

## Study of Banking Ombudsman Scheme

**Dr.Prof. Sachin Chavan**

(Associate Professor), ZCOER

Dept. Of Management Narhe Pune

s2\_sach@yahoo.com

**Ms. Prajкта Kamble**

MBA Finance Student, ZCOER

Department of Management

Prajktakamble86@gmail.com

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### **Abstract:**

In the banking system, Bank gives us the different services likewise opening the new fixed deposit account, saving account, providing business loan to the businessman, also gives the Debit card, Credit card, ATM card etc. The bank also provides the online services which is more important in today's world. Any person who wants to lives in a better way they can get different services form the different banks. This is a scheme which is also related with different complaints against the banking services which are provided by banks to their customers. It means that each and every customer have an right to take benefits of different banking services but In case the customer feel unsatisfied about the banking services then they can solve the problems with the help of Banking Ombudsman Scheme.

The Banking Ombudsman make a settlement by agreement between the complaint maker and a particular bank on which complaint is received. If the settlement is provided by bank it should be accepted by Banking ombudsman. After the final settlement banking ombudsman would make an order. Only Scheduled Commercial Banks, Regional Rural Banks, Scheduled Primary Co-Operative Banks are covered under this scheme, so that any customer of these bank can redress the complaints related to certain banking services.

**Key Words : online services , banking services , banking ombudsman**

## **Introduction**

In the banking system, Bank gives us the different services likewise opening the new fixed deposit account, saving account, providing business loan to the businessman, also gives the Debit card, Credit card, ATM card etc. The banks also provides the online services which is more important in today's world. Any person who want to lives in a better way they can get different services form the different banks. Any person can make the better financial management with the help of banking system and they will feel secure themselves from any financial emergency or from natural disaster which will happened anywhere at any time.

Banking Ombudsman is a concept relating to the Customer's compliant regarding banking services. This is a scheme which is also related with different complaints against the banking services which are provided by banks to their customers. It means that each and every customer have an right to take benefits of different banking services but In case the customer feel unsatisfied about the banking services then they can solve the problems with the help of Banking Ombudsman Scheme.

### **Total No. of appointed Banking Ombudsman**

As per the latest amended 1<sup>st</sup> July,2017 Reserve Bank of India have an right to appoint The Banking Ombudsman. There are total 20 Banking Ombudsman also located at different places in India.

### **Location of this Banking Ombudsman**

These Banking Ombudsman Offices have been located Inlyn State Capital Area. This scheme also gives the information related to their office address and their contact number under annex in this scheme. The any banking customer use this annex to know about the address and contact number of The Banking Ombudsman office.

Only Scheduled Commercial Banks, Regional Rural Banks, Scheduled Primary Co-Operative Banks are covered under this scheme, so that any customer of these bank can redress the complaints associated to definite banking services. The bank customer can redress the following complaints along with the help of Banking Ombudsman Scheme.

- If the bank refuse to make payment or making too late payment of cash, checks, demand drafts etc.

- If the bank, without any proper reason ignore to adopt a notes, which are used to any purpose and they should charged commission for that purpose.
- If the bank, without any proper reason ignore to accept a coins which are used to specific purpose and they should charged commission for that purpose.
- If the bank refuse to make payment or late payment of remittances.
- If the bank fails to issue or too late issue of banker's checks, pay order or drafts etc.
- If the bank does not follow official working time which is prescribed by RBI. If the bank have not achieve a enough success into providing other banking services but excluding loans and advances.
- If the bank, without any proper reason, ignore to open new deposit bank account. Any non-resident person having an account in India file a complaint regarding any deficiency in banking services.
- If the bank without send a notice to the customer about the extra charges charged on any banking facility.
- Reserve Bank of India has given the different rules and instruction ATM/ Debit Card/ Prepaid card and if the bank or its subsidiary ignore to follow these instruction.
- If the depository or its subsidiaries does not follow the rules regarding credit card and also these rules prescribed by RBI.
- If the bank refuse to follow the rules about providing banking services through mobile net or any electronic device etc.
- Complaints regarding pension. As per the RBI, the bank ignore to accept or making too late acceptance of tax payment.
- If the bank ignore to issue or making to late issue of government securities. If the bank, without any proper reason forces to their customer to close their accounts.
- If the bank is not ready close the account as per the customer's request.
- If the bank adopted the unfair practices code for their banking services. Each and every bank must to have a code of banker's commitment towards their customers.

