

Draft Master Direction

Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2025

In exercise of the powers conferred by Section 35A of Banking Regulation Act, 1949, Section 45L read with 45M of the Reserve Bank of India Act, 1934, sub-section (1) of Section 11 of the Credit Information Companies (Regulation) Act, 2005 and Section 18 of the Payment and Settlement Systems Act, 2007, the Reserve Bank of India, being satisfied that it is necessary in the public interest to do so, hereby, issues the Directions hereinafter specified.

These Directions are issued with a view to strengthen the Internal Grievance Redress mechanism within a Regulated Entity and ensure a speedy and meaningful resolution of customer complaints by enabling a review before their rejection, by an apex level authority within the Regulated Entity.

Chapter I Preliminary

1. Short Title and Commencement

(1) These Directions shall be called the Reserve Bank of India (Internal Ombudsman) Directions, 2025.

(2) These Directions shall come into force with immediate effect except clause 7(2), 10(1), 14(2) and 14(4) which shall be complied within a period of maximum six months from the date of issuance of the final Master Direction.

2. Suspension

(1) The Reserve Bank, if it is satisfied that it is expedient to do so, may, by an order, suspend for such period as may be specified in the order, the operation of any or all of the provisions of these Directions, either generally or in relation to any specified regulated entity.

(2) The Reserve Bank may by an order, extend from time to time, the period of any suspension ordered as aforesaid by such period, as it may deem fit.

3. Definitions

(1) In these Directions, unless the context states otherwise, the terms herein shall bear the meanings assigned to them as below:

(a) “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), but does not include a bank in resolution or winding up or under directions;

(b) “Banking Outlet” is a fixed-point service delivery unit as defined under Circular DBR.No.BAPD.BC.69/22.01.001/2016-17 on “Rationalisation of Branch Authorisation Policy- Revision of Guidelines” dated May 18, 2017” issued by Reserve Bank of India, and as amended from time to time;

(c) “Competent Authority” means Whole Time Director / Executive Director-in-charge of customer service for banks, Executive Director / Managing Director / Chief Executive Officer for Non-Banking Financial Companies, Managing Director / Chief Executive Officer for Non-bank System Participants, and Managing Director / Chief Executive Officer for Credit Information Companies;

(d) “Complaint” means a representation in writing or through other modes alleging deficiency in service on the part of the regulated entity with or without seeking relief thereon;

(e) “Credit Information Company (CIC)” means a company as defined in the Companies Act, 2013 (18 of 2013) and has been granted a certificate of registration under sub-section (2) of section 5 of the Credit Information Companies (Regulation) Act, 2005 (30 of 2005);

(f) “Deficiency in service” means a shortcoming or an inadequacy in any service, which the regulated entity is required to provide statutorily or otherwise, which may or may not result in financial loss or damage to the customer;

(g) “Deputy Internal Ombudsman (Dy. IO)” means any person appointed under clause 6 of these Directions;

(h) “Financial Sector Regulatory Body” means regulatory body for financial sector entities and includes:

- (i) The Reserve Bank of India established under the Reserve Bank of India Act, 1934;
 - (ii) The Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;
 - (iii) The Insurance Regulatory and Development Authority of India established under the Insurance Regulatory and Development Authority of India Act, 1999;
 - (iv) The Pension Fund Regulatory and Development Authority established under the Pension Fund Regulatory and Development Authority Act, 2013;
 - (i) “Internal Ombudsman (IO)” means any person appointed under clause 5 of these Directions;
 - (j) “Non-Banking Financial Company (NBFC)” means an NBFC as defined in Section 45-I (f) of the Reserve Bank of India Act, 1934 and registered with the Reserve Bank; but does not include a standalone Primary Dealer, Core Investment Company, an Infrastructure Debt Fund-Non-Banking Financial Company (IDF-NBFC), a Non-Banking Financial Company - Infrastructure Finance Company (NBFC-IFC), NBFC- Account Aggregator, NBFC under Corporate Insolvency Resolution Process, NBFC in liquidation and / or winding up, or under directions of Reserve Bank of India;
 - (k) “Non-bank System Participant (NBSP)” means any person other than a bank participating in a payment system as defined under Section 2 of the Payment and Settlement Systems Act, 2007 including a ‘System Provider’¹;
 - (l) “Payment System” means a system that enables payment to be effected between a payer and a beneficiary, involving clearing, payment or settlement service or all of them, but does not include a stock exchange;
 - (m) “Regulated Entity (RE)” means a bank or an NBFC or an NBSP or a CIC as defined in these Directions, or any other entity as may be specified by the Reserve Bank from time to time;
- (2) All other expressions, unless defined herein, shall have the same meaning as assigned to them under the Banking Regulation Act, 1949, the Reserve Bank of India

