

Hinduja Leyland Finance Limited (HLF)

Internal Ombudsman mechanism as per Master Direction - Reserve Bank of India

(Internal Ombudsman for Regulated Entities) Directions, 2023 (hereinafter 'Directions')

The Reserve Bank institutionalized the Internal Ombudsman mechanism in various regulated entities vide instructions / guidelines contained in the Internal Ombudsman Scheme 2018 - Implementation by banks dated September 3, 2018, Internal Ombudsman Scheme for Non-Bank System Participants, 2019 dated October 22, 2019, Appointment of Internal Ombudsman by Non-Banking Financial Companies dated November 15, 2021 and Reserve Bank of India (Credit Information Companies - Internal Ombudsman) Direction, 2022 dated October 6, 2022. The Internal Ombudsman mechanism has been set up with a view to strengthen the Internal Grievance Redress system of the regulated entities.

In this regard, a review of Internal Ombudsman schemes was conducted by the Reserve Bank in line with the integration of the erstwhile three RBI Ombudsman Schemes as also with the objective to improve the customer service standards in regulated entities and accordingly a harmonized and integrated scheme has been rolled out.

Following are the salient features of the Internal Ombudsman mechanism:

1. The framework reaffirms that the Internal Ombudsman mechanism should work as envisaged and the Internal Ombudsman shall be positioned as an independent, apex level authority on consumer grievance redress within the Regulated Entity (hereinafter referred as 'HLF' / 'Company')
2. The Directions have been issued with a view to strengthen the Internal Grievance Redress mechanism within HLF and ensure a proper and speedy resolution of customer complaints by enabling a review before their rejection, by an apex level authority within HLF.

Chapter I: Preliminary

3. The Reserve Bank, if it is satisfied that it is expedient to do so, may, by an order, suspend for such period as may be specified in the order, the operation of any or all of the provisions of these Directions, either generally or in relation to any specified regulated entity.

Chapter II: Office of the Internal Ombudsman

4. Appointment of Internal Ombudsman: HLF shall appoint the Internal Ombudsman after satisfying the following prerequisites:
 - The Internal Ombudsman shall either be a retired or serving officer, in the rank equivalent to a General Manager of another bank / Financial Sector Regulatory Body / NBSP / NBFC / CIC, having necessary skills and experience of minimum seven years of working in areas such as banking, non-banking finance, regulation, supervision, payment and settlement systems, credit information or consumer protection;
 - The Internal Ombudsman shall previously not have been employed, nor presently be employed, by the Company or the Company's related parties.
 - The Internal Ombudsman shall not be over 70 years of age before the completion of the tenure.
 - Further, the Company may appoint more than one Internal Ombudsman depending on the volume of complaints received to ensure continuity of operations during the absence of the Internal Ombudsman. While appointing additional Internal Ombudsman, the Company shall consider the need for diversity of experience of the incumbents to deal with different types of cases. In such cases, the Company may clearly define the jurisdiction of each Internal Ombudsman.
 - The Company may appoint one or more Deputy Internal Ombudsman depending on the volume of complaints received, who would assist the Internal Ombudsman in the quality disposal of the complaints. In case of the appointment of Deputy Internal Ombudsman (DIO), the Company shall ensure to note prerequisites qualifications of DIO are in line with regulatory requirements.

Further, pursuant to the guidance provided in the Directions, the Internal Ombudsman appointed by the Companies, under the erstwhile Internal Ombudsman Schemes / Direction shall continue to hold office till the expiry of their tenure.

5. Tenure of Internal Ombudsman / DIO: The appointment of the Internal Ombudsman / Deputy Internal Ombudsman of HLF is of a contractual nature. The tenure of the Internal Ombudsman / Deputy Internal Ombudsman shall be a fixed term of not less than three years, but not exceeding five years.
6. The Internal Ombudsman / Deputy Internal Ombudsman shall not be eligible for reappointment or for extension of term. The tenure of the Internal Ombudsman / Deputy Internal Ombudsman shall be indicated in the appointment letter.
7. The Internal Ombudsman / Deputy Internal Ombudsman cannot be removed before the completion of his / her contracted term without the explicit approval of the Reserve Bank of India. In case the vacancy arises on account of reasons beyond the control of HLF (such as death, resignation, incapacitation, terminal illness, etc.), HLF shall inform Reserve Bank of India within 10 working days from the date of such vacancy. HLF shall appoint a new Internal Ombudsman / Deputy Internal Ombudsman as per eligibility criteria specified under clause 5 and clause 6 of the Directions within three months from the date of vacancy and submit a report within 5 working days from the date of appointment of the new Internal Ombudsman / Deputy Internal Ombudsman as per clause 15 of Chapter V of the Directions.
8. The Principal Nodal Officer or the Nodal Officer, liaising with the offices of the RBI Ombudsman, shall not act as Internal Ombudsman / Deputy Internal Ombudsman or vice versa, even during the temporary absence of either.
9. The Company shall ensure that the post of the Internal Ombudsman does not remain vacant at any point of time. The Company shall undertake the process of fresh appointment well in advance to fill the vacancy before the expiry of the tenure of the incumbent Internal Ombudsman and ensure that there is a minimum overlap of at least one month between the time of demitting of office of the outgoing Internal Ombudsman and the incoming Internal Ombudsman. The Company shall undertake the process of fresh appointment at least three months before the expiry of the term of the incumbent Internal Ombudsman.
10. The Company shall depute such number of its officers or other staff to the office of the Internal Ombudsman as is considered necessary for the smooth functioning of the offices of the Internal Ombudsman. All other requisite office infrastructure, including information technology support shall be made available to the office of the Internal Ombudsman to enable the Internal Ombudsman discharge his / her responsibilities effectively and efficiently.
11. Administrative Oversight: The Internal Ombudsman shall report to the Competent Authority, as defined under clause 3(1)(c) of the Directions, of the regulated entity administratively, and to the Board of regulated entity functionally.
12. Internal Audit: HLF shall conduct an internal audit of the implementation of these Directions on a yearly basis. The scope of the internal audit shall exclude any assessment of the correctness of decisions taken by the Internal Ombudsman.

