Chapter 1

Introduction
BANKING OMBUDSMAN SCHEME

Introduction

The Banking Ombudsman Scheme 2006 of Reserve Bank of India has come into effect from 1st January 2006 with the prime objective of improving/strengthening the relationship between Banker and Customer by providing quick and inexpensive redressal of customer complaints relating to deficiencies in Banking services. If a customer is not satisfied with redressal of his grievance, after exhausting all the available avenues in the Bank, may approach the Banking Ombudsman, who will sort out and facilitate speedy settlement of the grievances. Details of the scheme and addresses of all Banking Ombudsman Offices are available in the RBI website www.rbi.org.in. We have displayed at all our branches a notice explaining that we are covered by the Banking Ombudsman Scheme, 2006 of the Reserve Bank of India. The copy of the scheme is made available at all the branches. Within 30 days of lodging a complaint with us, if customer does not get a satisfactory response from us and if customer wishes to pursue other avenues for redressal of grievances, customer may approach Banking Ombudsman appointed by Reserve Bank of India under Banking Ombudsman Scheme, 2006. Salient features of the Banking Ombudsman Scheme, 2006 are displayed in the branch notice boards. If customers face any difficulty, our staff will explain the procedure in this regard. The customers may also contact our Regional offices and Head Office, for guidance in this regard.
History of Banking Ombudsman

The institution of banking offers opportunity for investors and channelizes the resources available for the growth and sustenance of trade, commerce and industry, and, hence, an efficient banking system is necessary for the growth of the national economy. It is necessary that in such a system checks and balances be introduced to reduce inefficiency and maladministration. Moreover, the quality of the service of the banks depends upon the service provided to the customers and same determines the reputation and growth of the bank. Banking being public utility services and in view of the deteriorating services rendered to the public and also having regard to the fact that services so rendered by banks in irresponsible manner, which are not only inefficient but deficient in character and in the said stress and strain, the public/customer is put pillar to post without having any remedy, it was felt necessary to have a separate for a to receive and resolve such grievances. Of course, the Consumer Protection Act, 1986 or courts, has taken care of it but as of now consumer forum is hard pressed with the alarming rise in number of cases. In the banking sector, so far consumer or customer are concerned, their grievances are many and varied.

Reserve Bank of India (RBI) is flooded with complaints. They received complaint and forward the complaint to concerned bank and banks are required to submit comment and confirm that grievance of the customers stand redressed. Whether it is redressed or not, paper transactions take place. Banking sector is constantly under criticism by press, public and estimate committees. Various committees, commissions and working group were formed to go into the issue since 1972. Banking Commission was headed by Sri R. G. Saraiya followed by Sri. R.K. Talwar which made as much as 172 recommendations and lastly report of the Goiporia Committee is a step further as to the sustained anxiety of RBI towards improvement of customer services in banks. Banks have implemented the recommendations to greater extent still there is no perceptible change in the quality of customer services and still the deficient areas are palpably visible and the customer remain dissatisfied. The ‘Narasimhan’ Committee on “Banking and Financial Sector Reforms”
examined these critical areas and recommended introduction of the “Banking Ombudsman Scheme 1995” as a part of Financial Sector Policy and Systems Reforms 1991-92 to 1995-96. Recommendations are very much significant and certainly, it was a needed requirement. This is timely in the changing needs of the customers, in the context of growing liberalization in the banking and financial sectors along with the growing awareness amongst customers, of their rights. In this background RBI has accepted the recommendation and as a part of banking policy, Dr. C. Rangarajan; Governor, announced the “The Banking Ombudsman Scheme” on June 14, 1995. The scheme was issued under the provision of Banking Regulation Act, 1949, covers all Scheduled Commercial Banks and the Scheduled Primary Co-operative Banks having business in India. The Scheme has become operative from June 1995. Initially Ombudsman was appointed on full time basis in three centers i.e. Mumbai, New Delhi, and Bhopal but subsequently its base for operation has been expanded. The aim and objective mechanism of ombudsman is to deliver quick and inexpensive facility to resolve grievances of customers arising out of deficient services rendered by the banks. Hence, banking ombudsman is in place to cater to public complaints against deficiency in banking services concerning operation of deposit accounts and loans and advances. Paradigm Shift of Banking Ombudsman Scheme 1995 to Banking Ombudsman Scheme of 2006; the attempt over years has been to extend the scope and jurisdiction of the Banking ombudsmen to hitherto uncovered areas. This has been done in two ways:

