



# INTEGRATED OMBUDSMAN SCHEME

CH – 19 Part 3 Module A PPB By Ashish Jain

## Compliance with the Award

- ✓ The Ombudsman sends a copy of the Award to both parties.
- ✓ The complainant must accept the Award within 30 days.

## Steps After an Award:









 Step	 Action Taken
1 Complainant Acceptance	Customer must accept the Award within 30 days (or file an appeal).
2 Bank Compliance	Bank must implement the ruling within 30 days.
3 Appeals Against the Award	Either party can appeal to the Appellate Authority (RBI).

 If the customer does not respond within 30 days, the Award lapses.

 **Example:** A customer wins an ₹8 lakh compensation order but fails to accept it within 30 days.

- ✓ The Award is nullified due to inaction.  

## Summary Table: Ombudsman Complaint Resolution

 Aspect	 Key Takeaways	 Example
 <b>CRPC Complaint Scrutiny</b>	<b>Complaints are reviewed for validity.</b>	Investment guidance requests are rejected.
 <b>Resolution Process</b>	<b>Facilitation → Mediation → Award.</b>	Bank agrees to refund after mediation.
 <b>Ombudsman Proceedings</b>	<b>Bank must submit responses within 15 days.</b>	Bank loses appeal right if it fails to respond.
 <b>Ombudsman Award</b>	<b>Banks must refund money, correct mistakes, or compensate customers.</b>	₹5 lakh fraud refund + ₹50,000 distress compensation.
 <b>Compensation Limits</b>	<b>Financial loss = ₹20 lakh; Mental distress = ₹1 lakh.</b>	Customer awarded ₹8 lakh refund + ₹1 lakh distress compensation.

## Appeal Before the Appellate Authority (AA)

- ✓ The Appellate Authority (AA) is the Executive Director (ED) in charge of the RBI department handling the Ombudsman Scheme.
- ✓ Either the complainant or the regulated entity (bank/NBFC) can appeal against an Ombudsman's decision.

✓ However, a bank/NBFC cannot appeal if the Award was due to non-furnishing of documents.

### Who Can File an Appeal?

#### Complainant's Right to Appeal:

✓ If unsatisfied, the customer can appeal against:

- ◆ Complaint rejection by the Ombudsman.
- ◆ Ombudsman's Award decision.

#### Bank/NBFC's Right to Appeal:



✓ A regulated entity (RE) can appeal only if approved by:

- ◆ Chairman, MD/CEO, or Executive Director (ED).

✓ Cannot appeal if it failed to provide required documents.

### Grounds for Filing an Appeal

#### The complainant can appeal if:



 Grounds	 Explanation
1 Lack of Due Diligence	Bank failed to investigate & respond properly.
2 Unjust Rejection	Complaint was rejected without valid reason.
3 Complex Evidence Required	Ombudsman proceedings were unsuitable due to extensive documentary or oral evidence.
4 No Financial Loss Found	Ombudsman ruled that there was no financial damage or inconvenience.

 **Additional Time:**

✓ AA can extend the appeal filing deadline by 30 days if justified.

 **Powers of the Appellate Authority (AA)**

✓ After reviewing the case, the AA can:

 Action	 Impact
1 Dismiss the Appeal	Ombudsman's decision remains unchanged.
2 Allow the Appeal & Overturn the Award	Ombudsman's ruling is canceled.
3 Send the Case Back to Ombudsman	Requires re-evaluation with specific directions.
4 Modify the Award	AA changes the compensation or corrective action.
5 Pass Any Other Order	AA has full discretion to decide the best course of action.

 **Finality of Decision:**

✓ AA's decision has the same legal effect as an Ombudsman Award.

 **Example:** A customer is awarded ₹2 lakh compensation for ATM fraud but feels it is insufficient.



✓ They appeal to AA, which increases the compensation to ₹3 lakh.



## **Grounds for Non-Maintainability of a Complaint**

- ✓ Not all complaints qualify under the Ombudsman Scheme.
- ✓ Certain disputes are outside the Ombudsman's jurisdiction.



### **Complaints NOT Covered Under the Scheme:**


 Category	 Not Maintainable If:
1 Commercial Judgments	Bank's internal loan approvals, credit decisions.
2 Outsourcing Contracts	Disputes between the bank & third-party vendors.
3 Complaints Not Addressed to Ombudsman	Customer did not first approach the Ombudsman directly.
4 Management Issues	General grievances about bank executives.
5 Regulatory Compliance	Bank followed a legal/statutory order.
6 RBI Unregulated Services	Issue relates to an area not under RBI jurisdiction.
7 Inter-Bank Disputes	Conflict between two banks/NBFCs.
8 Employment Disputes	Grievances related to staff employment conditions.




## **When Can a Complaint Be Filed?**

- ✓ A complaint is only valid if the customer first approached the bank/NBFC & got no response or an unsatisfactory one.









 **Conditions for a Valid Complaint:**

 Condition	 Requirement
1 First Approach the Bank/NBFC	Customer must <b>first lodge a complaint with the concerned entity.</b>
2 Wait for Response	<b>Bank/ NBFC has 30 days to respond.</b>
3 File Within One Year of Bank's Reply	Complaint must be <b>filed within 12 months</b> of receiving the response.
4 File Within One Year & 30 Days if No Reply	<u>If the bank doesn't respond, complaint must be filed within 1 year &amp; 30 days.</u>
5 Not Already Resolved or Pending in Another Forum	Case should not be pending in any court, tribunal, or another authority.
6 No Frivolous or Abusive Complaints	Complaints <b><i>must be genuine &amp; supported</i></b> with evidence.
7 Within Legal Time Limit	<b>Must be within the timeframe</b> of the Limitation Act, 1963.
8 Filed Personally or Through an Authorized Representative	Cannot be filed by an advocate unless they are the aggrieved party.