Chapter III : Role and Responsibilities

13. Role and Responsibilities of Internal Ombudsman: The Internal Ombudsman shall not handle complaints received directly from the complainants or members of the public but deal with the complaints that have already been examined by HLF but have been partly or wholly rejected by HLF.
14. The following types of complaints shall be outside the purview of these Directions and shall not be handled by the Internal Ombudsman: (a) Complaints related to corporate frauds, misappropriation etc., except those resulting from deficiency in service, if any, on the part of HLF; (b) References in the nature of suggestions and commercial decisions of HLF. However, service deficiencies in cases falling under 'commercial decisions' will be valid complaints for the Internal Ombudsman; (c) Complaints / references relating to (i) internal administration, (ii) human resources, or (iii) pay and emoluments of staff in HLF; (d) Complaints which have been decided by or are already pending in other fora such as the Consumer Disputes Redressal Commission, courts, etc.; (e) Disputes for which remedy has been provided under Section 18 of the Credit Information Companies (Regulation) Act, 2005.

15. HLF shall forward all rejected / partially rejected complaints under the categories (a) and (b) above to the Internal Ombudsman/s. The Internal Ombudsman shall look for inherent deficiency in service in such cases and take a view whether any of these complaints can be exempted under (a) and / or (b) above as decided by HLF.
16. Complaints that are outside the purview of the Directions shall be immediately referred back to HLF by the Internal Ombudsman.
17. The Internal Ombudsman shall, on a quarterly basis, analyse the pattern of complaints as prescribed under the Directions.
18. The Internal Ombudsman shall not represent HLF in legal cases before any court or forum or authority.
19. In cases of conciliation, where the decision of the Internal Ombudsman is accepted by the complainant, a statement showing the terms of agreement duly signed by the complainant, shall be kept on record.
20. Board Oversight: The Internal Ombudsman shall furnish periodic reports (including the analysis of complaints) on his / her activities to the Committee of the Board handling customer service and protection, preferably at quarterly intervals, but not less than half yearly intervals. HLF shall put in place a system for discussion of cases, in which the decision of the Internal Ombudsman has been rejected by HLF, by the Customer Service Committee of the Board of HLF. The rejection of the decision taken by the Internal Ombudsman shall be done with the approval of the Competent Authority as defined under clause 3(1)(c) of these Directions.
21. The Audit Committee of the Board of the regulated entity can refer to the Internal Ombudsman, matters in respect of cases mentioned at Clause 11(2)(a) of these Directions.
22. The Internal Ombudsman shall be designated as an ex-officio member or a permanent invitee to the meetings of the Committee of the Board of regulated entity handling customer service and protection.

Chapter IV : Procedural Guidelines

23. Procedure for Complaint Redress by Internal Ombudsman: HLF shall formulate a Standard Operating Procedure (SOP) approved by the Board/ Committee of the Board handling Customer Service and Protection and establish a fully automated Complaints Management Software wherein all complaints that are partly or wholly rejected by the regulated entity's internal grievance redress mechanism are auto-escalated to the Internal Ombudsman within 20 days of receipt, for a final decision.
24. The Internal Ombudsman and HLF shall ensure that the final decision is communicated to the complainant within a period of 30 days from the date of receipt of complaint by the regulated entity.
25. HLF shall provide read-only access to their Complaint Management Software so that all complaints are accessible to the Internal Ombudsman who shall follow up cases of delayed escalation with the concerned department in HLF. HLF shall also provide access to the Internal Ombudsman in its Complaint Management Software, for adding his / her decisions on complaints escalated to the Internal Ombudsman.
26. The Internal Ombudsman shall also have 'read-only' access to the Reserve Bank's Complaints Management System to enable the Internal Ombudsman to keep track of (i) the cases forwarded by the RBI Ombudsman to HLF, (ii) decisions of the RBI Ombudsman thereon, and (iii) where applicable, the decision of the Appellate Authority, under the Reserve Bank – Integrated Ombudsman Scheme. HLF shall seek read-only access for the Internal Ombudsman from the Consumer Education and Protection Department of the Reserve Bank.
27. HLF shall furnish all records / documents sought by the Internal Ombudsman to enable him / her to redress / resolve customer grievances expeditiously.
28. The decision of Internal Ombudsman shall be binding on HLF, except in cases where HLF has obtained approval for disagreeing with such decision.
29. Where the Internal Ombudsman upholds the decision of HLF to reject or partly reject the complaint, the reply to the complainant should explicitly state the fact that the complaint has been examined by the Internal Ombudsman and for the reasons stated in the reply, the decision of HLF has been upheld.
30. Where the Internal Ombudsman overrules the decision of HLF to reject or partly reject the complaint, HLF can disagree with the decision of the Internal Ombudsman only with the approval of the Competent Authority as defined

in Clause 3 (1)(c) of these Directions. In such cases, the reply to the complainant shall explicitly state the fact that the complaint was examined by the Internal Ombudsman and the decision of HLF was overruled by the Internal Ombudsman in favour of the complainant; however, HLF, with the approval of the Competent Authority, has disagreed with the decision of the Internal Ombudsman. Such decision must be communicated to the complainant within 7 days of communication of the decision of the Internal Ombudsman on the case to HLF. All such cases shall be subsequently reviewed on a quarterly basis by the Customer Service Committee of the Board or the Board of HLF as indicated under clause 12(1) of these Directions.