1. **Coverage of banks:**

   Under the 1995 Scheme, only commercial banks and Scheduled Primary Co-operative Banks, having a place of business in India, were covered. Then 2002 Scheme broadened the operation of the ombudsman by including within the definition of ‘bank’ such entities as Regional Rural Banks, State Bank of India, and ‘subsidiary bank’ as defined in Part I of the Banking Regulation Success of banking ombudsmen scheme: Myth or reality International Journal of Research Studies in Management 19 Act, 1949. Even the Scheduled Commercial banks are covered under the latest scheme of 2006.
2. Entertainment of Complaints:

The Ombudsman Scheme lays down the grounds on which complaints can be entertained by the Ombudsman. The trend over the year has been to extend the jurisdiction of ombudsman. The RBI has expanded the scope of the banking ombudsman to include customer complaints relating to credit cards, deficiencies on the part of sales agents of banks to provide promised services, levying service charges without prior notice to the customer and non-adherence to the fair practices code as adopted by individual banks. In order to make the scheme more effective, the RBI has decided to take the onus of recruitment and funding of the scheme. It has also allowed complainants to file their complaints online and appeal to it against the judgments given by the banking ombudsman. The Banking Ombudsman Scheme, 1995 was notified by RBI on June 14, 1995 in terms of the powers conferred on the Bank by Section 35A of the Banking Regulation Act, 1949 (10 of 1949) to provide for a system of redressal of grievances against banks. The Scheme sought to establish a system of expeditious and inexpensive resolution of customer complaints. The Scheme which is in operation since 1995 has been revised during the year 2002 and 2006. The Scheme is being executed and administered by Banking Ombudsmen appointed by RBI at 15 centers covering the entire country.

Definition of Banking Ombudsman:

An official whose duty is to investigate complaints by members of the public against banks any of five British ombudsmen: the Banking Ombudsman, set up in 1986 to investigate complaints from bank customers; the Building Society Ombudsman, set up in 1987 to investigate complaints from building society customers; the Insurance Ombudsman, set up in 1981 to investigate complaints by policyholders (since 1988 this ombudsman has also operated a Unit Trust Ombudsman scheme); the Investment Ombudsman set up in 1989 to investigate complaints by investors (the Personal Investment Authority Ombudsman is responsible for investigating complaints by personal investors); and the Pensions Ombudsman, set up in 1993 to investigate complaints regarding pension schemes.
Vision and Goals of the Banking Ombudsman

Vision

• To be a visible and credible system of dispute resolution mechanism for common persons utilizing banking services.

Goals

• To ensure redressal of grievances of users of banking services in an inexpensive, expeditious and fair manner that will provide impetus to improved customer services in the banking sector on a continuous basis.

• To provide feedback/suggestions to Reserve Bank of India towards framing appropriate and timely guidelines to banks to improve the level of customer service and to strengthen their internal grievance redressal systems.

• To enhance the awareness of the Banking Ombudsman Scheme.

• To facilitate quick and fair (non-discriminatory) redressal of grievances through use of IT systems, comprehensive and easily accessible database and enhanced capabilities of staff through training.
Concept of banking ombudsman

What is Banking Ombudsman (BO)?

- He hears customers’ complaints against banks.
- BO was first setup in UK.
- In India, RBI started this scheme in 1995.

Appointment & Tenure

- Earlier RBI used to appoint reputed persons from banking, finance, management, legal etc. sectors as Banking Ombudsmen (BO).
- But now RBI has reserved this BO post for its own Chief General Managers and General Managers.
- Tenure: 3 years at a time.
- Reappointment: yes possible.

Jurisdiction

- Banking Ombudsman (BO) Scheme applies to whole of India (including Jammu and Kashmir).