¹ ‘System Provider’ means and includes a person who operates an authorised payment system as defined under Section 2 of the Payment and Settlement Systems Act, 2007.

Act, 1934, the Payment and Settlement Systems Act, 2007, the Credit Information Companies (Regulation) Act, 2005, the Credit Information Companies Rules, 2006, the Credit Information Companies Regulations, 2006, or the Reserve Bank – Integrated Ombudsman Scheme (RB-IOS), 2021 or regulations, directions and guidelines issued by the Reserve Bank of India.

4. Applicability

(1) These Directions shall apply to

(a) Banks as defined under clause 3(1)(a) of these Directions and having 10 or more banking outlets in India, whether such bank is incorporated in India or outside India;

(b) NBFCs as defined under clause 3(1)(j) of these Directions and fulfilling the following criteria as on date:

(i) Deposit-taking NBFCs (NBFCs-D) with 10 or more branches

(ii) Non-Deposit taking NBFCs (NBFCs-ND) with asset size of Rs.5,000 crore and above and having public customer interface;

(c) All NBSPs as defined in Clause 3(1)(k) of these Directions with more than one crore Pre-paid Payment Instruments outstanding as on March 31, 2023, or thereafter. However, the Scheme shall continue to be applicable even if the number of Pre-paid Payment Instruments outstanding falls below the threshold at a later date;

(d) All Credit Information Companies as defined under clause 3(1)(e).

(2) Any RE, subsequent to the issue of these Directions, reaching the threshold/s prescribed under clause 4(1) shall come under the ambit of these Directions and hence would be required to put in place an Internal Ombudsman framework within six months of reaching the threshold.

(3) The Reserve Bank, if it is satisfied in public interest, may, by order, direct any RE to appoint an IO and these directions shall apply to that RE.

Chapter II

Office of the Internal Ombudsman

5. Appointment of Internal Ombudsman

(1) The IO 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.

Provided that, if the person is a serving officer, he / she is required to relinquish the same before assuming charge as IO.

(2) The IO shall previously not have been employed, nor presently be employed, by the RE or a holding, associate or subsidiary company of the RE.

(3) The IO shall not be over 70 years of age before the completion of the tenure.

(4) The IO can work in more than one RE simultaneously, with specific approval from the Consumer Education and Protection Department of the Reserve Bank. Such approval shall be obtained by the appointing RE.

6. Appointment of Deputy Internal Ombudsman

(1) The Dy. IO shall either be a retired or serving officer, in the rank equivalent to a 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-banking finance, regulation, supervision, payment and settlement systems, credit information or consumer protection.

Provided that, if the person is a serving officer, he / she is required to relinquish the same before assuming charge as Dy. IO.

(2) The Dy. IO shall previously not have been employed, nor presently be employed, by the RE or a holding, associate or subsidiary company of the RE.

(3) The Dy. IO shall not be over 70 years of age before the completion of the tenure.

(4) The Dy. IO shall not be employed in more than one RE simultaneously.

7. Number of Internal Ombudsman / Deputy Internal Ombudsman

- (1) Every RE shall appoint at least one IO.
- (2) The Board or Customer Service Committee / Consumer Protection Committee of the Board of the RE, at least once in a year, shall determine the number of IO/ Dy. IO to be appointed having due regard to volume and complexity of the complaints received, and ensuring that the IO/ Dy. IO get sufficient time to apply their minds on the principles of fairness, equity and natural justice while reviewing the resolution provided by the RE.
- (3) While appointing additional IO / Dy. IO, the RE shall consider the need for diversity of experience of the incumbents to deal with different types of cases. In such cases, the RE may clearly define the jurisdiction of each IO / Dy. IO.