31. For complaints that are fully or partly rejected even after examination by the Internal Ombudsman, HLF shall necessarily advise the complainant, as part of the reply, that he/she can approach the RBI Ombudsman for redress (excluding complaints against regulated entities not covered under the RB-IOs, 2021) along with complete details of the complaint. HLF in its reply shall mention physical address of the Centralised Receipt and Processing Centre, as well as the address of Reserve Bank's Complaint Management System portal for online filing of customer complaints (<https://cms.rbi.org.in>).
32. The decision of the Internal Ombudsman shall be mandatorily included in the information submitted by HLF to the RBI Ombudsman, while furnishing documents related to the complaints received in the Office of the RBI Ombudsman.
33. In cases where the complainant has approached the RBI Ombudsman before the Internal Ombudsman has examined the complaint, HLF should obtain the views of Internal Ombudsman and include the Internal Ombudsman's views in its submissions to the RBI Ombudsman.
34. HLF shall use the analysis of complaints handled by Internal Ombudsman in their training programmes / conferences to raise awareness about the pattern of complaints including the root causes, remedial measures, etc., among the frontline staff, in order to evolve consistency in handling of complaints. The Internal Ombudsman may also be involved for such trainings, where necessary.
35. While assessing the performance of the Internal Ombudsman, in addition to the level of pendency and work done by the Internal Ombudsman towards developing uniformity across HLF in the redress of complaints, HLF shall also analyse the number of cases where there is substantive difference between the decisions of the Internal Ombudsman vis-à-vis those given by the RBI Ombudsman subsequently.
36. HLF shall widely disseminate the guidelines / instructions regarding these Directions among their staff while communicating the appointment of Internal Ombudsman in the organization (all branches and administrative offices).
37. HLF shall not provide the contact details of the Internal Ombudsman in the public domain as the Internal Ombudsman shall not handle complaints received directly from the customers.

Chapter V : Regulatory and Supervisory Oversight by the Reserve Bank

38. Supervisory Oversight: The areas relating to customer service and customer grievance redress, as well as the implementation of the Directions, shall be a part of the risk assessment and supervisory review undertaken by the Department of Supervision of the Reserve Bank.
39. Consumer Education and Protection Department of the Reserve Bank may review the cases where the decision of the Internal Ombudsman has not been accepted by HLF and the aggrieved complainant approaches the RBI Ombudsman, for assessing the effectiveness of the internal grievance redress mechanism of the regulated entity and initiating corrective actions as it may deem fit.
40. Reporting to Reserve Bank: HLF shall put in place a system of periodic reporting of information to Consumer Education and Protection Department, Central Office, Reserve Bank of India, on a quarterly and annual basis as per formats provided in the Annexure. These reports shall be submitted on or before the 10th day of the month following the quarter/year for which they are due.
41. HLF shall, within five working days of appointment of the Internal Ombudsman or Deputy Internal Ombudsman, furnish the details of the official so appointed to the Consumer Education and Protection Department, Central Office, Reserve Bank of India (iocepd@rbi.org.in) as per the format prescribed in the Directions.

42. All appointments under the repealed circulars or instructions given in sub-clause (1) prior to the coming into effect of these Directions, shall be deemed to have been made under the Directions.



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA



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RBI/CEPD/2023-24/108

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December 29, 2023

- (1) Chairman/Managing Director/CEO of All Scheduled Commercial Banks (excluding RRBs)
- (2) Chairman/Managing Director/CEO of All NBFCs
- (3) Chairman/Managing Director/CEO of Non-Bank System Participants
- (4) Chairman/Managing Director/CEO of All Credit Information Companies

Dear Sir / Madam,

Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023

The Reserve Bank institutionalized the Internal Ombudsman mechanism in various regulated entities vide instructions / guidelines contained in the [Internal Ombudsman Scheme 2018- Implementation by banks dated September 3, 2018](#), Internal Ombudsman Scheme for Non-Bank System Participants, 2019 dated October 22, 2019, [Appointment of Internal Ombudsman by Non-Banking Financial Companies dated November 15, 2021](#) and [Reserve Bank of India \(Credit Information Companies - Internal Ombudsman\) Direction, 2022 dated October 6, 2022](#). The Internal Ombudsman mechanism has been set up with a view to strengthen the Internal Grievance Redress system of the regulated entities.

2. A review of Internal Ombudsman schemes has been undertaken by the Reserve Bank in line with the integration of the erstwhile three RBI Ombudsman Schemes as also with the objective to improve the customer service standards in regulated entities. The framework reaffirms that the Internal Ombudsman mechanism should work as envisaged and the Internal Ombudsman shall be positioned as an independent, apex level authority on consumer grievance redress within the regulated entities.

उपभोक्ता शिक्षण और संरक्षण विभाग, केंद्रीय कार्यालय, पहली मंजिल, अमर बिल्डिंग, सर पी.एम.रोड, फोर्ट, मुम्बई - 400 001

टेलिफोन: 91-22-22603000 / 22604000 फैक्स: 91-22-22631744 ई-मेल: cgmcepd@rbi.org.in

Consumer Education and Protection Department, Central Office, 1st Floor, Amar Building, Sir P.M.Road, Fort, Mumbai - 400 001

Tel No: 91-22-22603000 / 22604000 Fax No: 91-22-22631744 E-mail: cgmcepd@rbi.org.in

3. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, Section 45L read with 45M of the Reserve Bank of India Act, 1934, sub-section (1) of Section 11 of Credit Information Companies (Regulation) Act, 2005 and Section 18 of the Payment and Settlement Systems Act, 2007, the Reserve Bank of India, being satisfied that it is necessary and expedient in public interest to do so, hereby directs that all the regulated entities as indicated in Clause 4 of the Master Direction shall comply with the Direction with immediate effect.

4. The regulated entities are further advised as follows:

- (i) The Internal Ombudsman appointed by the regulated entity, under the erstwhile Internal Ombudsman Schemes / Direction shall continue to hold office till the expiry of their tenure.
- (ii) The regulated entities not currently falling under the Internal Ombudsman Schemes / Direction may closely monitor their eligibility as per the prescribed provisions for timely appointment of Internal Ombudsman in their entity, as required.
- (iii) The regulated entities are advised to forward the contact details of the Internal Ombudsman / Deputy Internal Ombudsman to Consumer Education and Protection Department, Central Office, Reserve Bank of India, 1st Floor, Amar Building, Sir P M Road, Fort, Mumbai 400 001 (e-mail: iocepd@rbi.org.in) and ensure to update the same as and when there is any change.

