

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2068
ANSWERED ON:12.12.2008
INSURANCE BY CREDIT CARDS COMPANIES
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Will the Minister of FINANCE be pleased to state:

- (a) whether the credit card issuing nationalised banks/ private banks/companies are providing insurance to the credit card holders without their written consent;
- (b) if so, the details of the complaints received during the last three years; and
- (c) the corrective steps taken to check such fraud being committed by credit card issuing banks/ companies?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI PAWAN KUMAR BANSAL)

(a) & (b): The Offices of Banking Ombudsmen received a total of 7,688 and 10,107 credit card related complaints against the banks during the year 2006-07 and 2007-08 respectively. However, the existing Management Information System of Reserve Bank of India (RBI) does not generate information on the nature of complaints.

(c) RBI undertook a study on the credit card operations of banks, which also included issue of un-solicited credit cards. The recommendations of the study report include obtaining explicit consent by the credit issuing banks for issue of credit cards or other products offered along with the cards. RBI has issued a circular dated 23.07.2008 advising the banks to take appropriate action on the recommendations of the study report. Further, RBI has also issued a Master Circular on Credit Card Operations of banks dated July 1, 2008 wherein banks have been advised that unsolicited credit cards should not be issued and that in case an unsolicited card is issued and activated without the consent of the recipient and the latter is billed for the same, the card issuing bank shall not only reverse the charges forthwith, but also pay a penalty without demur to the recipient amounting to twice the value of the charges reversed. In addition, the person in whose name the card is issued can also approach the Banking Ombudsman who would determine the amount of compensation payable by the bank to the recipient of the unsolicited credit card as per the provisions of the Banking Ombudsman Scheme, 2006, i.e., for loss of complainant's time, expenses incurred, harassment and mental anguish suffered by him. The guidelines provide that any loss arising out of misuse of such unsolicited cards will be the responsibility of the card issuing bank only and the person in whose name the card has been issued cannot be held responsible for the same.