



Grievance Redressal

Policy on Appointment of Internal Ombudsman

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1. Background:

RBI has issued master directions to NBFCs on appointment of Internal Ombudsman in November 2021 with a view to strengthen the Internal Grievance Redress system

Internal Ombudsman shall be positioned as an independent, apex level authority on consumer grievance redress within the regulated entities 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.

Non-Deposit taking NBFCs (NBFCs-ND) with asset size of Rs.5,000 crore and above and having public customer interface will need to appoint an Internal Ombudsman

2. RBI Guidelines on Internal Ombudsman appointment

1. 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.

2. 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-

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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.

3. 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.

4. Administrative Oversight

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

5. 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.

6. 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.

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

3. Role and Responsibilities

7. 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 analyze 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.

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(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.

4. 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.

5. Procedural Guidelines for Regulated Entity

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

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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>).

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(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.

(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.

6. Regulatory and Supervisory Oversight by the Reserve Bank

1. 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.

2. 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

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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)

7. Applicability, Review and Approval of the Policy

This policy comes into effect immediately on approval by the Board of Directors of the Company. This policy will be approved by the Board of Directors and shall be placed before Board for review and modification as and when required.

Place: Pune

Date: 17 MARCH 2026

RAJIV BAJAJ
CHAIRMAN
