






INTEGRATED OMBUDSMAN SCHEME


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MODEL POLICY ON GRIEVANCE REDRESSAL

The Model Policy on Grievance Redressal is founded on the following principles:


Core Principles:

Principle	Description
 Fair Treatment	Customers will be treated with fairness at all times.
 Timely Response	Complaints will be handled promptly and courteously.
 Awareness	Customers will be informed about complaint escalation procedures.
 Efficient Handling	The bank ensures a just and fair resolution process.
 Good Faith	Employees will act in good faith without prejudice.


 **Redressal Mechanism Setup:** To make grievance redressal more effective, a structured system operates at different levels:

Operational Levels:


- Branches 
- Regional Offices 
- Zonal Offices 
- Head Office 

 **Employee Awareness:** This policy document will be available at all branches. Employees will be trained to ensure better customer service and enhanced awareness within the bank.

INTERNAL MECHANISM FOR HANDLING CUSTOMER COMPLAINTS/ GRIEVANCES

 **Why is it Important?** Customers may face challenges while banking and may need assistance. Establishing a well-structured internal grievance redressal mechanism ensures:

- ✓ Improved customer satisfaction 😊
- ✓ Enhanced brand reputation 🏆
- ✓ Reduced external complaints (Ombudsman/Consumer Courts) 🚫
- ✓ Increased trust in banking services 🤝

 **Example:** *A customer deposits a cheque, but it isn't credited within the expected time. The customer reaches out to the branch manager, who escalates it to the regional office for a quicker resolution.*








Grievance Handling Process:


Step	Action
1	Customer submits a complaint via form, email, or in-person.
2	Branch Manager reviews and acknowledges the complaint.
3	If unresolved, it escalates to the Controlling Office.
4	If still unresolved, it moves to the Nodal Officer.

5 Final resolution provided or escalated to the Ombudsman.









Customer Awareness and Facilitation


◇ **(a) Information to Customers:** Banks provide clear guidance to customers about grievance handling:


Query 	Solution 
 Where to complain?	At the bank branch, website, or complaint portal.
 How to file a complaint?	Written complaint, email, or online form.
 When to expect a response?	Within a predefined time frame (e.g., 7 days).
 Who to approach for redressal?	Branch Manager, followed by Controlling Office.
 What if not satisfied?	Escalate to the Banking Ombudsman (https://cms.rbi.org.in).


 **Example:** A customer wants to escalate a complaint about an unauthorized transaction. They are directed to the online complaint portal and informed about the escalation process.

Customer Awareness Tools:



-  Notices in Branches 
-  Welcome Kits 
-  Website Information 
-  Customer Helplines 

◇ **(b) Complaints/Suggestions Box:**  Every branch should have a designated complaints/suggestions box for customer feedback.




◇ **(c) Complaint Book/Register:**  A **complaint book** as per IBA format should be maintained at all branches, allowing customers to receive an acknowledgment while a copy is forwarded to the Controlling Office.

◇ **(d) Online Complaint Form:**  Banks must provide an online complaint form on their homepage, along with contact details of the Nodal Officer for redressal. If unresolved within **30 days**, customers may approach the **Banking Ombudsman** (<https://cms.rbi.org.in>).

Escalation Contact Details:

- **Branch Controlling Authority**  : [Phone & Address]
- **Nodal Officer**  : [Contact Details]
- **Ombudsman Portal**  : <https://cms.rbi.org.in>

SUMMARY TABLE

Section	Key Takeaways 
Grievance Redressal Policy	Ensures fair, timely, and just resolution of complaints. 
Internal Handling of Complaints	Structured escalation levels for efficient complaint resolution. 

Customer Awareness & Facilitation	Customers are informed about complaint procedures. 🗣️
Complaint Submission Channels	Branches, online portals, complaint registers, and Nodal Officers. 📄
Final Escalation	Complaints unresolved within 30 days can be escalated to the Ombudsman. ⚖️

🏠 **Complaint Redressal Mechanism in a Bank**

- ✓ **Banks must have a structured grievance redressal system to resolve customer complaints effectively.**
- ✓ **Branch Managers are responsible for addressing complaints at the first level** before escalating to higher offices if unresolved.

🔗 **Step-by-Step Complaint Resolution Process:**


📄 Step	☑️ Action Taken
1 Customer raises complaint at branch	Counter staff tries to resolve the issue immediately.
2 Branch Manager intervention	If unresolved, Branch Manager analyzes the complaint & responds.
3 Regional/ Zonal Office escalation	If the customer is still unsatisfied, the complaint is sent to the Regional/Zonal Office within 7 days .
4 Head Office escalation	If unresolved at the zonal level, it is sent to the Customer Service Section at Head Office for final resolution.
5 Communication to customer	Bank sends a Complaint Redressal Letter explaining the resolution.

6 Ombudsman referral

If unresolved within **1 month**, the customer can **approach the Banking Ombudsman**.

 **Customer's Right:**

✓ If not satisfied with the bank's response, the customer can approach the Ombudsman within 1 year.






 **Example:** A customer reports unauthorized deductions from their account. If the **Branch Manager fails to resolve it**, the case is **escalated to the Zonal Office & then the Head Office**. ✓ 📄



 **Online Dispute Resolution (ODR) System**


✓ RBI's Payment System Vision-2021 aims for a tech-driven & transparent dispute resolution system.


✓ ODR ensures quick resolution of disputes related to failed transactions.


 **Key Features of ODR System:**



 Feature	 Implementation Details
 Digital Complaint Submission	Customers can file complaints via website, mobile app, SMS, IVR, call center, or bank branches .
 Automated Data Fetching	The system retrieves transaction details automatically from the bank's records.
 Tracking Facility	Customers can track the complaint status online .

