# Complaints Under Ombudsman Schemes

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### What's in today's article?



## Why in news?

- The Reserve Bank of India (RBI) has released the Annual Report of the Ombudsman Schemes for the period April 01, 2021 – March 31, 2022.
- As per the report, volume of complaints received under the scheme stood at 4,18,184 in 2021-22, an increase of 9.39 per cent compared to the previous year.

## What is the Banking Ombudsman Scheme?

- The Banking Ombudsman Scheme is an expeditious and inexpensive forum for bank customers for resolution of complaints relating to certain services rendered by banks.
- The Scheme is introduced under Section 35 A of the Banking Regulation Act, 1949 by RBI with effect from 1995.
- All Scheduled Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks are covered under the Scheme.

## What is the Reserve Bank – Integrated Ombudsman Scheme (RB-IOS)?

- The Reserve Bank – Integrated Ombudsman Scheme was launched in November 2021 by PM Modi.
- The Scheme will provide cost-free redress of customer complaints involving deficiency in services rendered by entities regulated by RBI.
- The Scheme adopts ‘**One Nation One Ombudsman’** approach by making the RBI Ombudsman mechanism jurisdiction neutral.

## What are the important features of the RB-IOS scheme?

- It will no longer be necessary for a complainant to identify under which scheme he/she should file complaint with the Ombudsman.
- The scheme includes a wider definition of deficiency of services which ensures complaints will not go unaddressed or rejected simply on account of not covered under the grounds listed in the scheme.
- The Scheme has done away with the jurisdiction of each ombudsman office.
- A Centralised Receipt and Processing Centre has been set up at RBI for receipt and initial processing of physical and email complaints in any language.
- The regulated entity will not have any right to appeal in cases where an award is issued by the ombudsman against it for not furnishing satisfactory and timely information.

## What was the need for RB – IOS?

- The first ombudsman scheme was rolled out in the 1990s. However, it was always viewed with suspicion by consumers.
- One of the primary concerns was the lack of maintainable grounds on which the consumer could challenge the actions of a regulated entity at the ombudsman.
- Also, frequent rejection of the complaints on technical grounds was one among the reasons.

- This resulted in a preference for the consumer court notwithstanding the extended timelines for redressal.

## News Summary

### Key highlights of the annual report of Ombudsman Schemes, 2021-22

- RBI said that the volume of complaints received by the ombudsman schemes or consumer education and protection cells during the year 2021-22 increased by 9.39 per cent to 4,18,184.
- Issues related to ATM/debit cards and mobile/electronic banking were the top grounds of complaints received at the Office of Banking Ombudsman (OBO).
- About 90% of the total complaints were received through digital modes, including on:
  - the online Complaint Management System (CMS) portal,
  - e-mail, and
  - Centralised Public Grievance Redress and Monitoring System (CPGRAMS).
- The report also said that the rate of disposal of complaints by ombudsmen improved to 97.9% in 2021-22 from 96.6% in 2020-21.

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### Q1) What is the Reserve Bank of India (RBI)?

The Reserve Bank of India (RBI) is the central bank of India, which began operations on Apr. 1, 1935, under the Reserve Bank of India Act.

### Q2) Who is a Banking Ombudsman?

The Banking Ombudsman is a senior official appointed by the Reserve Bank of India to redress customer complaints against deficiency in certain banking services covered under the grounds of complaint.

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**Source:** Complaints received under ombudsman schemes rises 9.39% in 2021-22: RBI | RBI