 **Example:** A customer files a complaint directly with the Ombudsman without first contacting the bank.

 The complaint is rejected as "Not Maintainable."  

## Summary Table: Appeals & Complaint Validity



 Aspect	 Key Takeaways	 Example
 Right to Appeal	Both complainants & banks can appeal Ombudsman decisions.	Customer appeals for higher compensation in a fraud case.
 Grounds for Appeal	Unjust rejection, inadequate compensation, lack of investigation.	Bank failed to review evidence, so customer appeals.
 Powers of Appellate Authority (AA)	AA can dismiss, modify, remand, or overturn an Award.	AA increases compensation from ₹2 lakh to ₹3 lakh.
 Non-Maintainable Complaints	Issues outside RBI's scope, pending court cases, general grievances.	Bank executive-related complaints are not accepted.
 Valid Complaint Criteria	Must first approach the bank/NBFC & file within deadlines.	Customer files within 1 year after no bank response.

### Rejection of a Complaint by the Ombudsman

✓ The Ombudsman can reject complaints at any stage if they are not valid under the scheme.

✓ Rejections can be made by the Ombudsman or Deputy Ombudsman.

 **Grounds for Rejection:**

 Reason	 Explanation
<b>1 Non-Maintainable Complaint</b>	Not covered under the scheme as per above
<b>2 Seeking Advice/Guidance</b>	Complaint is only for <b>suggestions, explanations, or guidance.</b>
<b>3 No Deficiency in Service</b>	<b>Bank/NBFC followed regulations correctly</b> , so no service failure.
<b>4 Compensation Exceeds Limits</b>	Requested compensation is beyond <b>Ombudsman's power.</b>
<b>5 Lack of Follow-Up by Complainant</b>	Customer does not pursue the complaint actively.
<b>6 No Financial Loss</b>	Complainant did not suffer actual monetary loss or inconvenience.


 **Example:** A customer asks the Ombudsman if their bank should offer more loan products.

 The complaint is rejected as it is a suggestion, not a grievance.








 **Powers and Functions of the Ombudsman**

 The Ombudsman has the power to resolve & close complaints.

 Deputy Ombudsman can close complaints that are not maintainable or settled through facilitation.





## Key Functions of the Ombudsman:

 Function	 Scope
 Investigate Complaints	Reviews complaints against banks, NBFCs, & digital payment firms.
 Issue Awards	Can order banks to compensate customers for service failures.
 Report to RBI	Submits an annual report on complaint trends & resolutions.
 Reject Non-Maintainable Complaints	Can dismiss invalid complaints at any stage.

### Annual Ombudsman Report:



- ✓ Submitted to RBI on March 31st every year.
- ✓ Includes complaint statistics & service quality assessments.

 **Example:** ✓ Ombudsman orders a bank to refund ₹5 lakh after an ATM fraud complaint. ✓ 

### Regulated Entity (Bank/NBFC) Responsibilities

- ✓ Banks & NBFCs must ensure smooth implementation of the Ombudsman Scheme.
- ✓ Failure to comply may lead to regulatory action by RBI.

## Mandatory Requirements for Banks/NBFCs:

 Requirement	 Implementation
1 Appoint a Principal Nodal Officer (PNO)	Must be a General Manager-level officer.
2 Display Ombudsman Information	Banks must put up complaint resolution details in branches, ATMs & websites.
3 Provide Customer Booklets	Guidelines & complaint procedures must be available at branches.
4 Respond to Ombudsman Cases	Banks must submit written responses within 15 days.






### Example:

- ✓ A bank fails to display Ombudsman details in its branches.
- ✓ RBI takes regulatory action against it. ✗ 

## Illustrative Cases of Ombudsman Awards

- ✓ Real-life cases highlight how the Ombudsman resolves customer grievances.
- ✓ Ombudsman ensures fair compensation for customers facing service failures.






 **Case 1: Delay in Credit for a Retirement Benefit Cheque**

 Case Details	<input checked="" type="checkbox"/> Resolution
 Year: <b>2000</b>	Customer deposited a cheque of <b>retirement benefits</b> .
 Issue:	<b>Bank failed to credit funds for 10 years</b> , despite confirmation from the issuer.
 Ombudsman Decision:	<b>Bank ordered to pay interest at FD rate + 2% + ₹10,000 compensation.</b>
 Final Compensation:	Interest for 10 years + ₹10,000 for inconvenience.

 **Learning:**

- Banks must credit cheque proceeds promptly.**









 **Case 2: Loss of Title Deeds for a Home Loan**

 Case Details	<input checked="" type="checkbox"/> Resolution
 Issue:	<b>Bank misplaced home loan documents after loan repayment.</b>
 Complaint:	Customer <b>could not retrieve their original title deed.</b>
 Ombudsman Decision:	<b>Bank must issue a certificate of loss + newspaper ad + ₹25,000 compensation.</b>
 Final Compensation:	₹25,000 + cost of newspaper announcement.

 Learning:

- ✓ Banks are responsible for safekeeping customer documents. 

 Summary Table: Ombudsman Powers & Responsibilities

 Aspect	 Key Takeaways	 Example
 Complaint Rejection	Complaints with no financial loss, or outside scheme scope are rejected.	Loan eligibility queries are rejected.
 Ombudsman Powers	Can order refunds, compensation, or dismiss cases.	₹5 lakh refund for ATM fraud.
 Ombudsman Reports	Annual reports submitted to RBI on customer service trends.	RBI reviews complaints across all banks.
 Bank Responsibilities	Must display Ombudsman details in branches/ATMs.	PNO appointment & compliance required.
 Real-Life Awards	Banks ordered to compensate for service failures.	₹25,000 paid for lost title deed.