

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2678
ANSWERED ON:04.12.2009
CREDIT CARDS
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Will the Minister of FINANCE be pleased to state:

- (a) whether Reserve Bank of India (RBI) has been receiving large number of complaints against Indian and foreign banks concerning credit cards;
- (b) if so, the details thereof;
- (c) whether banks are issuing credit cards suo moto and thereafter harass individuals to pay charges etc.; and
- (d) the steps taken by the Government to curb such fraudulent practices of banks?

Answer

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

(a) & (b):- The data regarding customer complaints received by Banking Ombudsmen during the year 2006-07, 2007-08, 2008-09 is given below :-

| Year | Number of credit/debit/ATMs cards complaints against Indian Banks | Number of credit/debit/ATM cards complaints received against Foreign Banks |
|---------|--|--|
| 2006-07 | 5501 | 2187 |
| 2007-08 | 7042 | 3087 |
| 2008-09 | 11911 | 5737 |

(c) & (d):- Reserve Bank of India (RBI) has reported that Banking Ombudsmen have received some complaints in this regard. In order to streamline the credit card area, RBI has issued a comprehensive Master Circular dated July 1, 2009 on Credit Card operations by Banks covering areas like issue of cards, interest rates and other charges, use of Direct Selling Agents (DSA) /Direct Marketing Agent (DMA) and other agents, wrongful billings, protection of customer rights, redressal of grievances, fraud control, right to impose penalties, etc. Master circular inter-alia provides that, -

(i) Unsolicited cards should not be issued. In case, an unsolicited card is issued and activated without the written 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.

(ii) 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 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.

(iii) It is also clarified 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.

(iv) Reserve Bank of India reserves the right to impose any penalty on a bank under the provisions of the Banking Regulation Act, 1949/the Reserve Bank of India Act, 1934 for violation of any of these guidelines.