Banking Ombudsman have jurisdiction over

1. All commercial banks (scheduled and non scheduled, public and private)
2. Regional rural banks
3. Scheduled primary co-operative banks
4. NBFCs (BO’s Jurisdiction limited to “loan” part.)

- BO is not a replacement of Consumer forum/courts. He merely supplements them.
- BO deals with matters less than or equal to Rs.10 lakhs.
Here are some examples situation where BO can help you:

**Regular Banking**

1. Demand draft, cheques, pay orders etc. not issued on time. (or not paid on time)
2. Credit card related complaints (e.g. bank putting hidden charges. Your credit card was stolen but bank did not disable it even after you called them.)
3. You asked the bank to close your account / credit card but they are not doing it.
4. Bank refuses to open your account without giving valid reasons.
5. Bank closes down your account without valid reasons.
6. Government / your company deposited salary / pension in your account but the bank is not releasing it on time.
7. Bank is taking out money from your account in pretext of some flimsy charges.
8. Branch office notice board says “10.30 to 5” but staff refuses to provide you service after 3.30PM.
9. NRIs having bank account in India and facing problems about remittances etc. (e.g. he deposited money from America, but his parents are not given money on time.)

**Loan**

1. Your loan application is not processed in time.
2. Your loan application is rejected without valid reasons.
3. You loan application is accepted but money is not released in time.
   (and still bank is charging interest on it!)
4. Bank doesn’t follow RBI guidelines regarding loan-recovery agents (e.g. bank hires some criminals to bully and harass you.)
5. Bank doesn’t follow RBI guidelines regarding loan interest rates.
How does Banking Ombudsman settle complaint?

- Upon receiving your complaint, first BO will try to solve the matter via settlement /arbitration (=try to achieve a compromise, conciliation or amicable solution between bank and its customer.)
- This has to be done within one month after receiving complaint.
- But if either party (customer/bank) is not accept this (compromise/negotiation/settlement) then after 1 month, BO will have to pass “order”.
- Now, he’ll ask both parties to present their case/documents etc. And he’ll pass the order accordingly.
- Two things can happen

1. He rejects your complaint (=bank is not guilty). OR
2. He finds the bank guilty and orders punishment.

Punishment

- BO can order the Bank to compensate the actual money loss OR Rs.10 lakh (whichever is lower).
- In case of Credit card related cases, BO can order the bank to pay additional fines (upto Rs.1 lakh) for the mental harassment caused to the customer.

Appellate Authority for Banking Ombudsman

- If either party (Bank / Customer) is unhappy with Ombudsman’s order, then they can approach the Appellate authority (=Deputy Governor of RBI.)

1. If you’re the customer, you can directly approach him.
2. But if you’re the “Bank”, then you can approach him only after getting permission from your Chairman/CMD/MD or CEO. (This ensures Bank’s lower staff doesn’t automatically go for frivolous appeals against every order).
Procedure for Getting Justice?

- You’re unhappy with the bank for xyz reason. But you cannot directly approach BO.
- First you’ve to give written complaint to the concerned bank that “I’ve so and so problem.”
- And IF the bank doesn’t deal with your complaint within one month, then you can approach BO.
- On the other hand, you cannot approach BO if the matter is older than 1 year.
- You don’t need lawyer to approach BO.
- You don’t need to pay any fees/ stamp papers for approaching BO.

You can’t approach BO in Following Situations

1. Matter is higher than Rs.10 lakh.
2. If the matter is pending before any other court, tribunal, forum then you cannot approach BO.
3. If any other court, tribunal, forum has already passed an order on the same matter.

You cannot approach BO for frivolous or vexatious complaints (e.g. AC or water cooler was off when I went to the branch. Someone jumped the queue but security guard did nothing,….)
**Location of Offices**

- Banking Ombudsman has total 15 offices throughout India
- Those who’re preparing for IBPS/SBI PO should prepare this table for MCQs, others need not worry much.

