



Customer Care Centre
HO: Sector 10, Dwarka, New Delhi

CCC/Cir. No.18/2018
Nov 26 , 2018

TO ALL OFFICES

**IN SUPPRESSION OF CCC CIRCULAR
NO 16/2016 DATED 22.11.2016**

CUSTOMER CARE CENTRE CIRCULAR NO.18/ 2018

Reg: Internal Ombudsman Scheme - 2018

The existing Internal Ombudsman (IO) Scheme is revised and strengthened by RBI and circulated to the Bank for implementation.

As per scheme, Bank to ensure that the complaints of the customers are redressed at the level of the bank itself by an authority placed at the highest level of bank's grievance redressal mechanism so as to minimize the escalation of complaints to other forums for redressal.

As such Bank has to escalate all such cases which are rejected or any partial relief is provided to the complainant, to Internal Ombudsman for final decision.

All offices are advised to ensure meticulous compliance of the guidelines to avoid escalation of the complaints to Banking Ombudsman (BO) by customers.

**(RK Chatterjee)
General Manager**

Encl: Internal Ombudsman Scheme 2018

“INTERNAL OMBUDSMAN SCHEME 2018”

1. TITLE, COMMENCEMENT & EXTENT

- (1) This Scheme will be called as “ Internal Ombudsman Scheme,2018”
- (2) It shall come into for w.e.f 03.09.2018
- (3) It shall extend to the whole of Punjab National Bank.

2. Suspension of the Scheme

- (1) The Reserve Bank, if it is satisfied that it is expedient so to do , may by order suspend for such period as may be specified in the order, the operation of all or any of the provisions of the Scheme, either generally or in relation to any specified bank.
- (2) The Reserve Bank may, by order, extend from time to time, the period of any suspension order as aforesaid by such period, as it thinks fit.

3. Applicability

The Scheme shall apply to all banks as defined in Clause 4(I) of the scheme.

4. Definitions

- I. ‘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) and are having more than ten banking outlets in India, whether such bank is incorporated in India or outside India.
- II. ‘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.

- III. 'Financial Sector Regulatory Body" means regulator body for financial sector entities and includes the Reserve Bank of India established under the 'Reserve Bank of India Act, 1934, the Securities and Exchange Board of India established under the 'Securities and Exchange Board of India Act, 1992, Insurance Regulatory and Development Authority of India established under the ' Insurance Regulatory and Development Authority of India Act, 1999, and Pension Fund Regulatory and Development Authority established under the ' Pension Fund Regulatory and Development Authority Act,2013.
- IV. 'Internal Ombudsman' means any person appointed under Clause 5 of the Scheme.
- V. The Scheme means the Internal Ombudsman Scheme, 2018
- VI. All other expression unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949 or the Reserve Bank of India Act, 1934 or Banking Ombudsman Scheme, 2006 or any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

5. **APPOINTMENT OF INTERNAL OMBUDSMAN**

- a) Banks will appoint Internal ombudsman after satisfying that the following prerequisites are fulfilled for the appointment of Internal Ombudsman
 - I. The Internal Ombudsman will either be a retired or serving officer, not below the rank of Deputy General Manager or equivalent of another bank/ Financial Sector Regulatory Body, having necessary skills and experience of minimum seven years or working in areas such as banking , regulation, supervision, payment and settlement systems and /or consumer protection.
 - II. The Internal Ombudsman shall not have worked/ be working in the bank in which he/she is appointed as internal Ombudsman.
- b) The Internal Ombudsman shall not be over 70 year of age.

6. **TENURE OF INTERNAL OMBUDSMAN**

- I. The tenure of the Internal Ombudsman in banks shall be a fixed term of not less than three years, but not exceeding five years. The Internal Ombudsman shall not be eligible for reappointment or for extension of term in the same bank.
- II. The Internal Ombudsman cannot be removed before the completion of his /her term without the explicit approval of the Reserve bank. If there is a change in incumbency of Internal Ombudsman for any reason midway through the tenure, the bank shall submit a report to the Reserve Bank indicating the reasons therefor.

7. **SECRETARIAT AND COST OF INTERNAL OMBUDSMAN OFFICE**

- I. Bank will 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.