Yours faithfully,

(Neena Rohit Jain)
Chief General Manager

Encl: Master Direction - Reserve Bank of India - (Internal Ombudsman for Regulated Entities) Directions, 2023

Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023

In exercise of the powers conferred by Section 35A of Banking Regulation Act, 1949, Section 45L read with 45M of the Reserve Bank of India Act, 1934, sub-section (1) of Section 11 of the Credit Information Companies (Regulation) Act, 2005 and Section 18 of the Payment and Settlement Systems Act, 2007, the Reserve Bank of India, being satisfied that it is necessary in the public interest to do so, hereby, issues the Directions hereinafter specified.

These Directions are issued with a view to strengthen the Internal Grievance Redress mechanism within a Regulated Entity and ensure a proper and speedy resolution of customer complaints by enabling a review before their rejection, by an apex level authority within the Regulated Entity. These Directions integrate and update the erstwhile Internal Ombudsman Schemes issued by the Reserve Bank for banks, Non-Banking Financial Companies (NBFCs), Non-bank System Participants (NBSPs) and Credit Information Companies (CICs).

Chapter I Preliminary

1. Short Title and Commencement

- (1) These Directions shall be called the Reserve Bank of India (Internal Ombudsman) Directions, 2023.
- (2) These Directions shall come into effect from December 29, 2023 and shall apply to the whole of India.

2. Suspension

- (1) The Reserve Bank, if it is satisfied that it is expedient to do so, may, by an order, suspend for such period as may be specified in the order, the operation of any or all of the provisions of these Directions, either generally or in relation to any specified regulated entity.

(2) The Reserve Bank may by an order, extend from time to time, the period of any suspension ordered as aforesaid by such period, as it may deem fit.

3. Definitions

(1) In these Directions, unless the context states otherwise, the terms herein shall bear the meanings assigned to them as below:

(a) "Bank" means a 'banking company', a 'corresponding new bank' and 'State Bank of India' as defined in Section 5 of the Banking Regulation Act, 1949 (Act 10 of 1949) that are included in the Second Schedule of the Reserve Bank of India Act, 1934 (Act 2 of 1934), but does not include a bank in resolution or winding up or under directions or any other bank as specified by the Reserve Bank;

(b) "Banking Outlet" is a fixed-point service delivery unit, manned by either bank's staff or its business correspondent where services of acceptance of deposits, encashment of cheques / cash withdrawal or lending of money are provided for a minimum of four hours per day for at least five days a week;

(c) "Competent Authority" means Executive Director In-charge of customer service for banks, Executive Director / Managing Director / Chief Executive Officer for Non-Banking Financial Companies, Managing Director / Chief Executive Officer for Non-bank System Participants, and Managing Director / Chief Executive Officer for Credit Information Companies;

(d) "Complaint" means a representation in writing or through other modes alleging deficiency in service on the part of the regulated entity and seeking relief thereon;

(e) "Credit Information Company (CIC)" means a company as defined in the Companies Act, 2013 (18 of 2013) and has been granted a certificate of registration under sub-section (2) of section 5 of the Credit Information Companies (Regulation) Act, 2005 (30 of 2005);

(f) "Deficiency in service" means a shortcoming or an inadequacy in any service, which the regulated entity is required to provide statutorily or otherwise, which may or may not result in financial loss or damage to the customer;

(g) "Deputy Internal Ombudsman" means any person appointed under clause 6 of these Directions;

(h) “Financial Sector Regulatory Body” means regulatory body for financial sector entities and includes:

(i) The Reserve Bank of India established under the Reserve Bank of India Act, 1934;

(ii) The Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;

(iii) The Insurance Regulatory and Development Authority of India established under the Insurance Regulatory and Development Authority of India Act, 1999;

(iv) The Pension Fund Regulatory and Development Authority established under the Pension Fund Regulatory and Development Authority Act, 2013;

(i) “Internal Ombudsman” means any person appointed under clause 5 of these Directions;

(j) “Non-Banking Financial Company (NBFC)” means an NBFC as defined in Section 45-I (f) of the Reserve Bank of India Act, 1934 and registered with the Reserve Bank; but does not include a standalone Primary Dealer, Core Investment Company, an Infrastructure Debt Fund-Non-Banking Financial Company (IDF-NBFC), a Non-Banking Financial Company - Infrastructure Finance Company (NBFC-IFC), NBFC- Account Aggregator, NBFC under Corporate Insolvency Resolution Process, NBFC in liquidation and / or winding up, or under directions of Reserve Bank of India or any other NBFC specified by the Reserve Bank;

(k) “Non-bank System Participant (NBSP)” means any person other than a bank participating in a payment system as defined under Section 2 of the Payment and Settlement Systems Act, 2007 including a ‘System Provider’¹;

(l) “Payment System” means a system that enables payment to be effected between a payer and a beneficiary, involving clearing, payment or settlement service or all of them, but does not include a stock exchange;

¹ ‘System Provider’ means and includes a person who operates an authorised payment system as defined under Section 2 of the Payment and Settlement Systems Act, 2007.

(m) “Regulated Entity (RE)” means a bank or an NBFC or an NBSP or a CIC as defined in these Directions, or any other entity as may be specified by the Reserve Bank from time to time;

(n) “Related Party” shall include related party as defined in sub-clause 76 of section 2 of the Companies Act, 2013 and related party as per the applicable accounting standards.