 Data Confidentiality	Banks must ensure secure handling of customer data.
 Third-Party Apps Integration	Apps like Google Pay, PhonePe, Paytm must integrate ODR features.

 **If unresolved within 1 month, customers can approach the RBI Integrated Ombudsman Scheme 2021.**

 **Example:** A customer reports a failed UPI transaction via their bank's mobile app.



-  The **ODR system fetches transaction details & initiates resolution.**

 **Complaints of Unauthorized Electronic Transactions**

-  Banks must provide **quick dispute resolution** for unauthorized electronic transactions.
-  Customers **must have an option to report fraud immediately.**

 **Steps for Reporting Unauthorized Transactions:**

 Step	 Bank's Responsibility
1 SMS/Email Alert System	Customers receive alerts for all transactions & can reply instantly if they spot fraud.
2 Online Reporting Link	Banks must provide a direct link on their website to report unauthorized transactions.

3 Auto Acknowledgment	Customer receives a reference number & confirmation of complaint submission.
4 Complaint Investigation	Bank determines liability & verifies the transaction within the board-approved timeline (max 90 days).
5 Compensation Process	If fraud is proven, the customer is fully compensated as per RBI norms.

Customer Protection:

- ✓ If the bank fails to resolve the issue within 90 days, the customer must be compensated.
- ✓ Customers should not suffer financial loss or be charged additional interest in case of credit card fraud.






 **Example:** A customer notices an unauthorized ₹10,000 debit & immediately replies to the SMS alert.

- ✓ The bank investigates, reverses the transaction & compensates the customer.  

Credit Facilities Related Complaints

- ✓ Banks must have an internal mechanism for resolving loan-related complaints.
- ✓ Disputes in lending decisions should be reviewed at a higher authority.

 **Key Guidelines:**

 Aspect	 Bank's Responsibility
 Loan Dispute Resolution	Loan-related disputes must be addressed at the next higher level for review.
 Fair Practices Code Compliance	Banks must periodically review compliance with RBI's Fair Practices Code .
 Grievance Monitoring	A committee must review unresolved lending complaints & recommend action.






 **Example:**



A customer's home loan application is rejected without explanation.

✓ The case is reviewed by a senior officer & resolved within 15 days.



 **Summary Table: Complaint Redressal Mechanisms**

 Aspect	 Key Takeaways	 Example
 Bank Complaint Redressal	Branch Manager → Zonal Office → Head Office → Ombudsman.	Customer complaint escalated to Ombudsman after 1 month.
 Online Dispute Resolution (ODR)	Automated grievance redressal for failed transactions.	UPI transaction failure resolved via ODR.

 Unauthorized Transactions	Instant fraud reporting via SMS & website.	Customer reports unauthorized ₹10,000 debit & gets refunded.
 Loan-Related Complaints	Fair Practices Code compliance & review mechanism.	Loan dispute escalated to senior committee for review.

 19.3.6 Strengthening of Grievance Redress Mechanism in Banks

✓ To improve customer service & enhance grievance redressal, RBI introduced a comprehensive framework in January 2021.

✓ Key measures include:














- ◆ Enhanced disclosures by banks on customer complaints 
- ◆ Cost recovery for excessive complaints beyond the peer group average 
- ◆ Annual review of banks' grievance redressal mechanisms 

 19.3.6.1 Disclosures Related to Complaints

✓ Banks must submit & analyze customer complaints to:

- ◆ Identify frequent customer service issues.
- ◆ Detect common sources of complaints.
- ◆ Spot systemic deficiencies.
- ◆ Improve grievance redressal mechanisms.

📌 Key Disclosure Requirements:

 Type of Complaints	 Areas Covered
 ATM/Debit/Credit Card Issues	Failed transactions, card frauds, unauthorized transactions.
 Internet/Mobile Banking	Login issues, failed payments, fund transfer delays.
 Account Opening & Operations	KYC delays, account freezing, balance mismatch.
 Loans & Advances	High interest rates, foreclosure charges, delayed loan disbursement.
 Mis-selling & Para-banking	Wrongful investment advice, misleading sales tactics.
 Recovery Agents & DSA Issues	Harassment, unethical recovery practices.
 Pension & Senior Citizen Facilities	Delays in pension credit, poor service for elderly customers.
 Levy of Excess Charges	Hidden charges, non-notified deductions.
 Cheques & Drafts	Non-clearance, missing cheques, frauds.
 Bank Guarantees & Letters of Credit	Delay in issuance, procedural errors.
 Staff Behavior & Customer Service Issues	Misconduct, rude behavior, non-cooperation.

📌 Banks must publish an annual report of customer complaints on their website for public access.

🔍 Example:

A customer reports excessive credit card charges without prior notice.



✓ The bank reviews its fee disclosure process & updates customer communication policies. ✓ 🏠

📌 19.3.6.2 Recovery of Cost of Redress of Complaints from Banks

✓ RBI recovers redressal costs from banks exceeding peer group complaint averages.

✓ Peer groups are formed based on banks' asset size (as of March 31 of the previous year).

📌 Metrics for Complaint Cost Recovery:

 Parameter	 Assessment Criteria
📌 Per Branch Complaint Ratio	Number of maintainable complaints per branch.
📌 Per 1,000 Accounts Complaint Ratio	Total deposit & credit account complaints per 1,000 accounts.
📌 Per 1,000 Digital Transactions Complaint Ratio	Total complaints per 1,000 digital transactions.

✓ Banks exceeding the peer group average pay penalty for poor service.

 Example:

A bank receives 200 complaints per 1,000 digital transactions, while the peer group average is 100 complaints.

✓ RBI imposes a redressal cost penalty on the bank for poor complaint handling. ✓ 

LEARNING SESSIONS