- II. The Customer Service Committee of bank's board will fix the emolument/ facilities/ benefits of the Internal Ombudsman, keeping in view the stature and the need to attract experienced persons considering that the position of the Internal Ombudsman is at the apex of the grievance redressal mechanism of banks.

8. **OBJECTIVES OF SCHEME**

- 8.1 To ensure that all complaints, which are rejected or partially accepted by the Bank, are examined by the Internal Ombudsman so that escalation of grievances to Banking Ombudsman are minimized.
- 8.2 To enhance the customer confidence in the Bank's systems and to hasten the process of grievance redressal, making it more transparent.
- 8.3 To enable customer grievances to be considered by an independent body, instead of B.O.

The presence of IO at the apex level of Grievance Redressal Mechanism of the Bank would help enhancing the impartiality of the mechanism, as the grievance resolution would have an independent view point as a precursor to the B.O.

9. **ESCALATION OF GRIEVANCES TO INTERNAL OMBUDSMAN (IO)**

The grievance escalation matrix of the Bank is as follows:-
(The customer can approach Bank officials from LEVEL I TO LEVEL IV)

- a) LEVEL I - Branch Manager
(The first point for immediate redressal of grievance)
- b) LEVEL II - Circle Office
(If not satisfied at Level I) Through
i) Chief Host
ii) Circle Head
- c) LEVEL III - Zonal Heads
(If not satisfied at Level II)
- d) LEVEL IV - General Manager, HO

(If not satisfied at Level III) (Principal Nodal Officer)

- e) LEVEL V - **Internal Ombudsman (IO)**
Customers need not approach the I.O. directly. Bank will internally escalate all rejected/partially accepted grievances cases to I.O. for his consideration and final decision.
The final communication to the complainant shall mention that the complaint has been examined by the I.O. and still if he is not satisfied, he can approach the BO, i.e. Level VI.
- f) LEVEL VI -
(If not satisfied at Level V) Banking Ombudsman at RBI (B.O.) .

10. POWER, JURISDICTION AND REPORTING

- 10.1 The I.O. shall consider/examine all customer grievances relating to the deficiencies in Bank's services as also those listed in clause 8 of Banking Ombudsman Scheme, 2006 of RBI (Annexure-I), which are partly or wholly rejected by the Bank's Internal Grievance Redressal Mechanism.

The I.O. shall facilitate resolution/settlement/agreement of such grievances through conciliation and mediation between the Bank and the aggrieved party or by passing an Advisory in accordance with the Scheme.

- 10.2 Other grievances outside the purview of Clause 8 of the B.O. scheme can also be dealt with by the I.O., but only after they have been examined by the Bank's Internal Grievance Redressal Mechanism and left unresolved/unredressed to the satisfaction of the complainant.
- 10.3 The contact details of I.O. need not be provided in the public domain, as the I.O. shall not entertain and examine FIRST RESORT complaints, which need to be first examined by the Bank's Internal Grievance Redressal Mechanism. In case the I.O. happens to receive FIRST RESORT complaints, he/she shall forward such complaints to the Bank's Internal Grievance Redressal functionary.
- 10.4 The I.O. will analyze the pattern of complaint such as product/ category wise, consumer groups wise, based on geographical location, etc and suggest means for taking actions to address the root cause of complaints of different nature.

- 10.5 The I.O. shall exercise general powers of superintendence and control over his office and shall be responsible for the conduct of business thereat.
- 10.6 The Bank shall examine the grievances as per its Internal Grievance Redressal Mechanism and in case the Bank decides to reject or to provide only partial relief to the complainant, it should invariably forward such cases to the I.O. for further examination.

The advice to the complainant after examination by I.O. in such cases should necessarily have a clause that the grievance has also been examined by the I.O.

- 10.7 In case the complaints are not resolved to the satisfaction of complainants, the I.O. and or the Bank shall advise the complainants that they can approach the B.O. of the jurisdiction concerned along with complete details and address of the B.O. to which the complaint pertains to, as well as the link to Reserve Bank's Portal (www.rbi.org.in -> Complaints -> Banking Ombudsman Scheme-> Complaint form) for online filing of customer complaints so that the availability of option to approach the B.O. is invariably indicated to the complainants.
- 10.8 The I.O. shall have the right to access the Bank's records relating to the complaints received, seek detailed comments from the Bank with regard to the complaints, can hold meetings with the functionaries/departments concerned and can also meet the complainants, if required, while examining the complaint for redress. The Bank will furnish all records/documents sought by the I.O. to enable him/her to discharge his/her duties effectively and redress/resolve customer grievances expeditiously.

