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No negative balances in savings accounts: RBI

By [Mayur Shetty](#), TNN | Updated: May 11, 2016, 11.33 AM IST

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MUMBAI: Negative balances in savings accounts due to penalty charges are now history following a directive from the central bank. The RBI has asked banks to stop imposing charges for non-maintenance of minimum balance once the balance in a savings account touches zero.

Although the norms came into effect last year, some banks were continuing with the practice of creating negative balances in savings accounts until recently. According to the RBI, if any bank continues to debit charges on a savings account creating a negative balance, customers can approach the banking ombudsman. Most banks contacted by TOI said that they do not create a negative balance in savings bank accounts. Savings accounts usually go into negative balances when the customer changes his job and his 'salary account' ceases to receive funds, and the bank begins to apply minimum balance requirements. The bank begins to debit a penalty, which often results in the balance turning negative. Although banks do not pursue recovery of the amount due under negative balance accounts, the customer stands to lose if he deposits funds into the account.

In response to an email sent by TOI, [HDFC Bank](#) said it "does not allow the balance in a savings account to go negative due to imposition of charges for non-maintenance of minimum balance". The statement added that there are no charges for reactivation of the account in future. [Axis Bank](#) said that it does not accumulate charges for non-maintenance of balance. An [ICICI Bank](#) spokesperson also said that it does not create negative balances in savings accounts.



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