



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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The Reserve Bank introduces Internal Ombudsman Scheme, 2018 for Scheduled Commercial Banks

Reserve Bank of India (RBI) had, in May 2015, advised all public-sector and select private and foreign banks to appoint Internal Ombudsman (IO) as an independent authority to review complaints that were partially or wholly rejected by the respective banks. The IO mechanism was set up with a view to strengthen the internal grievance redressal system of banks and 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 need for the customers to approach other fora for redressal.

As a part of this customer-centric approach, to enhance the independence of the IO while simultaneously strengthening the monitoring system over functioning of the IO mechanism, RBI has reviewed the arrangement and issued revised directions under Section 35 A of the Banking Regulation Act, 1949 in the form of '*Internal Ombudsman Scheme, 2018*'. The Scheme covers, *inter-alia*, appointment / tenure, roles and responsibilities, procedural guidelines and oversight mechanism for the IO.

All Scheduled Commercial Banks in India having more than ten banking outlets (excluding Regional Rural Banks), are required to appoint IO in their banks. The IO shall, *inter alia*, examine customer complaints which are in the nature of deficiency in service on the part of the bank, (including those on the grounds of complaints listed in Clause 8 of [the Banking Ombudsman Scheme, 2006](#)) that are partly or wholly rejected by the bank. As the banks shall internally escalate all complaints, which are not fully redressed to their respective IOs before conveying the final decision to the complainant, the customers of banks need not approach the IO directly. The implementation of *IO Scheme, 2018* will be monitored by the bank's internal audit mechanism apart from regulatory oversight by RBI.

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