The I.O. 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 I.O. 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 or the principles of natural justice and fair play in the proceedings.

- 10.9 The decision of the I.O. shall be binding on the Bank and Bank is required to accept it. In case the Bank disagrees with the decision of I.O., the bank will obtain approval of the Executive Director in charge of customer service of the bank and the reply forwarded to the complainant shall mention that the decision of the bank has the approval of the Executive Director. All such cases shall be subsequently reviewed by the Customer service

Committee of the bank's Board, such cases should be reported to RBI by the Bank.

- 10.10 I.Os are independent authority placed at apex position in the Internal Grievance Redressal Machinery and work as precursor to the B.O. Therefore, the reference made by the Bank to I.O. for examination should emanate primarily from the highest level of Bank's Internal Grievance Redressal Machinery only i.e. PNO, who is the General Manager (Customer Care Center).
- 10.11 The Bank's PNO for BO complaints shall not act as I.O. or vice-versa.
- 10.12 The I.O. Shall not represent the Bank in the legal cases arising out of complaints examined by him/her as he/she does not have operational role. The Bank shall handle such cases as per its applicable extent and procedures.
- 10.13 The internal Ombudsman shall report to the Managing Director/Executive Director of the bank handling customer service.
- 10.14 The I.O. shall not examine the complaints/references on aspects relating to the following:-
- a) Complaints related to frauds, misappropriation etc, except in respect of deficiency of service, if any on the part of the bank.
 - b) Internal Administration
 - c) Human Resources
 - d) Pay & Emoluments of staff etc.
 - e) Suggestions
 - f) Customers' request for concession in Rate of Interest charged, modification in sanction terms & conditions, rejection of loan proposal, enhancement in credit limit, waiver/write-off of loans, etc which are primarily in the nature of commercial decisions..
 - g) Complaints which have been decided by or are already pending in other forums such as consumer forums, courts, Debt Recovery Tribunals etc.

The internal Ombudsman shall immediately refer back to bank all such complaints which are outside the purview of the scheme.

- 10.15 The I.O. will furnish periodically report the progress (including the analysis of pattern of complaints) to Customer Service Committee of the Board, preferably at quarterly intervals, but not less than bi-annually, which will exercise the oversight on the functioning of I.O. All such cases where decision of the Internal Ombudsman has been rejected by the bank, which is to be done with the approval of Executive Director of the bank will be put up for discussion in Customer Service Committee of the Board. The Audit

Committee of the board can refer to the Internal Ombudsman in respect of cases mentioned at clause 10.14(a).

11. OPERATING PROCEDURE

- 11.1 All such complaints will be auto escalated which are partly or wholly rejected by the bank's grievance redressal mechanism to the Internal Ombudsman through Centralized Grievance Redressal Management System (CGRMS) for a final decision.
- 11.2 Bank will internally escalate all such complaints to Internal Ombudsman within two weeks of receipt of complaint, before conveying the final decision to the complainant within a period of 30 days, from the receipt of complaint.
- 11.3 Bank may appoint more than one internal Ombudsman depending on the volume of complaints received by them and to ensure continuity of operations during the absence of the Internal Ombudsman. While appointing additional Internal Ombudsman, the bank shall consider the need for diversity of experience of the incumbents to deal with different types of cases. In such cases, the bank shall define the jurisdiction of each Internal Ombudsman.
- 11.4 The Internal Ombudsman will be provided read only access to CGRMS portal so that all complaints are accessible to them who shall follow up cases of delayed escalation with the concerned department in the bank . However IOs have access to add his /her decisions on complaints escalated to the them.
- 11.5 The Internal Ombudsman also have read-only access to the RBI's Complaints Management System to enable the Internal Ombudsman to keep track of the cases forwarded by the Offices of Banking Ombudsman and the decisions by the Banking Ombudsman thereon, Including the decision of the Appellate Authority, where applicable.
- 11.6 The I.O. 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.

