

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7040

ANSWERED ON:08.05.2015

CREDIT CARDS

Rao Shri Rayapati Sambasiva

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has received complaints against banks / financial institutions for their deficient services and unfair practices related to credit cards;

(b) if so, the details thereof along with the number of complaints received during each of the last three years, bank-wise and the action taken by the Government on such complaints; and

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

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) & (b): Yes, sir. Non-adherence by the bank or its subsidiaries to the instructions of Reserve Bank on Credit card operations is one of the grounds of complaint under the Banking Ombudsman Scheme. All complaints related to Credit Card issues are clubbed under this ground of complaint for MIS purpose. As such, specific data on complaints regarding unfair practices related to credit cards is not separately available.

Statement of complaints related to credit card issues, received in the offices of Banking Ombudsman during the last three years, bank- wise, is annexed. These complaints were resolved as per the provisions of the Banking Ombudsman Scheme.

(c): The Reserve Bank of India, being regulator of banking sector in India has issued detailed guidelines to banks on Credit Card operations, which inter alia states that each bank must have a well-documented policy and a Fair Practices Code for credit card operations covering interest rate and other charges. The Most Important Terms and Conditions (MITCs) termed as standard set of conditions should be highlighted and conveyed to the prospective customer/ customers, including guidelines on engagement and training of recovery agents by banks. Banks have been advised to ensure that the recovery agents are properly trained to handle with care and sensitivity, their responsibilities, in particular aspects like hours of calling, privacy of customer information etc. Banks have also been advised to ensure that the contracts with the recovery agents do not induce adoption of uncivilized, unlawful and questionable behaviour or recovery process.

Reserve Bank has issued guidelines to banks on Fair Practices Code for Lenders in terms of which banks were advised to frame the Fair Practices Code duly approved by their Board of Directors.

"Code of Bank's Commitment to Customers" released by the Banking Codes and Standards Board of India (BCSBI) contains a chapter on `Collection of Dues`. Banks have been advised to strictly adhere to BCSBI Code during the loan recovery process. Non adherence to BCSBI Code is one of the grounds of complaint under the Banking Ombudsman Scheme.

Banks, as principals, are responsible for the actions of their agents. Hence, banks have been advised to ensure that their agents engaged for recovery of their dues should strictly adhere to the guidelines and instructions issued by RBI, including the BCSBI Code, while engaged in the process of recovery of dues.

Under the Banking Ombudsman Scheme, 2006 the Banking Ombudsman can award compensation upto Rs. 1.00 lakh in case of complaints arising out of credit card operations by banks, taking into account the loss of complainant's time, expenses incurred by the complainant, harassment and mental anguish suffered by the complainant. Complaints regarding harassment by recovery agents while collecting credit card dues are being dealt with as per this provision.