(2) All other expressions, unless defined herein, shall have the same meaning as assigned to them under the Banking Regulation Act, 1949, the Reserve Bank of India Act, 1934, the Payment and Settlement Systems Act, 2007, the Credit Information Companies (Regulation) Act, 2005, the Credit Information Companies Rules, 2006, the Credit Information Companies Regulations, 2006, or the [Reserve Bank – Integrated Ombudsman Scheme \(RB-IOS\), 2021](#) or regulations, directions and guidelines issued by the Reserve Bank of India.

4. Applicability

(1) These Directions shall apply to

(a) Banks as defined under clause 3(1)(a) of these Directions and having 10 or more banking outlets in India, whether such bank is incorporated in India or outside India;

(b) NBFCs as defined under clause 3(1)(j) of these Directions and fulfilling the following criteria as on date:

(i) Deposit-taking NBFCs (NBFCs-D) with 10 or more branches;

(ii) Non-Deposit taking NBFCs (NBFCs-ND) with asset size of Rs.5,000 crore and above and having public customer interface;

(c) All NBSPs as defined in Clause 3(1)(k) of these Directions with more than one crore Pre-paid Payment Instruments outstanding as on March 31, 2023, or thereafter. However, the Scheme shall continue to be applicable even if the number of Pre-paid Payment Instruments outstanding falls below the threshold at a later date;

(d) All Credit Information Companies as defined under clause 3(1)(e).

(2) Any regulated entity, subsequent to the issue of these Directions, reaching the threshold/s prescribed under clause 4(1) shall come under the ambit of these Directions and hence would be required to put in place an Internal Ombudsman framework within six months of reaching the threshold.

(3) The Reserve Bank, if it is satisfied in public interest, may, by order, direct any regulated entity to appoint an Internal Ombudsman and these directions shall apply to that regulated entity.

Chapter II

Office of the Internal Ombudsman

5. Appointment of Internal Ombudsman

(1) Regulated entity shall appoint the Internal Ombudsman after satisfying themselves that the following prerequisites are fulfilled for the appointment of Internal Ombudsman:

(a) The Internal Ombudsman shall either be a retired or serving officer, in the rank equivalent to a General Manager of another bank / Financial Sector Regulatory Body / NBSP / NBFC / CIC, having necessary skills and experience of minimum seven years of working in areas such as banking, non-banking finance, regulation, supervision, payment and settlement systems, credit information or consumer protection;

(b) The Internal Ombudsman shall previously not have been employed, nor presently be employed, by the regulated entity or the regulated entity's related parties.

(2) The Internal Ombudsman shall not be over 70 years of age before the completion of the tenure.

(3) Regulated entity may appoint more than one Internal Ombudsman depending on the volume of complaints received by them to ensure continuity of operations during the absence of the Internal Ombudsman. While appointing additional Internal Ombudsman, the regulated entity shall consider the need for diversity of experience of the incumbents to deal with different types of cases. In such cases, the regulated entity may clearly define the jurisdiction of each Internal Ombudsman.

6. Appointment of Deputy Internal Ombudsman

(1) Regulated entity may appoint one or more Deputy Internal Ombudsman depending on the volume of complaints received by them, who would assist the Internal Ombudsman in the quality disposal of the complaints.

(2) The Deputy Internal Ombudsman shall either be a retired or serving officer, not below the rank of Deputy General Manager of another bank / Financial Sector Regulatory Body / NBSP / NBFC / CIC, having necessary skills and experience of minimum five years of

working in areas such as banking, non-banking finance, regulation, supervision, payment and settlement systems, credit information or consumer protection.

(3) The Deputy Internal Ombudsman shall not be over 70 years of age before the completion of the tenure.

(4) The Deputy Internal Ombudsman shall functionally report to the Internal Ombudsman, who will be the final authority / decision-making authority while dealing with the complaints. In the temporary absence of the Internal Ombudsman, not exceeding a period of 15 working days, the Deputy Internal Ombudsman may function as the Internal Ombudsman for the limited purpose of reviewing the rejected complaints. Prior information shall be provided to Consumer Education and Protection Department, Central Office, Reserve Bank of India (iocepd@rbi.org.in) in case of temporary absence of the Internal Ombudsman exceeding 15 working days, advising inter-alia, details of alternate arrangements being put in place. However, such temporary absence should not exceed 30 days.

7. Tenure of Internal Ombudsman / Deputy Internal Ombudsman

(1) The appointment of the Internal Ombudsman / Deputy Internal Ombudsman in the regulated entity is of a contractual nature. The tenure of the Internal Ombudsman / Deputy Internal Ombudsman in the regulated entity shall be a fixed term of not less than three years, but not exceeding five years.

(2) The Internal Ombudsman / Deputy Internal Ombudsman shall not be eligible for reappointment or for extension of term in the same regulated entity. The tenure of the Internal Ombudsman / Deputy Internal Ombudsman shall be indicated in the appointment letter.

(3) The Internal Ombudsman / Deputy Internal Ombudsman cannot be removed before the completion of his / her contracted term without the explicit approval of the Reserve Bank of India. In case the vacancy arises on account of reasons beyond the control of the regulated entity (such as death, resignation, incapacitation, terminal illness, etc.), the regulated entity shall inform Reserve Bank of India within 10 working days from the date of such vacancy. The regulated entity shall appoint a new Internal Ombudsman / Deputy

Internal Ombudsman as per eligibility criteria specified under clause 5 and clause 6 of these Directions within three months from the date of vacancy and submit a report within 5 working days from the date of appointment of the new Internal Ombudsman / Deputy Internal Ombudsman as per clause 15 of [Chapter V](#) of these Directions.

(4) The Principal Nodal Officer or the Nodal Officer, liaising with the offices of the RBI Ombudsman, shall not act as Internal Ombudsman / Deputy Internal Ombudsman or *vice versa*, even during the temporary absence of either.

