Chapter 6

Findings
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Banks being the institutions of financial importance in every part of world, the resolution of the complaints relating to their conduct is also an essential attribute of consumer satisfaction. Therefore the ombudsman or the officer for dealing with consumer complaints regarding the banks has been appointed by an authority in various nations. In India, the Banking Ombudsman scheme was introduced in the year 1995, with a view to do away with the banking customer complaints. It was amended in subsequent years of 2002, 2006 and 2012.

According to the study people in rural area Banking Ombudsman may know very little. Educated people may also know very little about it. So nears full information about the Banking Ombudsman referred to take advantages it.

Customer Service Initiatives by the Reserve Bank of India

In a free market economy where market forces and competition play out freely, regulatory intervention may not be necessary for ensuring better customer service at competitive price. In India, banking industry being a highly regulated service industry with very stiff entry norms, consumer protection cannot be left to machinations of market forces and hence, the regulator has to intervene, intermediate and occasionally influence the pricing decisions of banks in the larger interest of social good and equity. The regulator’s role is all the more important in an emerging economy like India, with its varied needs and priorities - ranging from sustainable high growth rate to developing a stable financial system while accelerating the pace of financial inclusion, access and education of masses hitherto left out from the coverage by the formal financial services industry. In pursuance of this objective, RBI has taken several customer-centric measures to protect the interests of bank customers. The complaints handled by the Banking Ombudsmen have proved to be an important source of feedback from the field, based on which many of the customer service initiatives of RBI have emanated.

How to get your Banking Problems Solved by Ombudsman
Despite the Banks having complaints redressal machinery, Banking Ombudsman and RBI get over 60000 complaints. But it is also true that almost 50% of the complaints are invalid and are beyond the purview of the Banking Ombudsman. Let us put down the baby steps that we need to do if we have a grievance:

1. First lodge a complaint to the Bank concerned in writing. Banks have a specific complaint register and they have meetings where a customer can walk in and register a complaint. Ask for a receipt.
2. Please keep details of the official receiving the complaint.
3. If the Bank does not respond within 30 days, lodge a complaint with the Ombudsman. Complaints pending at other judicial forums will not be entertained by the Banking Ombudsman. You don’t need to pay any fee to the Banking Ombudsman.
4. Obtain a unique identification number for tracking the complaint from the Banking Ombudsman.
5. Online complaints to Banking Ombudsman can be done @ http://www.bankingombudsman.rbi.org.in
6. If you are not happy with the Ombudsman decision, you can appeal to the Customer Services Department, RBI.

Making the banking ombudsman more responsive to customers

Though the banking ombudsman functions well as a grievance redressal mechanism, the large of number of rejection of complaints call for a need to revamp the scheme to make it more pro-active, transparent, helpful and responsive to meet customer needs.

The annual report on the performance of the banking ombudsman scheme for the year 2010-11 released by Reserve Bank of India (RBI) last month gives a mixed picture of customer service in banks. The total complaints received by all the ombudsmen in the country have come down by 10% compared to the
previous year, which may give rise to a feeling that customer service in banks appear to have improved though marginally. Because of this, the general feeling is that the ombudsman scheme started by RBI in 1995 has been one of the better managed grievance redressal mechanisms presently operating in our country. But if you analyze the report carefully, you are in for a major surprise. Out of 71,274 complaints received by the ombudsmen during the year 2010-11, 50,474 complaints (i.e. 71%) were rejected by the ombudsmen for various reasons. Out of these, 36,522 complaints i.e. 72% of the rejected complaints were non-maintainable, meaning thereby that they were outright rejected without even accepting them for consideration. This large number of rejections for whatever reasons indicate that either the banks’ customers are not aware of the rules of ombudsman scheme or the office of the ombudsman is not rising up to the aspirations of the bank customers.

The report further states that the number of complaints rejected on various grounds is showing a rising trend. While 62% of the total complaints disposed off in 2009-10 were on account of rejection, the same accounted for 71% of the complaints disposed during 2010-11. This gives rise to a feeling that the office of the ombudsmen must be spending more time in rejecting rather than in accepting the complaints. This is because the percentage of rejection far outstrips the number of accepted complaints for the last three years. The following analysis of the rejected complaints clearly brings out the need to completely overhaul the scheme to suit the changing profile of bank customers, as more and more people from the rural background join the mainstream of banking due to financial inclusion programmes pursued by the government.