<table>
<thead>
<tr>
<th></th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Ahmdabad</td>
</tr>
<tr>
<td></td>
<td>Gujarat + UT of Diu, Daman, Haveli</td>
</tr>
<tr>
<td>2.</td>
<td>Banglore</td>
</tr>
<tr>
<td></td>
<td>Karnataka</td>
</tr>
<tr>
<td>3.</td>
<td>Bhopal</td>
</tr>
<tr>
<td></td>
<td>MP+Chattisgarh</td>
</tr>
<tr>
<td>4.</td>
<td>Bhuvneshwar</td>
</tr>
<tr>
<td></td>
<td>Odisha</td>
</tr>
<tr>
<td>5.</td>
<td>Chandigarh</td>
</tr>
<tr>
<td></td>
<td>HP+Punjab+part of Haryana</td>
</tr>
<tr>
<td>6.</td>
<td>Chennai</td>
</tr>
<tr>
<td></td>
<td>TN+ Andaman, Nico</td>
</tr>
<tr>
<td>7.</td>
<td>Guwahati</td>
</tr>
<tr>
<td></td>
<td>All north Eastern states minus Sikkim</td>
</tr>
<tr>
<td>8.</td>
<td>Hydrabad</td>
</tr>
<tr>
<td></td>
<td>Aandr Pardesh</td>
</tr>
<tr>
<td>9.</td>
<td>Jaipur</td>
</tr>
<tr>
<td></td>
<td>Rajsthan</td>
</tr>
<tr>
<td>10.</td>
<td>Kanpur</td>
</tr>
<tr>
<td></td>
<td>UP (some areas excluded though)</td>
</tr>
<tr>
<td>11.</td>
<td>Kolkata</td>
</tr>
<tr>
<td></td>
<td>West Bengol +Sikkim</td>
</tr>
<tr>
<td>12.</td>
<td>Mumbai</td>
</tr>
<tr>
<td></td>
<td>Maharashtra + Goa</td>
</tr>
<tr>
<td>13.</td>
<td>Delhi</td>
</tr>
<tr>
<td></td>
<td>Delhi+J&amp;K+part of UP+Part of Haryana</td>
</tr>
<tr>
<td>14.</td>
<td>Patna</td>
</tr>
<tr>
<td></td>
<td>Bihar + Jharkhand</td>
</tr>
<tr>
<td>15.</td>
<td>Thiruwanthapuram</td>
</tr>
<tr>
<td></td>
<td>Kerala+Lakshdweep+Puducherry</td>
</tr>
</tbody>
</table>
Reforms and Issues

- Banking Ombudsman scheme was originally started in 1995.
- But in subsequent years, RBI made many reforms in it, some of them are:

<table>
<thead>
<tr>
<th>Originally</th>
<th>After Reforms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reputed persons from law, finance, Banking, Management, administration etc. can become BO.</td>
<td>Only RBI’s own officers can become BO. (=outsiders not allowed for this post.)</td>
</tr>
<tr>
<td>Banks provided Money+Staff for Ombudsman’s office in their area.</td>
<td>RBI itself gives the money and staff to Ombudsman.</td>
</tr>
<tr>
<td>He only accepted paper complaints.</td>
<td>Accepts Paper + online complaints.</td>
</tr>
</tbody>
</table>

- Regional Rural Banks put under jurisdiction of Ombudsman.
- Ombudsman can look into internet-banking related complaints.
- Banks are required to display salient features of the scheme for common knowledge of public. (e.g. posters in the branch office.)
- Reputed persons from law, finance, banking, Management, administration etc. can become BO.
- Only RBI’s own officers can become BO. (=outsiders not allowed for this post.)
- Banks provided Money Staff for Ombudsman’s office in their area.
- RBI itself gives the money and staff to Ombudsman.
- He only accepted paper complaints.
- Accepts Paper + online complaints.
- Regional Rural Banks put under jurisdiction of Ombudsman.
1. **Net Banking Frauds**

- According to RBI’s scheme, Ombudsman can also look into internet banking related matters.
- But Ombudsmen across the country often wash away their hands and ask the victim to wait for police investigation to finish.
- And on the other hand, Banks do not take responsibility saying “net banking frauds as most of them happen due to customers’ negligence and cyber-crime.”
- So ultimately customer has to depend on the police to get justice.

