


# INTEGRATED OMBUDSMAN SCHEME


CH – 19 Part 2 Module A PPB By Ashish Jain

## Intensive Review of Grievance Redress Mechanism

- ✓ RBI conducts an annual review of banks' customer service quality.
- ✓ Data is collected from:
  - ◆ Complaint Management System (CMS)
  - ◆ Banking Ombudsman data
  - ◆ Customer surveys & direct feedback

### Steps for Intensive Review:

 Step	<input checked="" type="checkbox"/> Action Taken
<b>1 Identifying Problem Banks</b>	Banks with persistent customer grievances flagged for review.
<b>2 Root Cause Analysis</b>	Investigating systemic issues in grievance handling.
<b>3 Corrective Action Plan</b>	Banks must submit & implement a grievance improvement plan.
<b>4 Monitoring Progress</b>	RBI tracks performance & penalizes non-compliant banks.

 **Example:** A bank with unresolved loan-related complaints undergoes an RBI-directed internal review.

✓ The bank revamps its grievance redress system & introduces a dedicated loan dispute resolution team. ✓ 📄

## 📌 Principal Nodal Officer (PNO)

✓ Every bank must appoint a Principal Nodal Officer (PNO) under the Banking Ombudsman Scheme.

✓ PNO must be a **General Manager or higher-ranked officer.**

### 📌 PNO Responsibilities:

📄 Responsibility	☑ Key Actions
📄 Handling Customer Complaints	Ensures all customer grievances are resolved efficiently.
📊 Coordination with RBI	Acts as the main liaison between the bank & RBI.
📞 Public Contact Point	Customers can escalate complaints directly to the PNO.
📊 Monitoring Grievance Data	Reviews trends in complaints & suggests process improvements.

### 📌 PNO Contact Information:








✓ Must be prominently displayed on the bank's website.  
✓ Customers should feel confident that their concerns are addressed at a senior level.

🔍 **Example:** A customer escalates a fraud complaint to the PNO after an unsatisfactory response from the branch.

✓ The PNO intervenes, resolves the issue, & ensures compensation.



 **Summary Table: Strengthening Bank Grievance Redressal**

 Aspect	 Key Takeaways	 Example
 <b>Customer Complaint Disclosures</b>	<b>Banks must analyze &amp; publish complaint data annually.</b>	ATM, digital banking, & loan complaints must be disclosed.
 <b>Cost Recovery for Excess Complaints</b>	<b>Banks exceeding peer group complaint averages pay penalties.</b>	High complaint ratio per branch results in penalty.
 <b>Intensive Grievance Review</b>	<b>RBI conducts annual assessment of customer service.</b>	Bank with high unresolved complaints undergoes corrective action plan.
 <b>Principal Nodal Officer (PNO)</b>	<b>Each bank must appoint a GM-level officer for customer complaint redressal.</b>	PNO intervenes in major unresolved fraud cases.









 **Review of Grievance Redressal Machinery in Public Sector Banks**

✓ RBI has issued specific measures to improve the grievance redressal mechanism in Public Sector Banks (PSBs).

✓ **Goals:**

- ◆ Strengthen customer service efficiency.
- ◆ Reduce recurring complaints.
- ◆ Ensure accountability of bank staff.

 **Key Measures for PSBs:**

 Measure	 Implementation
 <b>Ongoing Effectiveness Review</b>	Banks must <b>continuously assess</b> the effectiveness of their grievance redressal system.
 <b>Identifying High-Complaint Branches</b>	Special squads should <b>inspect branches with frequent complaints.</b>
 <b>Staff Transfers</b>	Officers from <b>high-complaint branches can be transferred.</b>
 <b>Appoint Public Relations Officers (PROs)</b>	Large branches must <b>appoint liaison officers</b> to handle complaints.
 <b>Staff Training</b>	Training programs must include <b>customer service &amp; public relations.</b>
 <b>Detailed Complaint Replies</b>	If complaints are rejected, banks must provide detailed justifications.

 **Example:** A branch with repeated ATM transaction complaints is reviewed.








 The bank transfers the Branch Manager & appoints a dedicated complaint officer.  

## Chief Customer Service Officer (CCSO) – Internal Ombudsman

✓ To enhance customer service quality, banks must appoint an Internal Ombudsman (IO), designated as the Chief Customer Service Officer (CCSO).