**First reason for rejection:**

First resort complaints: During last year 16,755 complaints constituting 33% of the complaints rejected falls into the category of first resort complaints. The complaints referred to the ombudsman without first approaching the bank concerned are termed as first resort complaints. This happens because full details of the ombudsman scheme are neither available at the banks’ branches, nor are they properly communicated to the customers. It is practically difficult
for every customer to look for the details of the scheme on the website of
ombudsman and then prepare the complaint on the lines of the scheme. This is
because a very limited people have access to and/or knowledge about Internet
in our country, though it is growing fast. Besides the website itself is very
formal and needs to be made more user-friendly so that ordinary citizens could
easily understand the scheme. When the RBI has permitted the customer to
submit a complaint even on a plain paper, a workable solution should be found
out, rather than outright reject the complaint received without first referring to
the bank concerned.

The report further states that the high percentage of first
resort complaints indicates greater faith of the complainants in the banking
ombudsman rather than their banks concerned in getting their problems
solved. If that be the case, there is all the more reason to ensure that a practical
solution should be found to totally eliminate such rejections. The best course
in such cases is for the ombudsman to accept the complaint and handle it in
the normal course, advising the complainant at the same time the correct
procedure to be followed for his future guidance. But no complaint should be
rejected for this reason, as full details of the scheme are hardly publicized and
no branch of a bank is able to provide even a two-page leaflet containing
important aspect of the scheme to its customers. It is, therefore, necessary to
revisit the ombudsman scheme and drastically modify the terms of
the scheme to allow the customers to submit complaints even before writing to
the main office of the bank concerned.

**Second reason for rejection:**

Complaints outside the scheme: Complaints received but are outside
the scheme constitute the second highest percentage of rejections. 8,583 complaints (17% of the total rejection) were rejected because the
complaints relate to areas which do not come under the purview of
the scheme. This again is due to lack of communication of the details of
the scheme to bank customers. But this also raises the question as to whether
there is any scope to expand the areas to be covered by the ombudsman. It is
worthwhile for the RBI to review the areas not covered by the scheme and
explore the possibility of adding on more and more areas to meet customer expectations without in any way intruding into the operational freedom of banking institutions.

**Third reason for rejection:**

Complaints without sufficient cause: These constitute 11% of the total complaints rejected and appear large enough to go deep into the complaints to find out what makes the customer write to the ombudsman, if there is no sufficient cause to complain. As many as 5,447 complaints fall into this category and it is possible that the complainant may not have been able to put across his grievance in a manner understood by the ombudsman’s office. The best course in such cases is, before rejecting the complaint outright, the ombudsman’s office can contact the complainant at least on the telephone and have a chat with him or her to understand the reasons better and assess whether there is any merit in the complaint. This will not only create a lot of goodwill for the ombudsman, but will also help in eliminating such complaints by educating the customers.

**Fourth reason for rejection:**

Complicated complaints requiring elaborate evidence: 4,441 complaints constituting 9% of the complaints rejected fall into this category. It is rather strange that the ombudsman who is there to solve the problems faced by the customer should reject a complaint for the reason that it is too complicated requiring elaborate evidence. The ombudsman scheme provides for arbitration and there is no reason why these complicated complaints cannot be solved through arbitration if acceptable to the parties. If the ombudsman requires any assistance of specialists to solve these complicated cases, the RBI could think of appointing an advisory panel for every ombudsman, consisting of two persons, one an expert in banking and another a chartered account who has had experience in bank audits and these advisors could be consulted by the ombudsman wherever necessary, so that
complicated complaints too get resolved to the satisfaction of the banks’ customers.

**Fifth reason for rejection:**
Bank branches outside the jurisdiction of the ombudsman: 2,838 complaints (constituting 5% of the rejected complaints) were rejected simply because they fell outside the jurisdiction of the ombudsman, who received the complaint. Yes, the customer would have made the mistake of addressing the complaint to the wrong office of the ombudsman for want of information about the correct jurisdiction. This might have happened because the RBI is yet to arrange for an ombudsman in every state, and several states are clubbed together, which might have caused this mistake. But instead of rejecting them, these complaints could have been easily forwarded to the correct ombudsman, under whose jurisdiction they fall, under advice to the complainant, so that these complaints too get attended to by the right ombudsman.

Apart from the above changes suggested, there is a need to make the ombudsman more helpful, pro-active, transparent and responsive to meet the expectations of the customers and bring down the rejections considerably. Every ombudsman’s office should have a toll-free number to enable the customers to seek any clarification, if necessary, before submitting their complaint. This toll-free number must be prominently displayed in every branch of a bank and also in ATM booths located in their jurisdiction. The complaint forms, too, must be made available through the branches of banks and this should be closely monitored through the internal inspection of every bank.

