Ombudsman	KYC	- Know Your Customer
BOS	- Banking Ombudsman Scheme	MSME	- Micro Small and Medium Enterprises
BSNL	-Bharat Sanchar Nigam Limited	NEFT	- National Electronic Fund Transfer
CCTV	- Closed Circuit Television	NPA	- Non Performing Asset
CDM	-Cash Dispensing Machine	NPCI	- National Payment Corporation of India
CEPC	-Consumer Education and Protection Cell	OBO	- Office of the Banking Ombudsman
CEPD	- Consumer Education and Protection Department	OD	- Overdraft
CIC	- Credit Information Company	PAN	- Permanent Account Number
CIBIL	- Credit Information Bureau of India Limited	PDC	- Post Dated Cheque
CMS	-Complaint Management System	PNO	-Principal Nodal Officer
CPGRAMS	-Centralized Public Grievance Redress and Monitoring System	PPO	- Pension Payment Order
CPIO	Central Public Information Officer	POS	- Point of Sale

DG	Deputy Governor	PSU	- Public Sector Undertaking
DSA	- Direct Sales Agent	RBI	- Reserve Bank of India
ECS	- Electronic Clearing Service	RTI	- Right to Information
ED	Executive Director	SB	- Savings Bank
EDC	- Electronic Data Capture	SB-NRO	- Savings Bank – Non Non-Resident Ordinary
EMI	- Equated Monthly Installments	SBI	- State Bank of India
FAQ	Frequently Asked Question	SHG	-Self Help Group
FD	- Fixed Deposit	SMS	- Short Message Service
FDR	- Fixed Deposit Receipt	SWIFT	- Society for Worldwide Interbank Financial Telecommunication
FIDD	-Financial Inclusion Development Department	TDS	- Tax Deducted at Source
FIR	- First Information Report		