

Appoint Internal Ombudsmen to redress complaints at bank-level, RBI tells banks

OUR BUREAU



MUMBAI, SEPTEMBER 3

The Reserve Bank of India, on Monday, directed all Scheduled Commercial Banks having more than 10 banking outlets to appoint an Internal Ombudsman (IO) so that customer complaints are redressed at the bank level itself.

As per the 'Internal Ombudsman Scheme, 2018', the IO will examine customer complaints that are partly or wholly rejected by the bank.

"As the banks shall internally escalate all complaints, which are not fully redressed to their respective IOs before conveying the final decision to the complainant, customers need not approach the IO directly," the central bank said in a statement.

The implementation of IO Scheme 2018 will be monitored by the bank's internal audit mechanism, apart from regulatory oversight by the RBI

"Earlier, the IO scheme was a semi-formal arrangement. Now, it has been made mandatory. Their decisions will be binding on the bank," said a senior banker.

In May 2015, the RBI had advised public sector banks, select private and foreign banks to appoint chief customer service officers, or internal ombudsmen.

As per the scheme, the IO will have a fixed three-to-five-year tenure, which is not extendable. They cannot be re-appointed.

Once the IO is appointed, he/she cannot be removed without the permission of the RBI. Their remuneration will be fixed by the customer service sub-committee of the bank's board.

The IO cannot be an official from the same bank. He/she should be from another bank or regulators, retired or serving, in the rank of DGM and above.

"So, the RBI has tightened the scheme. A customer need not actually go and apply to an IO. Any customer complaint that in the normal course comes and gets rejected has to automatically go to the IO," said the banker.

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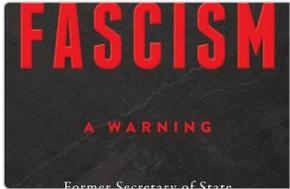
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