(5) The regulated entity shall ensure that the post of the Internal Ombudsman does not remain vacant at any point of time. The regulated entity shall undertake the process of fresh appointment well in advance to fill the vacancy before the expiry of the tenure of the incumbent Internal Ombudsman and ensure that there is a minimum overlap of at least one month between the time of demitting of office of the outgoing Internal Ombudsman and the incoming Internal Ombudsman. The regulated entity shall undertake the process of fresh appointment at least three months before the expiry of the term of the incumbent Internal Ombudsman.

8. Administrative Oversight

(1) The Internal Ombudsman shall report to the Competent Authority, as defined under clause 3(1)(c) of the Directions, of the regulated entity administratively, and to the Board of regulated entity functionally.

9. Secretariat and Cost of the office of Internal Ombudsman

(1) The regulated entity shall depute such number of its officers or other staff to the office of the Internal Ombudsman as is considered necessary for the smooth functioning of the offices of the Internal Ombudsman. All other requisite office infrastructure, including information technology support shall be made available to the office of the Internal Ombudsman to enable the Internal Ombudsman discharge his / her responsibilities effectively and efficiently.

(2) Customer Service Committee / Consumer Protection Committee of the Board of the regulated entity shall determine the structure of emoluments, facilities and benefits accorded to the Internal Ombudsman / Deputy Internal Ombudsman, which should be

appropriate keeping in view the stature and position of the Internal Ombudsman / Deputy Internal Ombudsman being at the apex of the grievance redress mechanism of the regulated entity as also the need to attract experienced persons with requisite expertise. These emoluments, facilities and benefits accorded to the Internal Ombudsman / Deputy Internal Ombudsman, once determined, shall not be changed during the tenure of Internal Ombudsman / Deputy Internal Ombudsman.

(3) The office of the Internal Ombudsman shall preferably be placed in the Head Office or Corporate Office of the regulated entity.

10. Internal Audit

(1) The regulated entity shall conduct an internal audit of the implementation of these Directions on a yearly basis. The internal audit of the regulated entity shall cover the implementation and compliance with these Directions inter-alia, including:

(a) The adequacy of the infrastructure (space, IT infrastructure, human resources, etc.) provided to the office of Internal Ombudsman and whether it is in line with the volume of complaints and the stated position of the Internal Ombudsman at the apex of the grievance redress mechanism;

(b) Implementation of auto-escalation of the partly or wholly rejected complaints to the Internal Ombudsman within 20 days and adherence with various timelines indicated in these Directions;

(c) Actions by the Internal Ombudsman with regard to analysis of complaints, reports submitted to RBI and the regulated entity, efforts made by Internal Ombudsman for review and quality disposal of the rejected complaints, support provided by the regulated entity towards raising awareness about types of grievances, and developing uniformity of approach in handling of complaints across the regulated entity as also the support provided to the Internal Ombudsman for redress of the complaints;

(d) Adherence with various timelines indicated in these Directions.

(2) The scope of the internal audit shall exclude any assessment of the correctness of decisions taken by the Internal Ombudsman.

Chapter – III

Role and Responsibilities

11. Role and Responsibilities of Internal Ombudsman

(1) The Internal Ombudsman shall not handle complaints received directly from the complainants or members of the public but deal with the complaints that have already been examined by the regulated entity but have been partly or wholly rejected by the regulated entity.

(2) The following types of complaints shall be outside the purview of these Directions and shall not be handled by the Internal Ombudsman:

(a) Complaints related to corporate frauds, misappropriation etc., except those resulting from deficiency in service, if any, on the part of the regulated entity;

(b) References in the nature of suggestions and commercial decisions of regulated entity. However, service deficiencies in cases falling under 'commercial decisions' will be valid complaints for the Internal Ombudsman;

(c) Complaints / references relating to (i) internal administration, (ii) human resources, or (iii) pay and emoluments of staff in the regulated entity;

(d) Complaints which have been decided by or are already pending in other fora such as the Consumer Disputes Redressal Commission, courts, etc.;

(e) Disputes for which remedy has been provided under Section 18 of the Credit Information Companies (Regulation) Act, 2005.

The regulated entity shall forward all rejected / partially rejected complaints under the categories (a) and (b) above to the Internal Ombudsman/s. The Internal Ombudsman shall look for inherent deficiency in service in such cases and take a view whether any of these complaints can be exempted under (a) and / or (b) above as decided by the regulated entity.

(3) Complaints that are outside the purview of these Directions shall be immediately referred back to the regulated entity by the Internal Ombudsman.

(4) The Internal Ombudsman shall analyse the pattern of complaints such as product / category wise, consumer group wise, geographical location wise, etc., and suggest means for taking actions to address the root cause of complaints of similar / repeat nature and those that require policy level changes in the regulated entity. The Internal

Ombudsman shall examine the complaints based on records available with the regulated entity, including any documents submitted by the complainant and comments or clarifications furnished by the regulated entity to the specific queries of the Internal Ombudsman. The Internal Ombudsman may seek additional information and documents from the complainant, through the regulated entity. In the case of CICs, the Internal Ombudsman may seek additional information from the concerned Credit Institution/s (CI) through CIC. The Internal Ombudsman must record a “reasoned decision” in each case.

(5) The Internal Ombudsman may hold meetings with the concerned functionaries of the regulated entity and seek any record / document available with the regulated entity that are necessary for examining the complaint and reviewing the decision. The regulated entity shall furnish all records and documents sought by the Internal Ombudsman to enable expeditious resolution of the complaints without any undue delay.

(6) The Internal Ombudsman shall, on a quarterly basis, analyse the pattern of all complaints

received against the regulated entity, such as entity-wise (for CICs), product-wise, category-wise, consumer group-wise, geographical location-wise, etc., and may provide inputs to the regulated entity for policy intervention, if so warranted.

(7) The Internal Ombudsman shall not represent the regulated entity in legal cases before any court or fora or authority.

(8) In cases of conciliation, where the decision of the Internal Ombudsman is accepted by the complainant, a statement showing the terms of agreement duly signed by the complainant, shall be kept on record.

