

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2666

ANSWERED ON:12.03.2010

COMPLAINTS AGAINST BANKS

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Will the Minister of FINANCE be pleased to state:

- (a) the number and nature of complaints received against the banks as regards the deficiency in the customer service during current financial year, bank-wise including State Bank of India (SBI) alongwith their present status and action taken thereon;
- (b) whether the Reserve Bank of India (RBI) has initiated any action against the erring banks;
- (c) if so, the details thereof;
- (d) whether the Banking Ombudsmen has given any decision against the erring banks;
- (e) if so, the details thereof alongwith the Government's reaction thererto;
- (f) whether Banking Ombudsmen have released any report for appropriate corrective action by the concerned banks; and
- (g) if so, the details thereof and the action taken by the RBI thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (e):- Reserve Bank of India (RBI) has formulated the Banking Ombudsmen (BO) Scheme, 2006 as an alternate grievance redressal mechanism for speedy and cost free resolution of complaints received from the customers against banks for deficiency in banking services offered by them. The offices of 15 Banking Ombudsmen in the country have received 71,857 complaints so far during the current financial year (01-04-2009 to 28-02-2010). Out of these, redressal action has been taken on 68,704 complaints during the period. 3153 complaints are Pending as on 28-02-2010. Bank wise classification of complaints received and disposed off (including State Bank of India) is given in Annex.

In terms of the BO Scheme, Banking Ombudsmen are empowered to award compensation up to Rs.1 lakh in the case of credit card related complaints and up to Rs. 10 lakh in the case of other complaints, taking into account the loss of time, expenses incurred, harassment and mental agony suffered by the complainant, in addition to restoration of the actual pecuniary losses suffered in the transactions.

Wherever deficiency in service is established, the office of Banking Ombudsmen has given his verdict against the concerned bank, redressing the grievances of the complainant. Wherever necessary, Banking Ombudsmen has given monetary compensation also to the complainants under the Scheme.

Further, RBI reserves the right to impose any penalty on a bank under the provisions of Banking Regulation Act, 1949 for violation of any of the guidelines issued by them. During the course of Annual Financial Inspection of banks, RBI also looks into the aspects like implementation of various guidelines. Customer Service Department of RBI also takes up the matter with banks based on various complaints received by them with a view to redress the same.

(f) & (g):- Offices of Banking Ombudsmen report to the top management in RBI details of such cases for initiating necessary regulatory action by the concerned regulatory Departments at the Central Office level.

Several such reports were submitted by the Banking Ombudsmen on a variety of systemic issues like trends in credit card complaints, harassment by recovery agents, anomaly in the fixing of floating interest rates, increasing number of ATM card issues (failed transactions), recovery of foreclosure/ prepayment charges, exorbitant charges for not maintaining AQB (average quarterly balance) in the accounts, cheque collection issues, imposing of unreasonable service charges. Such reports are forwarded to the concerned regulatory Department in RBI for issuing guidelines, circulars, as the case may be.