8. Tenure of Internal Ombudsman / Deputy Internal Ombudsman

- (1) The appointment of the IO / Dy. IO in the RE shall be contractual.
- (2) The RE shall ensure that the post of the IO does not remain vacant at any point of time.
- (3) The tenure of the IO / Dy. IO in the RE shall be a fixed term of not less than three years, but not exceeding five years at a time.
- (4) To fill a vacancy, the RE shall undertake the process of fresh appointment at least three months in advance of the expiry of the tenure of the incumbent IO and ensure that there is a reasonable overlap between the time of demitting of office of the outgoing IO and the incoming IO.
- (5) The IO / Dy. IO shall not be removed before the completion of their contracted term without the approval of the Reserve Bank of India. In case a vacancy arises on account of reasons beyond the control of the RE (such as resignation, incapacitation, illness, death, etc.), the RE shall inform Reserve Bank of India within 10 working days from the date of such vacancy and shall appoint a new IO / Dy. IO as per eligibility criteria specified under clause 5 and clause 6 of these Directions within three months from the date of vacancy.
- (6) The Board or Customer Service Committee / Consumer Protection Committee of the Board of the RE, as the case may be, shall determine the structure of emoluments, facilities and benefits accorded to the IO / Dy. IO, which should be appropriate keeping in view the stature and position of the IO / Dy. IO being at the apex of the grievance redress

mechanism of the RE as also the need to attract experienced persons with requisite expertise. These emoluments, facilities and benefits accorded to the IO / Dy. IO, once determined, shall not be changed adversely during the tenure of IO / Dy. IO.

(7) No serving official of the RE shall act as IO / Dy. IO even during the temporary absence of either.

9. Administrative Oversight

(1) The IO shall report to the Competent Authority, as defined under clause 3(1)(c) of the Directions, of the RE administratively, and to the Board or Customer Service Committee / Consumer Protection Committee of the Board of the RE functionally.

10. Secretariat of the office of Internal Ombudsman

(1) The RE shall provide such number of its officers and staff to the office of the IO as is considered necessary for the smooth functioning of the office of the IO. Such officers / staff shall not be attached to any other department (including the office of the Principal Nodal Officer) of the RE.

(2) All other requisite office infrastructure, including information technology support shall be made available to the office of the IO to enable the IO/ Dy. IO to discharge their responsibilities effectively and efficiently.

(3) The office of the IO may preferably be placed in the Head Office or Corporate Office of the RE.

11. Internal Audit

(1) The RE shall conduct an internal audit of the implementation of these Directions on an yearly basis. The internal audit of the RE shall cover the implementation of and compliance with these Directions, inter-alia, including:

(a) The adequacy of the human resources and infrastructure provided to the office of IO in relation to the volume of complaints;

(b) Implementation of auto-escalation of the partly resolved or wholly rejected complaints to the office of the IO within 20 days (25 days in case of CIC);

(c) Actions by the office of the IO with regard to analysis of complaints, reports submitted to RBI and the RE, raising awareness of the staff of the RE about the grievance redressal processes, and such other processes;

- (d) Submission of the information related to appointment of the IO / Dy. IO and return on the functioning of the IO by the RE to the Reserve Bank.
- (2) The scope of the internal audit shall exclude any assessment of the correctness of decisions taken by the IO / Dy. IO.