✓ CCSO acts as the last level of internal grievance redress before cases go to the RBI Ombudsman.

### Key Features of CCSO Scheme:

 Aspect	 Key Details
 Mandatory for Large Banks	Scheduled banks with >10 branches must appoint an IO.
 Independent Role	IO must not have worked in the same bank before appointment.
 Handles Rejected Complaints	CCSO reviews customer complaints that are partly or wholly rejected by the bank.
 Final Decision before RBI Ombudsman	Banks must escalate unresolved complaints to CCSO before communicating with the customer.
 Supervised by RBI	RBI audits CCSO performance through internal mechanisms.


### Process:



1 Customer files a complaint with the bank.

2 If the complaint is rejected, it is escalated to the CCSO.

3 CCSO **independently reviews the case** & provides a final decision.

4 If unresolved, the customer can escalate to RBI's Ombudsman.

 **Example:** A customer's loan restructuring request is denied.






✓ The CCSO reviews the case, finds procedural lapses, and orders corrective action.  

## The RBI - Integrated Ombudsman Scheme 2021

✓ The Integrated Ombudsman Scheme (IOS 2021) **merges three previous Ombudsman Schemes:**

- ◆ Banking Ombudsman Scheme (1995).
- ◆ NBFC Ombudsman Scheme (2018).
- ◆ Digital Transactions Ombudsman Scheme (2019).

### Key Features of IOS 2021:

 Aspect	 Key Takeaways
◇ "One Nation One Ombudsman" Approach	Single portal for all RBI-regulated financial entities.
 Free & Fair Redressal	Customers can file complaints at no cost.
 30-Day Rule	Complaints unresolved for >30 days can be escalated to RBI.
 Expanded Coverage	Includes Non-Scheduled Primary Cooperative Banks with $\geq$ ₹50 crore deposits.

### Who Can File Complaints?

✓ Customers of Commercial Banks, NBFCs, Payment Banks, Digital Wallets, and other RBI-regulated entities.

 **Example:** A customer's failed UPI transaction is unresolved for 30 days.







✓ They file a complaint under IOS 2021 for resolution.  

### Organizational Aspects of RBI Ombudsman Scheme

✓ RBI appoints Ombudsmen to resolve customer disputes.

✓ As of November 2021, there were 22 Ombudsmen across India.

### Key Organizational Features:

 Aspect	 Details
 Appointment of Ombudsman	RBI officers are appointed as Ombudsmen for 3 years.
 Centralized Complaint Processing	Complaints are received at the Central Receipts & Processing Centre (CRPC) in Chandigarh.
 Territorial Jurisdiction	Each Ombudsman is assigned a specific geographic area.
 Complaint Resolution Process	Mediation, conciliation, or binding award decision.

 **Example:** A customer's credit card refund is delayed for 6 months.






✓ They escalate the complaint to RBI's Ombudsman for a resolution.



## Procedure for Filing a Complaint with the RBI Ombudsman

- ✓ Customers can file **complaints themselves or through an authorized representative (not an advocate).**

### Ways to File a Complaint:

 Mode	 Details
 Online Portal	cms.rbi.org.in
 Electronic Mode	Email submission
 Physical Mode	By post/courier/hand delivery

### Complaint Format:

- ✓ Must include customer details, transaction history, grievance details, and bank responses.

 **Example:** A customer's fixed deposit interest is wrongly calculated.

- ✓ They submit an online complaint to RBI via cms.rbi.org.in.  

## Powers of the RBI Ombudsman

- ✓ The Ombudsman **can request information/ documents from banks/NBFCs.**



✓ If a bank fails to provide information, it is assumed they have no defense.

 **Confidentiality Rules:**

✓ Information can only be shared under:






- ◆ Legal requirements.
- ◆ Customer consent.
- ◆ Cases requiring fair play & transparency.




 **Example:** An NBFC delays processing a loan foreclosure request.

✓ The Ombudsman orders them to share records & justify the delay.



 **Summary Table: Grievance Redressal & RBI Ombudsman Scheme**

 Aspect	 Key Takeaways	 Example
 PSB Grievance Review	Banks must <b>regularly review &amp; improve customer service.</b>	<b>High-complaint branches undergo special reviews.</b>
 Chief Customer Service Officer (CCSO)	Acts as Internal Ombudsman before RBI escalation.	CCSO resolves a rejected home loan complaint.