- 11.7 The I.O. shall provide the resolution in writing to the complainants and endorse a copy to the concerned department of the Bank.
- 11.8 The proceedings at I.Os office shall be summary in nature and the decision shall be reasoned and speaking one
- 11.9 In case where the decision of the I.O. is accepted by the complainant, the former will obtain and keep on record, a statement showing the terms of agreement duly signed by the complainant.
- 11.10 Bank's in their final reply to complainant on receipt of I.Os comments shall mention explicitly that the complaint has also been examined by I.O.. Only under such circumstances where a resolution had been made by agreement by an I.O. with a complainant and the I.O. had obtained the resolution in writing signed by the complainant and furnish to the Bank for record, a reply to the complainant may be issued by I.O. on behalf of the Bank with an endorsement to the Bank.
- 11.11 To ensure such agreement mentioned at 11.5, if the I.O. feels the requirement of a direct feedback/clarifications from the complainants, I.O. can meet complainants.
- 11.12 A copy of the decision shall be sent to the complainant and the Bank.
- 11.13 The decision of the Internal Ombudsman shall be mandatorily included in the information submitted by banks to the Banking Ombudsman, while furnishing documents related to the complaints received in the office of the Banking Ombudsman.
- 11.14 In cases where the complainant has approached the Banking Ombudsman before the Internal Ombudsman has examined the complaint, banks should obtain the views of Internal Ombudsman and include the Internal Ombudsman's views in its submission to Banking Ombudsman.
- 11.15 Bank shall make available requisite infrastructure (information technology / human resources, etc) to the office of the Internal Ombudsman to enable the Internal Ombudsman to discharge his/her responsibilities effectively and efficiently.
- 11.16 Bank will use the analysis of complaints handled by Internal Ombudsman in their training programmes / conferences to raise awareness, inter alia, about the patterns of complaints, among the frontline staff, and facilities consistency in handling of similar complaints. The internal Ombudsman may also be associated for such trainings, where necessary.

11.17 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 bank in the redressal of complaints, bank should also keep in mind the number of cases where substantive differences are observed between the decisions of the Internal Ombudsman vis-à-vis that given by the Banking Ombudsman subsequently.

11.18 Internal Ombudsman shall be placed in Head/Corporate Office and / or at a place where the bank has a Zonal /Regional/Circle Office.

11.19 The I.O. does not have any operational role with Banking Ombudsman. For this purpose Bank's Principal Nodal Officer (PNO)/Nodal Officer (NO) is the designated Senior Officer/Executive appointed in terms of the provisions of the Banking Ombudsman scheme. However, this aspect does not deter any informal dialogue between I.Os & B.Os. for seeking clarification on issues.

12 An internal audit of the implementation of the Scheme will be conducted by the Bank. The audit will cover aspects related to Infrastructure (Space, Information technology, human resources etc.) provided to the Internal Ombudsman and implementation of auto escalation of partly or wholly rejected complaints to the Internal Ombudsman within the timeframe of two weeks as indicated at clause 11(2). Internal audit will also look at the actions by Internal Ombudsman with regard to analysis of complaints, efforts made by Internal Ombudsman and support provided by bank towards raising awareness about types of grievances and developing uniformity of approach in handling of complaints across the bank as also provided for under Clause (11.16). The scope of internal audit shall exclude the decisions taken by the Internal Ombudsman.

13. **Supervisory Oversight**

13.1 Areas regarding customer service and implementation of the Scheme will be a part of the risk assessment and supervisory review by Department of Banking Supervision of the Reserve Bank.

13.2 The RBI will review the cases where decision of the Internal Ombudsman are not accepted by the bank and the aggrieved customer appeals to the Banking Ombudsman. If in such cases, the original decisions of the Internal Ombudsman are reiterated by the Banking Ombudsman frequently, then the bank may be subjected to appropriate enforcement action.

14 Reporting to Reserve Bank

14.1 Bank will periodically report to RBI as below:

14.1(a) The total number of complaints received, number of partly or wholly rejected complaints and number of complaints escalated to the Internal Ombudsman, on quarterly basis.

14.1(b) The Number of cases where the decision of Internal Ombudsman has been rejected with the approval of Executive Director of the Bank to be submitted in April every year on Annual basis.

14.1(c) The Number of cases closed by Internal Ombudsman and age wise number of cases where the bank was yet to implement the decision of Internal Ombudsman in April every year.

14.1(d) The reporting format is attached in **Annexure - 2**.