12. Board Oversight

(1) The Internal Ombudsman shall furnish periodic reports (including the analysis of complaints) on his / her activities to the Committee of the Board handling customer service and protection, preferably at quarterly intervals, but not less than half yearly intervals. Regulated entities shall put in place a system for discussion of cases, in which the decision of the Internal Ombudsman has been rejected by the regulated entity, by the Customer Service Committee / Consumer Protection Committee of the Board of the regulated entity. The rejection of the decision taken by the Internal Ombudsman shall be

done with the approval of the Competent Authority as defined under clause 3(1)(c) of these Directions.

(2) The Audit Committee of the Board of the regulated entity can refer to the Internal Ombudsman, matters in respect of cases mentioned at Clause 11(2)(a) of these Directions.

(3) The Internal Ombudsman shall be designated as an ex-officio member or a permanent invitee to the meetings of the Committee of the Board of regulated entity handling customer service and protection.

Chapter - IV
Procedural Guidelines for Regulated Entity

13. Procedure for Complaint Redress by Internal Ombudsman

(1) The regulated entity shall formulate a Standard Operating Procedure (SOP) approved by the Committee of the Board handling Customer Service and Protection and establish a fully automated Complaints Management Software wherein all complaints that are partly or wholly rejected by the regulated entity's internal grievance redress mechanism are auto-escalated to the Internal Ombudsman within 20 days of receipt, for a final decision.

(2) The Internal Ombudsman and regulated entity shall ensure that the final decision is communicated to the complainant within a period of 30 days from the date of receipt of complaint by the regulated entity.

(3) The regulated entity shall provide read-only access to their Complaint Management Software so that all complaints are accessible to the Internal Ombudsman who shall follow up cases of delayed escalation with the concerned department in the regulated entity. The regulated entity shall also provide access to the Internal Ombudsman in its Complaint Management Software, for adding his / her decisions on complaints escalated to the Internal Ombudsman.

(4) The Internal Ombudsman shall also have 'read-only' access to the Reserve Bank's Complaints Management System to enable the Internal Ombudsman to keep track of (i) the cases forwarded by the RBI Ombudsman to the regulated entity, (ii) decisions of the RBI Ombudsman thereon, and (iii) where applicable, the decision of the Appellate Authority, under the Reserve Bank – Integrated Ombudsman Scheme. Once the Internal Ombudsman has joined the regulated entity, the regulated entity shall seek read-only access for the Internal Ombudsman from the Consumer Education and Protection Department of the Reserve Bank.

(5) The regulated entity shall furnish all records / documents sought by the Internal Ombudsman to enable him / her to redress / resolve customer grievances expeditiously.

(6) The decision of Internal Ombudsman shall be binding on the regulated entity, except in cases where the regulated entity has obtained approval for disagreeing with such decision as stated in sub-clause (8) below.

(7) Where the Internal Ombudsman upholds the decision of the regulated entity to reject or partly reject the complaint, the reply to the complainant should explicitly state the fact that the complaint has been examined by the Internal Ombudsman and for the reasons stated in the reply, the decision of the regulated entity has been upheld.

(8) Where the Internal Ombudsman overrules the decision of the regulated entity to reject or partly reject the complaint, the regulated entity can disagree with the decision of the Internal Ombudsman only with the approval of the Competent Authority as defined in Clause 3 (1)(c) of these Directions. In such cases, the reply to the complainant shall explicitly state the fact that the complaint was examined by the Internal Ombudsman and the decision of the regulated entity was overruled by the Internal Ombudsman in favour of the complainant; however, the regulated entity, with the approval of the Competent Authority, has disagreed with the decision of the Internal Ombudsman. Such decision must be communicated to the complainant within 7 days of communication of the decision of the Internal Ombudsman on the case to the regulated entity. All such cases shall be subsequently reviewed on a quarterly basis by the Customer Service Committee of the Board or the Board of the regulated entity as indicated under clause 12(1) of these Directions.

(9) For complaints that are fully or partly rejected even after examination by the Internal Ombudsman, the regulated entity shall necessarily advise the complainant, as part of the reply, that he/she can approach the RBI Ombudsman for redress (excluding complaints against regulated entities not covered under the RB-IOS, 2021) along with complete details of the complaint. The regulated entity in its reply shall mention physical address of the Centralised Receipt and Processing Centre², as well as the address of Reserve Bank's Complaint Management System portal for online filing of customer complaints (<https://cms.rbi.org.in>).

(10) The decision of the Internal Ombudsman shall be mandatorily included in the information submitted by the regulated entity to the RBI Ombudsman, while furnishing documents related to the complaints received in the Office of the RBI Ombudsman.

² Centralized Receipt and Processing Centre (CRPC) Reserve Bank of India, Central Vista, Sector 17, Chandigarh - 160 017

(11) In cases where the complainant has approached the RBI Ombudsman before the Internal Ombudsman has examined the complaint, the regulated entity should obtain the views of Internal Ombudsman and include the Internal Ombudsman's views in its submissions to the RBI Ombudsman.

(12) The regulated entity shall use the analysis of complaints handled by Internal Ombudsman in their training programmes / conferences to raise awareness about the pattern of complaints including the root causes, remedial measures, etc., among the frontline staff, in order to evolve consistency in handling of complaints. The Internal Ombudsman may also be involved for such trainings, where necessary.

(13) While assessing the performance of the Internal Ombudsman, in addition to the level of pendency and work done by the Internal Ombudsman towards developing uniformity across the regulated entity in the redress of complaints, the regulated entity shall also analyse the number of cases where there is substantive difference between the decisions of the Internal Ombudsman vis-à-vis those given by the RBI Ombudsman subsequently.

(14) The regulated entity shall widely disseminate the guidelines / instructions regarding these Directions among their staff while communicating the appointment of Internal Ombudsman in the organization (all branches and administrative offices).

