



RBI Integrated Ombudsman Scheme

Why in News

Recently, the Prime Minister has launched the integrated ombudsman scheme.

- In 2019 the [Reserve Bank of India \(RBI\)](#) had launched the [Complaint Management System \(CMS\)](#) in order to improve the customer experience in the **grievance redressal process of banking services**.
- The PM has also launched the [RBI's Retail Direct Scheme](#).

Ombudsman

- A government official **who deals with complaints made by ordinary people** against public organizations. This concept of Ombudsman **arrived from Sweden**.
- It means **an officer appointed by the Legislature to handle complaints against a service or administrative authority**.
- In India an Ombudsman is appointed to resolve grievances in the following sectors.
 - Insurance Ombudsman
 - Income Tax Ombudsman
 - Banking Ombudsman

Key Points

- **About:**
 - It **amalgamates** three ombudsman schemes of RBI - **banking ombudsman scheme of 2006**, [ombudsman scheme for NBFCs of 2018](#) and **ombudsman scheme of digital transactions of 2019**.
 - The unified ombudsman scheme will provide **redress of customer complaints involving deficiency in services rendered by RBI regulated entities** viz. banks, [NBFCs \(Non banking Financial Companies\)](#) and pre-paid instrument players **if the grievance is not resolved to the satisfaction of the customers or not replied within a period of 30 days** by the regulated entity.
 - It also includes **non-scheduled primary co-operative banks with a deposit size of Rs 50 crore and above**. The integrated scheme makes it a **“One Nation One Ombudsman”** approach and **jurisdiction neutral**.
- **Need:**
 - The **first ombudsman scheme was rolled out in the 1990s**. The system was always viewed as an issue 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 or a rejection of the complaint on technical grounds, resulting in a preference for the [consumer court](#) notwithstanding the extended timelines for redressal.
 - The move to integrate the systems (banking, **NBFC**, and [digital payments](#)) and expand

the grounds for complaints is expected to see a positive response from consumers.

▪ **Features:**

- The Scheme **defines 'deficiency in service' as the ground for filing a complaint**, with a specified list of exclusions.
 - Therefore, the complaints would no longer be rejected simply on account of "not covered under the grounds listed in the scheme".
- The scheme is jurisdiction neutral and **a centralised receipt and processing centre has been set-up in Chandigarh** for initial handling of complaints in any language.
- RBI had created a provision for the use of **Artificial Intelligence** tools so that banks and investigating agencies could coordinate in a better way in the fastest time possible.
- The bank customers will be able to file complaints, submit documents, track status, and give feedback **through a single email address**.
- There will also be **a multilingual toll-free number** that will provide all relevant information on grievance redress.
- 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.

▪ **Appellate Authority:**

- RBI's Executive Director-in charge of Consumer Education and Protection Department would be the Appellate Authority under the integrated scheme.

▪ **Significance:**

- This will help in improving the grievance redress mechanism for resolving customer complaints against RBI's regulated entities.
- It is expected **to ensure uniformity and streamlined user-friendly mechanisms which will add value to the scheme** and bring customer delight and financial inclusion.
- 44 crore loan account holders and 220 crore deposit account holders would directly benefit from the single ombudsman, they would now be able to lodge a complaint and track their complaints on the same platform.

Source: TH

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