

BHARAT SCHOOL OF BANKING

Banking Ombudsman

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Ombudsman is an **official** appointed to investigate **individual's complaints** against a **company or organization**, especially a **public authority** (Google definition of 'Ombudsman').

To facilitate **customer complaints resolution** process, **RBI** introduced this **fast** and **inexpensive** (no fee to avail this facility) **Ombudsman Scheme** in **1995** under **Section 35A** of **Banking Regulation Act, 1949**. In this scheme, **RBI** appoints the **Banking Ombudsman**, generally a senior official, to **redress** customer complaints against **deficiency** in certain **banking services** provided by a **bank**.

Banks covered under this scheme

- Scheduled Commercial Banks (SCBs)
- Regional Rural Banks (RRBs)
- Scheduled Primary Co-operative Banks

Banking Ombudsmen and their location

Currently, total **15 Banking Ombudsmen** have been appointed by **RBI**, and their **offices** are located mostly in the **state capitals** -

Allahabad, Bengaluru, Bhopal, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Delhi, Patna, Thiruvanthapuram

Legal power of Ombudsman

Banking Ombudsman is a **quasi-judicial** authority, who has **legal power** to summon both the **parties** - **Bank** and its **customer**, to facilitate the **resolution** of **complaint** through **mediation**.

Banking Ombudsman Scheme, 2006

The latest scheme is **Banking Ombudsman Scheme, 2006**, which has wider extent and scope than its previous versions, like **online submission** of complaints is possible. Also, if **customer** is

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not satisfied with the **resolution** provided by **Ombudsman**, he can approach the **Appellate authority**, i.e., **Deputy Governor** of RBI.

Complaint process

A customer can **file** a **complaint** before the **Ombudsman**, only after the followings -

- If he has **not received** any **reply** from the **bank** within a **period** of **1 month** after the **bank** has received his **complaint** (meaning, customer has to **complain** to the **bank** first, then **Ombudsman**)
- If the **bank** **rejects** the **complaint** of the customer
- If the **customer** is **not satisfied** with the **reply** from the **bank**

He can **file** a **complaint** by **writing** on a **plain paper**, or **online**, or **email** to the **Banking Ombudsman** (under whose jurisdiction the bank branch is)

Note that, **Banking Ombudsman** is **not meant** to **replace** the traditional **Consumer Courts** or **Forums**, but the scheme only **supplements** them. Also note that this scheme deals with **complaints** of **max. Rs. 10 lakh** disputes.