Here are form of complaints regarding loans and advances –

- If the bank does not follow the interest rate which are changed from time to time.
- If the bank does not follow the time limit which is prescribed for making sanction of the loan applications.
- If the bank, without a proper cause to refusal for accepting the loan application.
- If the bank refuse to adopt the code of fair practiced for rendering the money to their customers or refuse to accept the bankers' commitment code towards their customer.

In the following conditions the complaints from the banking customers will not be considered by the Ombudsman –

1. In the case of if any customer have not discuss about the problem with the particular bank firstly.
2. If the complaint has not arriving within the period of one year following the reply arriving from that particular bank.
3. If the complaint has already file under the court of law or at any other forum.
4. If any complaint does not make for serious purpose.
5. In case of if any complaint is not covered under The Banking Ombudsman.

### **Process of filing online application for making a complaint under Banking Ombudsman**

Anyone can apply for redressing the complaint by making a written application on a totally blank paper or by filing the complaint through online mode. They can also send e-mail to The Banking Ombudsman. One file format also available on the banking ombudsman website but thing is that this format is not compulsory to use for filing the complaint.

There are certain conditions, if the complainant goes through these conditions, then they can file a complaint with banking ombudsman these are follows -

1. After the complaint receipt received to the customer, the bank has not given any reply within the stage of one month or

2. On the particular bank level, if the complaint was rejected. Or
3. If the complainant was not feeling well about the reply of that particular bank in that particular case.

### **About the rights to using this scheme by any representative**

Any representative can file the complaint but no one advocate can file the complaint.

### **No charges should be charged under this scheme**

Under this scheme, all services are provided on free of cost. The banking ombudsman scheme should not charge any payment for redressing the complaints.

### **Limitations on compensation amount**

Under the banking ombudsman scheme the complainants occurs if any loss then he can get the amount of loss from the bank or 20 Lakhs ( which amount is low he can get that amount under this scheme.

### **Following details required in the application**

1. Name and address of the plaintiff
2. Name and address of the branch of the bank on which
3. Other required document should attached with application
4. Nature of the complaint
5. Description of the loss incurred in that particular condition.

### **Process of redressing the complaint**

Firstly, The Banking Ombudsman make a settlement by agreement between the complaint maker and a particular bank on which complaint is received.

Reasons for rejection a complaint –

1. If a complaint not related with those complaints which are specified under banking ombudsman scheme.
2. If the compensation amount exceed the limit of Rs.20 Lakhs.
3. It will required detailed elaboration of the document and also required oral declaration of the complainant.

4. If a complainant file a complaint for sufficient cause.
5. If there is no any financial loss occurred to the Complainant then banking ombudsman would reject that complaint.

### **Research Methodology**

**Research Methodology** is a systematic process of getting knowledge about something. If we want to obtain detailed information then we required to go through that systematic process of theoretical analysis.

### **Secondary Data**

Researcher has used only secondary data to study my dissertation topic. For that purpose I also used annual reports, different websites of Reserve Bank of India etc.

### **Descriptive and Analytical Research**

By using the descriptive type of research the researcher would be find out something new which will be describe, identify, determine the new data. The researcher also used this type of research for availing a deep knowledge about his research topic. Resaercher has used Descriptive and Analytical type of research to well know about my topic.

### **Data Analysis- Case Studies**

Researcher have taken 5 cases randomly which are redressed by Banking Ombudsman. These all cases are referred to that complainant who had an account in the bank. They have faced some problems regarding the services which were rendered from the bank.