2. **Need More Banking Ombudsman Scheme**

- A Committee formed by RBI has recommended that instead of having only 15 Banking ombudsmen across country, have one BO appointed for every bank.
- The upper limit (of Rs.10 lakh) should be increased.

**Type of Complaints**

- The type and scope of the complaints which may be considered by a Banking Ombudsman is very comprehensive, and it has been empowered to receive and consider complaints pertaining to the following:

  - Non-payment or inordinate delay in the payment or collection of cheques, drafts, bills, etc.;
  - Non-acceptance, without sufficient cause, of small denomination notes tendered for any purpose, and for charging of commission for this service;
  - Non-acceptance, without sufficient cause, of coins tendered and for charging of commission for this service;
  - Non-payment or delay in payment of inward remittances ;
  - Failure to issue or delay in issue, of drafts, pay orders or bankers’ cheques;
  - Non-adherence to prescribed working hours;
• Failure to honor guarantee or letter of credit commitments;

• Failure to provide or delay in providing a banking facility (other than loans and advances) promised in writing by a bank or its direct selling agents;

• Delays, non-credit of proceeds to parties' accounts, non-payment of deposit or non-observance of the Reserve Bank directives, if any, applicable to rate of interest on deposits in any savings, current or other account maintained with a bank;

• Delays in receipt of export proceeds, handling of export bills, collection of bills etc., for exporters provided the said complaints pertain to the bank's operations in India;

• Refusal to open deposit accounts without any valid reason for refusal;

• Levying of charges without adequate prior notice to the customer;

• Non-adherence by the bank or its subsidiaries to the instructions of Reserve Bank on ATM/debit card operations or credit card operations;

• Non-disbursement or delay in disbursement of pension to the extent the grievance can be attributed to the action on the part of the bank concerned, (but not with regard to its employees);

• Refusal to accept or delay in accepting payment towards taxes, as required by Reserve Bank/Government;

• Refusal to issue or delay in issuing, or failure to service or delay in servicing or redemption of Government securities;

• Forced closure of deposit accounts without due notice or without sufficient reason;

• Refusal to close or delay in closing the accounts;

• Non-adherence to the fair practices code as adopted by the bank; and

• Any other matter relating to the violation of the directives issued by the Reserve Bank in relation to banking or other services.
ESTABLISHMENT OF OFFICE OF BANKING OMBUDSMAN

APPOINTMENT & TENURE

(1) The Reserve Bank may appoint one or more of its officers in the rank of Chief General Manager or General Manager to be known as Banking Ombudsmen to carry out the functions entrusted to them by or under the Scheme.

(2) The appointment of Banking Ombudsman under the above Clause may be made for a period not exceeding three years at a time.

LOCATION OF OFFICE AND TEMPORARY HEADQUARTERS

(1) The office of the Banking Ombudsman shall be located at such places as may be specified by the Reserve Bank.

(2) In order to expedite disposal of complaints, the Banking Ombudsman may hold sittings at such places within his area of jurisdiction as may be considered necessary and proper by him in respect of a complaint or reference before him.

SECRETARIAT

(1) The Reserve Bank shall depute such number of its officers or other staff to the office of the Banking Ombudsman as is considered necessary to function as the secretariat of the Banking Ombudsman.

(2) The cost of the Secretariat shall be borne by the Reserve Bank.
JURISDICTION, POWERS AND DUTIES OF BANKING OMBUDSMAN

POWERS AND JURISDICTION

(1) The Reserve Bank shall specify the territorial limits to which the authority of each Banking Ombudsman appointed under Clause 4 of the Scheme shall extend.

(2) The Banking Ombudsman shall receive and consider complaints relating to the deficiencies in banking or other services filed on the grounds mentioned in clause 8 and facilitate their satisfaction or settlement by agreement or through conciliation and mediation between the bank concerned and the aggrieved parties or by passing an Award in accordance with the Scheme.

(3) The Banking Ombudsman shall exercise general powers of superintendence and control over his Office and shall be responsible for the conduct of business thereat.

(4) The Office of the Banking Ombudsman shall draw up an annual budget for itself in consultation with Reserve Bank and shall exercise the powers of expenditure with the approved budget on the lines of Reserve Bank of India Expenditure Rules, 2005.