Chapter – III

Role and Responsibilities

12. Role and Responsibilities of Internal Ombudsman / Deputy Internal Ombudsman

- (1) The office of the IO shall not handle complaints received directly from the complainants or members of the public. It shall deal with the complaints that have already been examined by the RE but have been partly resolved or wholly being rejected by the RE.
- (2) The IO / Dy. IO shall not represent the RE in legal cases before any court or fora or authority.
- (3) While the IO may decide any or all complaints, the power for the Dy. IO to close the complaints may be defined under a policy approved by the Board or Customer Service Committee / Consumer Protection Committee of the Board, as the case may be.
- (4) The IO shall have the power to provide compensation in accordance with the Reserve Bank- Integrated Ombudsman Scheme for any consequential loss and the loss of time, expenses incurred and harassment / mental agony suffered by the complainant.
- (5) The IO / Dy. IO may award suitable compensation wherever such compensation to the complainant has been provided for by the Reserve Bank of India in its extant instructions or as per the internal Compensation Policy of the RE.
- (6) The office of IO shall, on a quarterly basis, analyse the pattern of all complaints received against the RE, such as entity-wise (for CICs), product-wise, category-wise, consumer group-wise, geographical location-wise, etc., and provide inputs to the RE for policy intervention, if so warranted.
- (7) The IO shall 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 RE.

(8) The IO/ Dy. IO shall have 'read-only' access to the Reserve Bank's Complaints Management System to enable them to keep abreast of decisions of the RBI Ombudsman / Appellate Authority. The RE shall seek read-only access for the IO / Dy. IO from the Consumer Education and Protection Department of the Reserve Bank.

(9) The Dy. IO shall functionally report to the IO. In the temporary absence of the IO, the Dy. IO may function as IO.

13. Board Oversight

(1) The IO shall be designated as an ex-officio member or a permanent invitee to the meetings of the Board or Customer Service Committee / Consumer Protection Committee of the Board. In REs having multiple IOs, a view shall be taken by the Board or Customer Service Committee / Consumer Protection Committee of the Board to have representation of more than one IO or having a system of rotation.

(2) The IO shall furnish periodic reports (including the analysis of complaints) on his / her activities to the Board or Customer Service Committee / Consumer Protection Committee of the Board, preferably at quarterly, but not less than half yearly, intervals.

(3) The rejection of the decision taken by the IO / Dy. IO can be done only with the approval of the Competent Authority as defined under clause 3(1)(c) of these Directions.

(4) All such cases where the decision of the IO / Dy. IO has been rejected by the Competent Authority shall be placed before the Board or Customer Service Committee / Consumer Protection Committee of the Board of the RE for information.

(5) Information on the complaints resolved by the RBI Ombudsman in favour of complainant, either partially or fully, shall also be placed before the Board or Customer Service Committee / Consumer Protection Committee of the Board, on quarterly basis. The information shall be accompanied with an analysis of minimum top five categories of complaints along with remedial measures so as to avoid complaints of a similar nature in future.

Chapter - IV

Procedural Guidelines for Regulated Entity

14. Procedure for Complaint Redress by Internal Ombudsman / Deputy Internal Ombudsman

(1) A fully automated Complaints Management System shall be put in place by the RE and access to the System shall be provided to the IO / Dy. IO. All complaints that are partly resolved or wholly rejected by the RE's internal grievance redress mechanism shall be auto escalated to the office of the IO within 20 days of receipt, for review. In case of CIC, such complaints shall be referred to the office of the IO within 25 days of receipt.

(2) The REs shall provide only three categories i.e. 'Fully Resolved', 'Partly Resolved' and 'Wholly Rejected' in its Complaint Management System for recording the decision on the complaints before escalation to the office of IO. The complaints outside the purview of the IO / Dy. IO under the clauses 14(5)(c) to 14(5)(e) are exempted from such classification.

(3) The RE shall formulate a Standard Operating Procedure (SOP) for flow of complaints and information in a time bound manner.

(4) The REs shall ensure that the complaints are not closed by the same branch / unit / other touch points to which it pertains. The complaints which are being wholly rejected or partially resolved shall be reviewed at a fairly senior level, before sending it to the office of IO.

