

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:304

ANSWERED ON:14.12.2012

COMPLAINTS ON CREDIT CARDS QUESTION

Das Shri Ram Sundar;Karwariya Shri Kapil Muni

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has taken note of/received complaints against banks/financial institutions for deficient services and unfair practices related to credit cards like undue penal charges, late payment charges, issue of unsolicited cards, harassing telephone calls, etc.;

(b) if so, the details thereof including the number of such complaints received during each for the last three years and the current year, bank-wise;

(c) whether the Reserve Bank of India (RBI) has issued any guidelines in this regard and if so, the details thereof; and

(d) the further remedial measures taken/proposed to be taken by the Government/RBI in this regard ?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT KEFERRED TO IN REPLY TO PART (A) TO (D) OF LOK SABHA STARRED QUESTION NO. 304 FOR 14 DECEMBER, 2012, TABLED BY SHRI KAPIL MUNI KARWARIYA AND SHRI RAM SUNDAR DAS REGARDING COMPLAINTS ON CREDIT CARDS.

a) & (b):- Yes, Sir. Reserve Bank of India (RBI) has reported that complaints have been received from customers on issues including those on undue penal charges, late payment charges, issue of unsolicited cards, harassing telephone calls, etc.

However, there has been a decline in the number of credit cards related complaints received in the Offices of Banking Ombudsman since 2009-10 as per details given below

S.No.	Year	Number of complaints
1.	2009-10	18810
2.	2010-11	17116
3.	2011-12	14237

The data available on the complaints received by the Offices of the Banking Ombudsmen relating to credit card operations of Scheduled Commercial banks is at Annexure.

(c) & (d):- RBI has issued comprehensive guidelines vide their Master Circular on Credit Card Operation of banks, providing a framework of rules/regulations/standards/practices to the credit card issuing banks/NBFCs for their credit card business and ensuring that the same are in alignment with the best customer practices. Banks are advised to adopt adequate safeguards and implement the guidelines in order to ensure that their credit card operations are run on sound, prudent and customer friendly manner. The circular is available at <http://www.rbi.org.in/scripts/Notification>.

In terms of paragraph 3 of the RBI Master Circular on Credit Card Operations of Banks dated July 02, 2012, banks have been advised to prescribe a ceiling rate of interest, including processing and other charges, in respect of credit card dues. In case, banks / NBFCs charge interest rates which vary based on the payment / default history of the cardholder, there should be transparency in levying of such differential interest rates. Card issuers should quote Annualized Percentage Rates (APR) on card products (separately for retail purchase and for cash advance, if different). The method of calculation of APR should be given with a couple of examples for better comprehension. The APR charged and the annual fee should be shown with equal prominence. Further, banks have been advised to take the following steps for Redressal of Grievances;

If a complainant does not get satisfactory response from the bank / NBFC, which is a subsidiary of a bank within a maximum period of thirty (30) days from the date of his lodging the complaint, he will have the option to approach the Office of the concerned Banking Ombudsman for redressal of his grievance/s. The bank / NBFC, which is a subsidiary of a bank shall be liable to compensate the

complainant for the loss of his time, expenses, financial loss as well as for the harassment and mental anguish suffered by him for the fault of the bank and where the grievance has not been redressed in time.

The Banking Codes and Standards Board of India (BCSBI) has included a chapter on `Credit Card` in the `Code of Bank's Commitment to Customers`, which lays down member banks' commitment to customers in respect of credit card operations. Banks have been advised to strictly adhere to BCSBI Code during the issuance and servicing of credit card accounts. Non-adherence to BCSBI Code by those banks which have subscribed to the BCSBI Code has been included in the grounds of complaint under Banking Ombudsman Scheme since February 2009.

RBI has been taking a number of steps and corrective actions like customer education, awareness campaigns etc. The RBI has reported that it has further strengthened the security features for use of cards both in the card present and card not present scenarios.