(5) The Banking Ombudsman shall send to the Governor, Reserve Bank, a report, as on 30th June every year, containing a general review of the activities of his Office during the preceding financial year and shall furnish such other information as the Reserve Bank may direct and the Reserve Bank may, if it considers necessary in the public interest so to do, publish the report and the information received from the Banking Ombudsman in such consolidated form or otherwise as it deems fit.
PROCEDURE FOR FILING COMPLAINT

(1) Any person who has a grievance against a bank on any one or more of the grounds mentioned in Clause 8 of the Scheme may, himself or through his authorized representative (other than an advocate), make a complaint to the Banking Ombudsman within whose jurisdiction the branch or office of the bank complained against is located.

Provided that a complaint arising out of the operations of credit cards, shall be filed before the Banking Ombudsman within whose territorial jurisdiction the billing address of the card holder is located and not the place where the bank concerned or the credit card processing unit is located.

(2) (a) The complaint in writing shall be duly signed by the complainant or his authorized representative and shall be, as far as possible, in the form specified in Annexure ’A’ or as near as thereto as circumstances admit, stating clearly:

1. The name and the address of the complainant,
2. The name and address of the branch or office of the bank against which the complaint is made,
3. The facts giving rise to the complaint,
4. The nature and extent of the loss caused to the complainant, and
5. The relief sought for.

(b) The complainant shall file along with the complaint, copies of the documents, if any, which he proposes to rely upon and a declaration that the complaint is maintainable under sub-clause (3) of this clause.

(c) A complaint made through electronic means shall also be accepted by the Banking Ombudsman and a print out of such complaint shall be taken on the record of the Banking Ombudsman.

(d) The Banking Ombudsman shall also entertain complaints covered by this Scheme received by Central Government or Reserve Bank and forwarded to him for disposal.
(3) No complaint to the Banking Ombudsman shall lie unless:-

(a) The complainant had, before making a complaint to the Banking Ombudsman, made a written representation to the bank and the bank had rejected the complaint or the complainant had not received any reply within a period of one month after the bank received his representation or the complainant is not satisfied with the reply given to him by the bank:

(b) The complaint is made not later than one year after the complainant has received the reply of the bank to his representation or, where no reply is received, not later than one year and one month after the date of the representation to the bank;

(c) The complaint is not in respect of the same subject matter which was settled or dealt with on merits by the Banking Ombudsman in any previous proceedings whether or not received from the same complainant or alongwith one or more complainants or one or more of the parties concerned with the subject matter;

(d) The complaint does not pertain to the same subject matter, for which any proceedings before any court, tribunal or arbitrator or any other forum is pending or a decree or Award or order has been passed by any such court, tribunal, arbitrator or forum;

(e) The complaint is not frivolous or vexatious in nature; and

(f) The complaint is made before the expiry of the period of limitation prescribed under the Indian Limitation Act, 1963 for such claims.

**POWER TO CALL FOR INFORMATION**

(1) For the purpose of carrying out his duties under this Scheme, a Banking Ombudsman may require the bank against which the complaint is made or any other bank concerned with the complaint to provide any information or furnish certified copies of any document relating to the complaint which is or is alleged to be in its possession.
Provided that in the event of the failure of a bank to comply with the requisition without sufficient cause, the Banking Ombudsman may, if he deems fit, draw the inference that the information if provided or copies if furnished would be unfavorable to the bank.

(2) The Banking Ombudsman shall maintain confidentiality of any information or document that may come into his knowledge or possession in the course of discharging his duties and shall not disclose such information or document to any person except with the consent of the person furnishing such information or document.

Provided that nothing in this clause shall prevent the Banking Ombudsman from disclosing information or document furnished by a party in a complaint to the other party or parties to the extent considered by him to be reasonably required to comply with any legal requirement of the principles of natural justice and fair play in the proceedings.

SETTLEMENT OF COMPLAINT BY AGREEMENT

(1) As soon as it may be practicable to do, the Banking Ombudsman shall send a copy of the complaint to the branch or office of the bank named in the complaint, under advice to the nodal officer referred to in sub-clause (3) of clause 15, and Endeavour to promote a settlement of the complaint by agreement between the complainant and the bank through conciliation or mediation.

