

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4689
ANSWERED ON:07.08.2009
CREDIT CARD CUSTOMERS
Rane Dr. Nilesh Narayan

Will the Minister of FINANCE be pleased to state:

- (a) whether the credit card customers are being overcharged by the banks/service providers through hidden charges; and
- (b) if so, the remedial measures taken by the Government in this regard?

Answer

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

(a) & (b): Reserve Bank of India (RBI) has reported that a few complaints in regard to hidden charges levied by banks on the credit card customers have been received by them.

In order to streamline the credit card area, RBI has issued a comprehensive Master circular on Credit Card operations by Banks on July 23, 2008 covering areas like issue of cards, interests rates & other charges, use of Direct Selling Agent (DSA)/Direct Marketing Agent (DMA) and other agents, wrongfull billings, protection of customer rights, redressal of grievances, fraud control, right to impose penalties, etc. This circular was revised recently and an updated master circular was issued on July 1, 2009. RBI circular dated May 7, 2007 on excessive interest rates on loans and advances was also made applicable to credit card dues. Banks have been advised to include above provisions in Most Important Terms & Conditions (MITCS) to be issued to Customers while issuing credit cards.

Credit card complaints received by the 15 Banking Ombudsman offices are dealt with under the provisions of Banking Ombudsman Scheme, 2006. Under the Scheme Banking Ombudsman are empowered to award compensation not exceeding Rs.1 lakh to the complainant for harassment and mental agony suffered by the complainant in case of complaints arising out of credit cards operations in addition to the actual pecuniary losses suffered in transactions.