 <b>RBI Integrated Ombudsman Scheme</b>	One platform for all banking, NBFC & digital transaction complaints.	Failed UPI refund complaint resolved under IOS 2021.
 <b>Filing Ombudsman Complaints</b>	Complaints via online portal, email, or physical mode.	Customer submits an email complaint against hidden loan charges.
 <b>Powers of Ombudsman</b>	Can request bank/NBFC records & issue binding decisions.	NBFC forced to provide foreclosure documents.

## Processing of Complaints in the RBI Integrated Ombudsman Scheme

✓ Customer complaints are reviewed, processed, and resolved by the RBI Ombudsman through a structured system.






✓ The aim is to provide fair & speedy resolution, prioritizing mutual agreement before legal rulings.

## Scrutiny of Complaints at the Central Receipts and Processing Centre (CRPC)

✓ The CRPC (Chandigarh) is the first screening point for all complaints.

✓ Complaints are categorized based on their validity & eligibility under the Ombudsman Scheme.

 **Three Possible Outcomes:**

 Type of Complaint	 Processing Action
 <b>Not Valid Complaints</b>	Suggestions, guidance requests, or unclear complaints are closed & complainants are informed.
 <b>Not Maintainable Complaints</b>	Complaints not covered under RBI Ombudsman grounds are rejected with an explanation to the complainant.
 <b>Valid &amp; Maintainable Complaints</b>	Assigned to the concerned Ombudsman & regulated entity (bank/NBFC) is asked to respond.

 **Example:** A customer asks for investment advice through an Ombudsman complaint.

✓ The CRPC rejects it as an invalid complaint & provides guidance.



## Resolution at the Ombudsman Office

✓ The Ombudsman first tries to resolve complaints through mutual agreement before passing a formal ruling (Award).

 **Three-Step Resolution Process:**

 Step	 Process
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1 Agreement via Facilitation	First preference is to settle the issue through discussion.
2 Mediation & Conciliation	If needed, Ombudsman intervenes for mediation.
3 Passing an Award	If no resolution is reached, the Ombudsman issues a binding ruling.

 **A complaint is deemed resolved when:**

- ✓ The complainant & regulated entity reach an agreement.
- ✓ The complainant accepts the resolution in writing.
- ✓ The complainant withdraws the complaint.

 **Example:** A customer disputes an unauthorized ₹50,000 debit from their account.

- ✓ Bank & customer agree on compensation after mediation, resolving the issue.  

 **Proceedings at the Ombudsman Office**

- ✓ Ombudsman proceedings are **informal & do not follow strict legal rules.**

- ✓ Both parties (complainant & bank) can submit written statements.

 **Key Steps in the Proceedings:**


 Step

 Action

1 Bank Response Submission	Bank must submit a written response with supporting documents within 15 days.
2 Complainant Review	The complainant reviews the bank's response & submits additional information, if needed.
3 Ombudsman's Review	Examines all evidence & initiates resolution process.

 **If the bank fails to respond in time:**

- ✓ The Ombudsman can proceed with an ex-parte decision (without bank input).
- ✓ The bank loses its right to appeal the Award.

 **Example:** A bank does not respond within 15 days to a fraud complaint.



✓ Ombudsman rules in favor of the customer & orders compensation.  

 **Award by the Ombudsman**

- ✓ If mutual resolution fails, the Ombudsman issues a formal ruling (Award).
- ✓ **The Award is based on:**
  - ◆ Banking laws & practices.
  - ◆ RBI guidelines & directives.
  - ◆ Relevant facts & circumstances of the case.

## Types of Rulings in an Award

 The Ombudsman may direct banks/NBFCs to:

 Ruling Type	 Details
1 Specific Performance	Bank must take corrective action (e.g., reverse charges, process refunds, correct errors).
2 Compensation for Financial Loss	Bank must compensate the customer for direct financial loss suffered.
3 Compensation for Harassment & Mental Anguish	Up to ₹1 lakh for inconvenience & stress.

### Compensation Limits:

 No limit for actual dispute amount.

 Compensation for financial loss = Up to ₹20 lakh.

 Compensation for inconvenience/mental distress = Up to ₹1 lakh.

 **Example:** A customer suffers a ₹5 lakh unauthorized withdrawal & faces financial distress.

 Ombudsman orders ₹5 lakh refund + ₹50,000 for mental harassment.  