(2) For the purpose of promoting a settlement of the complaint, the Banking Ombudsman may follow such procedure as he may consider just and proper and he shall not be bound by any rules of evidence.

(3) The proceedings before the Banking Ombudsman shall be summary in nature.

AWARD BY THE BANKING OMBUDSMAN
(1) If a complaint is not settled by agreement within a period of one month from the date of receipt of the complaint or such further period as the Banking Ombudsman may allow the parties, he may, after affording, the parties a reasonable opportunity to present their case, pass an Award or reject the complaint.

(2) The Banking Ombudsman shall take into account the evidence placed before him by the parties, the principles of banking law and practice, directions, instructions and guidelines issued by the Reserve Bank from time to time and such other factors which in his opinion are relevant to the complaint.

(3) The award shall state briefly the reasons for passing the award.

(4) The Award passed under sub-clause (1) shall specify the amount, if any, to be paid by the bank to the complainant by way of compensation for the loss suffered by him and may contain any direction to the bank.

(5) Notwithstanding anything contained in sub-clause (4), the Banking Ombudsman shall not have the power to pass an award directing payment of an amount which is more than the actual loss suffered by the complainant as a direct consequence of the act of omission or commission of the bank, or ten lakh rupees whichever is lower.

(6) In the case of complaints arising out of credit card operations, the Banking Ombudsman shall, while determining the amount of compensation payable, take into account the loss of the complainant’s time, expenses incurred by the complainant, financial loss, harassment and mental anguish suffered by the complainant.

(7) A copy of the Award shall be sent to the complainant and the bank.

(8) An award shall lapse and be of no effect unless the complainant furnishes to the bank concerned within a period of 30 days from the date of receipt of copy of the Award, a letter of acceptance of the Award in full and final
settlement of his claim. Provided that no such acceptance may be furnished by the complainant if he has filed an appeal under sub. Clause (1) of clause 14."

(9) The bank shall, unless it has preferred an appeal under sub. clause (1) of clause 14, within one month from the date of receipt by it of the acceptance in writing of the Award by the complainant under sub-clause (8), comply with the Award and intimate compliance to the Banking Ombudsman."

**REJECTION OF THE COMPLAINT**

(1) The Banking Ombudsman may reject a complaint at any stage if it appears to him that the complaint made is;

1. not on the grounds of complaint referred to in clause 8 or
2. frivolous, vexatious, mollified; or
3. without any sufficient cause; or
4. that it is not pursued by the complainant with reasonable diligence; or
5. in the opinion of the Banking Ombudsman there is no loss or damage or inconvenience caused to the complainant; or
6. requiring consideration of elaborate documentary and oral evidence and the proceedings before the Banking Ombudsman are not appropriate for adjudication of such complaint.

**APPEAL BEFORE THE APPELLATE AUTHORITY:**

(1) Any person aggrieved by an Award under clause 12 or rejection of a complaint for the reasons referred to in sub. Clauses (c) to (g) of clause 13, May within 30 days of the date of receipt of communication of Award or rejection of complaint, prefer an appeal before the Appellate Authority;

Provided that in case of appeal by a bank, the period of thirty days for filing an appeal shall commence from the date on which the bank receives letter of acceptance of Award by complainant under sub. Clause (8) of clause 12;
Provided that the Appellate Authority may, if he is satisfied that the applicant had sufficient cause for not making the appeal within time, allow a further period not exceeding 30 days;

Provided further that appeal may be filed by a bank only with the previous sanction of the Chairman or, in his absence, the Managing Director or the Executive Director or the Chief Executive Officer or any other officer of equal rank."

(2) The Appellate Authority shall, after giving the parties a reasonable opportunity of being heard

1. Dismiss the appeal; or
2. Allow the appeal and set aside the Award; or
3. Remand the matter to the Banking Ombudsman for fresh disposal in accordance with such directions as the Appellate Authority may consider necessary or proper; or
4. Modify the Award and pass such directions as may be necessary to give effect to the Award so modified; or
5. Pass any other order as it may deem fit.