14.2 Bank will furnish the details of the Internal Ombudsman to the Chief General Manager, Consumer Education and Protection Department, Reserve Bank of India, Central Office, 1st Floor, Amar Building, Sir P M Road, Mumbai-400001 (email: cgmcepd@rbi.org.in) and to the Banking Ombudsman under whose jurisdiction the bank or Zone/Branch thereof fall in the following format:

- I. Name of the Internal Ombudsman
 - II. Details of the last position held/ Organization name
 - III. Date and period of appointment
 - IV. Brief professional profile including previous exposure to financial services, and
 - V. Contact details i.e. address, phone/fax numbers, email address etc.
- 14.3 Bank will furnish the details within five days of fresh appointment of Internal Ombudsman.

GROUNDS OF COMPLAINT

- (1) Bank will internally escalate all cases to the Internal Ombudsman where either the complaint is rejected or only partial relief is provided to the complainant on any one of the following grounds alleging deficiency in banking including internet banking or other services.
- a) non-payment or inordinate delay in the payment or collection of cheques, drafts, bills etc.;
 - b) non-acceptance, without sufficient cause, of small denomination notes tendered for any purpose, and for charging of commission in respect thereof;
 - c) non-acceptance, without sufficient cause, of coins tendered and for charging of commission in respect thereof;
 - d) non-payment or delay in payment of inward remittances ;
 - e) failure to issue or delay in issue of drafts, pay orders or bankers' cheques;
 - f) non-adherence to prescribed working hours ;
 - g) 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;
 - h) 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 ;
 - i) complaints from Non-Resident Indians having accounts in India in relation to their remittances from abroad, deposits and other bank-related matters;
 - j) refusal to open deposit accounts without any valid reason for refusal;
 - k) levying of charges without adequate prior notice to the customer;
 - l) non-adherence by the bank or its subsidiaries to the instructions of Reserve Bank on ATM/Debit card/Prepaid card operations or credit card operations;
 - m) Non-adherence by the bank to the instructions of Reserve Bank with regard to Mobile Banking/ Electronic Banking service in India.
 - n) 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);
 - o) refusal to accept or delay in accepting payment towards taxes, as required by Reserve Bank/Government;
 - p) refusal to issue or delay in issuing, or failure to service or delay in servicing or redemption of Government securities;
 - q) forced closure of deposit accounts without due notice or without sufficient reason;
 - r) refusal to close or delay in closing the accounts;
 - s) non-adherence to the fair practices code as adopted by the bank.

- t) Non –adherence to the provisions of the Code of Bank’s Commitments to Customers issued by Banking Codes and Standards Board of India and as adopted by the bank ;
 - u) non-observance of Reserve Bank guidelines on engagement of recovery agents by banks;
 - v) non-adherence to Reserve Bank guidelines on para-banking activities like sale of insurance/mutual fund /other third party investment products by banks; and
 - w) any other matter relating to the violation of the directives issued by the Reserve Bank in relation to banking or other services.
- 2) A complaint on any one of the following grounds alleging deficiency in banking service in respect of loans and advances may be filed with the Banking Ombudsman having jurisdiction:
- a) non-observance of Reserve Bank Directives on interest rates;
 - b) delays in sanction, disbursement or non-observance of prescribed time schedule for disposal of loan applications;
 - c) non-acceptance of application for loans without furnishing valid reasons to the applicant; and
 - d) non-adherence to the provisions of the fair practices code for lenders as adopted by the bank or Code of Bank’s Commitment to Customers, as the case may be;
 - e) non-observance of Reserve Bank guidelines on engagement of recovery agents by banks; and
 - f) non-observance of any other direction or instruction of the Reserve Bank as may be specified by the Reserve Bank for this purpose from time to time.
- (3) The Internal Ombudsman may also deal with such other matter as may be specified by the Bank from time to time in this regard.

ANNEXURE 2

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

Under Clause 10 of Internal Ombudsman Scheme, 2018

Office of Internal Ombudsman, Name of Bank: _____

Report for quarter ended _____

Number of Complaint Received by Bank	Number of Complaints Rejected (Partly or Wholly)	Number of Complaints referred by Bank to Internal Ombudsman

Report for Year ended _____

Number of Complaints referred by Bank to IO	Number of Complaints Closed by IO	Number of cases where IO's decision has been rejected*	Number of IO decisions implemented by bank.	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 Executive Director