#### **Case No. 1**

Complaint – As per the complainant, he has opened a saving account into the private sector bank. He file a complaint under banking ombudsman about use of his 70 times between the period of 22<sup>nd</sup> March, 2017 to 22 May, 2017 but it was used at different places in Himachal Pradesh and at Chandigarh. He was informed to the bank about that on the date of 22 May, 2017 then after bank has blocked the debit card of that complainant. The bank informed to the complainant as he had opened new saving account in the year 2012 and in April 2017 PIN has to be send on his residential address with the help of courier centre and he also received the same. As per the information given by the customer, The bank understand that

he has changed his address and his mobile number from the time of opening account. The bank has found that the customer had opened a new saving account in low jeopardy type of account. As per those banking rules they bring upto to date about the information regarding their customers after every 6 year.

Decision Given – The Banking Ombudsman replied that a decision as a bank is does not update the customers' information from time to time. That's the reason for providing improper services to their customer. As per the Banking Ombudsman every bank is required to update the customer information before providing renewable card, As per the given guidelines by the banking ombudsman if they use any outside agency for providing banking service they also required the management if any loss incurred to the customer. The bank ombudsman have replied to the bank to give the amount of loss is incurred by the complainant.

### **Case No. 2**

Complaint – The complainant was working in private company. He was having saving bank account in the bank in which his salary and other allowances were credited. He complaint that his cheque book was issued to stranger person by the bank and that person fraudulently withdrawn Rs.8,55,000/- from his account. The complainant filed a police complaint.

Decision – A conclusion drawn from opinion given by the Banking ombudsman. that culprit forged the signature of the complainant every time and withdrawn the money. The complainant was not in India when those withdrawals took place. The bank was unable to prove the connection of complainant with fraud or his participation in forgery.

### **Case No. 3**

Complaint – The complaint was registered by a lady. In that complaint she mentioned about the deposition of Rs.14.300/- by her husband jointly in the name of self and her on 9.3.2014 for 1 year. The deposit matured on 9.3.2015. On 15.2.2017 her husband expired. The complainant made a contact with bank regarding the payment of that deposit. She given a marriage certificate, death certificate of husband and mentioned that deposit receipt was lost. The bank answered that the payment could not be done. Since, they want clearance from controlling office for clearance from deceased 1<sup>st</sup> wife and children.

Decision – Since, the amount to the credit of deceased depositor is not more than Rs.25,000/-. Bank should not forced about the succession certificate as per RBI guidelines by RBI Direction Bank Officer stated that as the depositor deposited the amount with the name on his wife and self jointly. The deposit amount would be directly paid to 2<sup>nd</sup> wife on his death. The bank paid the amount to complainant after usual formalities.

#### **Case No. 4**

Complaint – The complainant trade cash withdrawals through ATM but he was unable to receive the cash due to low power supply. But his account was deducted with Rs.800/-. The complainant informed about the same to the bank. Bank did not take it seriously and stated that cash might be withdrawn by the complainant by checking the transaction list.

Decision given – By checking the cash summary by ATM, bank recognised that cash was not paid to complainant and the refunded that amount.

#### **Case No. 5**

Complaint –The representative of the complainant submitted a cheque on the date 28.2.2017 to get credit into PPF account. By mistake the check was ante-dated. The representative made changes in date and submitted co formality letter in the bank's next day. The bank failed to submit amount due to which the complainant failed to get tax benefit for payment in PPF account and punished with by a penalty by tax authorities for incomplete tax payment.

Decision given –

The bank takes a decision in the favour of the complainant.

#### **FINDINGS**

- The banking Ombudsman have made a deal differently for every different complaints.
- I have understood about the practical way of resolving the complaints under Banking Ombudsman Scheme.
- The Banking Ombudsman have taken a proper decision after careful scrutinizing of that complaint.
- They have used the rules which are prescribed by RBI to redress that complaints.



## Conclusion

The Banking Ombudsman has already set out a systematic process for redressing the customers' complaint regarding particular banking services. In the some cases they have given decision in the favour of complainants and in some cases they have taken a decision against the complainant.

The Banking Ombudsman has given a decision against some complainants because they have made frauds.

So, because of this reason the Banking Ombudsman also aware about the fraudulent complaints and take a proper decision.

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