It may appear strange for us in India, but in United Kingdom there is a provision to evaluate even the level of service rendered to the complainants by the financial ombudsman, which speaks volumes about their transparency. Some of the most useful ways in which the UK ombudsman helps the banking public can be observed from the following information culled out from their very informative and illustrative website www.financial-ombudsman.org.uk.
“We answer over a million enquiries a year and deal with more than 200,000 disputes.” “We will be happy to phone you back, if you’re worried about the cost of calling us”

“If you ask us to look into your complaint, we will explain any particular rules and restrictions that may apply in your own individual case—and we will always give you the chance to query anything you don’t understand. If you’re not sure if your complaint is one we can help with, just ask us.”

“We can provide information about our service in different formats and languages. And we can adapt the way we communicate with you—depending on your needs. For example, we can use Braille, large print or audiotape and we can make and receive calls using Text Relay. Please let us know what your particular needs are, and we will do our best to help.”

“If you are not happy with the way we have dealt with your case—or with the level of service we have provided—please let us know. We have a special procedure to handle complaints about our service—for example, if you think we have:

- Treated you rudely or unfairly;
- Failed to explain things properly; or
- Caused unnecessary delays (but please bear in mind our usual time-frame for resolving disputes, as explained above).

“This procedure involves the independent assessor, who can carry out a final review of the way we have handled a complaint. The independent assessor is appointed by our board and has official terms of reference.”

The sky is the limit for anybody to improve their services, and UK ombudsman is a classic example of showing its desire to serve the public with great concern and total commitment, which could be achieved with a little more imagination and foresight. By raising the bar for the ombudsman to excel in customer service, banks too will get a clear message that there cannot be any compromise in so far as quality of customer service is concerned.

Can our ombudsmen, too, reach that level of perfection and provide that level of comfort to the public at large, and be a torch bearer of the customers’ rights to the extent of becoming a model for others to emulate? If people sitting in
the RBI make up their mind, it is certainly possible to excel in this field also, as they have proved their mettle many times in the past in the matter of managing the banks of our country so admirably during the recent international turmoil in the financial world.

OMBUDSMAN IN INDIA

Generally a good administration is responsible and responsive to the people. With this object in view the institution of Ombudsman came to be established in several Democratic Countries for redressing the grievances of the public against Administrative faults. India is also a Democratic country. As in other Democratic Countries, so in India also the number of grievances against administrative faults came to abound. Therefore, close supervision over the administration, and mechanism for redressal of grievances became essential and necessary.

Sri M.C. Setalvad, in his speech at the All India Lawyers’ Conference held in 1962 suggested the idea of establishing an institution similar to that of an Ombudsman. In India, the creation of the institution of Lokpal similar to that of an ombudsman was recommended by the Interim Report of the Administrative Reforms Commission for the following reasons:

1. Since a Democratic government is a “government of the people, by the people and for the people”, it has an obligation to satisfy the citizen about its functioning and to offer them adequate means for the ventilation and redress of their grievances.

2. The redressal of citizen’s grievances is basic to the functioning of democratic governments, and will strengthen the hands of the government in administering the laws of the land without fear and favour, affection or ill will and enable it to go up in public faith and confidence without which progress would not be possible.

3. The existing institutions of judicial review and Parliamentary control are inadequate in view of the ever expanding range of governmental functions most of which are discretionery.
4. There prevails a public feeling against prevalence of corruption, widespread inefficiency and administration’s unresponsiveness to popular needs.

Ombudsman for Legal Sector

Government is working on a Bill that envisages an Ombudsman to look into the complaints against lawyers and a Legal Services Board that would regulate law practices in the country. Giving this information in written reply to a question in Rajya Sabha, Shri Salman Khurshid, Minister of Law & Justice informed the House that a draft Bill titled “Legal Practitioners (Regulation and Maintenance of Standards in Profession, Protecting the interest of Clients and Promoting the Rule of Law) Act, 2010” was drafted and uploaded in the website of the Ministry of Law & Justice inviting comments and suggestions of the stakeholders. Comments are being received. Shri Khurshid said the draft Bill will be reviewed based on these comments.

As per the proposed Bill, the complaints against the legal professionals will be examined by the Ombudsman and the report of the proposed Ombudsman will be forwarded to the Disciplinary Committee of the Bar Council of the State with a copy to the proposed Legal Services Board. The Disciplinary Committee of the Bar Council shall consider the report of the Ombudsman and if such report is not accepted by the Bar Council, the reasons for rejection of the recommendations of the Ombudsman shall be explained in detail and the same shall be published in the manner prescribed by rules.