(15) The regulated entity shall not provide the contact details of the Internal Ombudsman in the public domain as the Internal Ombudsman shall not handle complaints received directly from the customers.

Chapter - V

Regulatory and Supervisory Oversight by the Reserve Bank

14. Supervisory Oversight

(1) The areas relating to customer service and customer grievance redress, as well as the implementation of these Directions, shall be a part of the risk assessment and supervisory review undertaken by the Department of Supervision of the Reserve Bank in case the regulated entity is a bank, NBFC and CIC and the Department of Payment and Settlement Systems of the Reserve Bank in case the regulated entity is an NBSP.

(2) Consumer Education and Protection Department of the Reserve Bank may review the cases where the decision of the Internal Ombudsman has not been accepted by the regulated entity and the aggrieved complainant approaches the RBI Ombudsman, for assessing the effectiveness of the internal grievance redress mechanism of the regulated entity and initiating corrective actions as it may deem fit.

15. Reporting to Reserve Bank

(1) The regulated entity shall put in place a system of periodic reporting of information to Consumer Education and Protection Department, Central Office, Reserve Bank of India, on a quarterly and annual basis as per formats provided in the [Annexure](#). These reports shall be submitted on or before the **10th day of the month** following the quarter/year for which they are due.

(2) The regulated entity shall, within five working days of appointment of the Internal Ombudsman or Deputy Internal Ombudsman, furnish the details of the official so appointed to the Consumer Education and Protection Department, Central Office, Reserve Bank of India (iocepd@rbi.org.in) in the following format:

1.	Name of the Internal Ombudsman / Deputy Internal Ombudsman	
2.	Details of the last positions held/ organization names	
3.	Date of Appointment	
4.	Term (in years)	
5.	Brief professional profile, including previous exposure to financial services highlighting those that make them eligible for appointment	
6.	Contact details (telephone, email, address)	

Chapter - VI
Repeal Provisions

16. Repeal of the existing Schemes

(1) With the issue of these Directions, the instructions / guidelines contained in [Internal Ombudsman Scheme 2018 – Implementation by banks dated September 3, 2018](#), Internal Ombudsman Scheme for Non-Bank System Participants, 2019 dated October 22, 2019, [Appointment of Internal Ombudsman by Non-Banking Financial Companies dated November 15, 2021](#), and [Reserve Bank of India \(Credit Information Companies-Internal Ombudsman\) Directions, 2022 dated October 6, 2022](#) issued by the Reserve Bank stand repealed.

(2) All appointments under the repealed circulars or instructions given in sub-clause (1) prior to the coming into effect of these Directions, shall be deemed to have been made under these Directions.

Report to Consumer Education and Protection Department, Reserve Bank of India

Office of Internal Ombudsman (IO), Name of the Regulated Entity (RE):

Report for quarter ended _____

Part A: Quarterly Reporting (For all regulated entities including Credit Information Companies)**Table I - Information pertaining to Internal Grievance Redress (IGR)**

Number of Complaints received by the Regulated Entity during the quarter	Number of Complaints processed by the Regulated Entity during the quarter	Number of complaints under (B) that are rejected (Partly or Wholly) by RE	Number of complaints falling under the domain of IO under (C)	Number of complaints referred by the RE to the IO
(A)	(B)	(C)	(D)	(E)

Reasons for difference between (D) and (E) – case-wise**Table II - Information pertaining to Alternate Grievance Redress (AGR)**

Number of times RBIO / AA [@] sought IO comments	Number of cases not referred to IO earlier but referred to IO after information sought by RBIO / AA	Number of times AA had advised the regulated entity to refer the decision of the AA to the Board / IO	Number of Root Cause Analysis (RCA) put up by the Office of the IO to the Board	Number of suggestions of the IO accepted by the Board

[@] RBIO – Reserve Bank of India Ombudsman and AA – Appellate Authority as per Reserve Bank – Integrated Ombudsman Scheme, 2021

a. Major findings from the RCA**b. Details of suggestions made by the IO and accepted by the Board**

Table III - Subjective assessment (For all regulated entities including CICs)

Details of analysis and inputs on the pattern of:

- (i) Complaints received against the RE, such as entity wise (for CICs), product-wise, category-wise, consumer group-wise, geographical location-wise, any other.

Top 3 Products against complaints were received:

Product Name (eg. Credit cards)	Number of complaints received	RCA done (Yes / No)

Top 3 Consumer groups from where complaints were received:

Consumer group Name (eg. Pensioners, Proprietary firms)	Number of complaints received	RCA done (Yes / No)

Top 3 Geographical locations from where complaints were received:

Geographical locations (eg. - State name – Kerala, Odisha or West Bengal)	Number of complaints received	RCA done (Yes / No)

For CICs only:

Top five REs against which complaints were received

RE name	Number of complaints received	RCA done (Yes / No)

Any other:

- 1.
- 2.

(ii) Complaints received in respect of REs not under the RB-IOS, 2021 (for CICs)

RE name	Number of complaints received	RCA done (Yes / No)

Part-B: Annual Reporting (For all regulated entities)

Report for year ended _____

Table – I

Number of complaints referred by the RE to the IO during the year	Number of complaints Closed by IO	Number of complaints where decision of the RE was not upheld by the IO	Number of complaints wherein the decision of the IO was rejected*	Number of decisions of the IO implemented by the RE	Number of IO decisions yet to be implemented by bank			
					1 Month	2 Months	3 Months	More than 3 Months

*To be rejected only with prior approval of the Competent Authority

Table – II

Number of complaints that should have been referred by the regulated entity to the IO during the year (as per the Directions)	Number of complaints under (A) referred by the regulated entity to the IO during the year	Out of Number of complaints under A, Number of complaints not referred to IO within twenty days	Number of complaints where the complainants were not responded to within one month of the date of filing the complaint
(A)	(B)	(C)	(D)

Major reasons that complaints are not referred to the IO:

- 1.
- 2.