(5) The following types of complaints shall be outside the purview of these Directions and shall not be handled by the IO/ Dy. IO:

- a) Complaints related to corporate frauds, misappropriation etc., on the part of the RE that do not impact the customer in any manner;
- b) References in the nature of suggestions and commercial decisions of RE. However, service deficiencies in cases falling under 'commercial decisions' will be valid complaints for the office of the IO;
- c) Complaints / references relating to (i) internal administration, (ii) human resources, or (iii) pay and emoluments of staff in the RE;

- d) Complaints which have been decided by or are already pending in a judicial / quasi-judicial fora such as Courts, Consumer Disputes Redressal Commission, Arbitration, etc.;
- e) Disputes for which remedy has been provided under Section 18 of the Credit Information Companies (Regulation) Act, 2005.

The RE shall forward all rejected / partly resolved complaints under the categories (a) and (b) above to the IO / Dy. IO, who 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 RE. Complaints that are outside the purview of these Directions shall be immediately returned back to the RE by the IO / Dy. IO.

(6) The IO / Dy. IO shall examine the complaints based on records available with the RE, including any documents submitted by the complainant and comments/ clarifications furnished by the RE to the specific queries of the IO.

(7) The IO / Dy. IO may, if they find it necessary, seek written or oral submission (including additional information and documents) from the complainant.

(8) The RE 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 RE.

(9) The IO / Dy. IO shall record a “reasoned decision” in each case.

(10) Where the IO / Dy. IO upholds the decision of the RE to reject or partly resolve the complaint, the reply to the complainant should explicitly state that the said complaint has been reviewed by the IO / Dy. IO.

(11) For complaints that are partly resolved or wholly rejected after examination by the IO / Dy. IO, the RE shall advise the complainant about the option of approaching the RBI Ombudsman for redress (excluding complaints not covered under the RB-IOS, 2021) along with complete details of the complaint. The RE in its reply shall also mention the URL of Reserve Bank’s Complaint Management System portal for online filing of customer complaints (<https://cms.rbi.org.in>) and the physical / email address of the Centralised Receipt and Processing Centre²..

² Centralized Receipt and Processing Centre (CRPC) Reserve Bank of India, Central Vista, Sector 17, Chandigarh - 160 017 (email:crpc@rbi.org.in)

(12) The decision of the IO / Dy. IO shall be mandatorily included in the information submitted by the RE to the RBI Ombudsman, while furnishing documents related to the complaints received in the Office of the RBI Ombudsman.

(13) In cases where the complainant has approached the RBI Ombudsman before the office of the IO has examined the complaint, the RE should obtain the views of IO and include the IO's views in its submissions to the RBI Ombudsman.

(14) The RE shall use the analysis of complaints handled by IO / Dy. IO 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 IO / Dy. IO may also be involved for such trainings, where necessary.

(15) While assessing the performance of the IO / Dy. IO, in addition to the level of pendency and work done by the IO / Dy. IO towards developing uniformity across the RE in the redress of complaints, the RE shall also analyse the number of cases where there is substantive difference between the decisions of the IO / Dy. IO vis-à-vis those given by the RBI Ombudsman subsequently.

(16) The RE shall widely disseminate the guidelines / instructions regarding these Directions among their staff while communicating the appointment of IO within the organization (all branches and administrative offices).

(17) The RE shall not provide the contact details of the IO / Dy. IO in the public domain as the IO / Dy. IO shall not handle complaints received directly from the customers.

Chapter - V

Regulatory and Supervisory Oversight by the Reserve Bank

15. 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 supervisory review by the Department of Supervision of the Reserve Bank in case the RE is a bank, NBFC or CIC

and the Department of Payment and Settlement Systems of the Reserve Bank in case the RE is an NBSP.

(2) Consumer Education and Protection Department of the Reserve Bank may review the cases where the decision of the IO / Dy. IO has not been accepted by the RE and the aggrieved complainant approaches the RBI Ombudsman, for assessing the effectiveness of the internal grievance redress mechanism of the RE and initiating corrective actions as it may deem fit.

16. Reporting to Reserve Bank

(1) The RE shall, within five working days of appointment of the IO or Dy. IO, furnish the details of the official so appointed to the Consumer Education and Protection Department, Central Office, Reserve Bank of India (email:iocepd@rbi.org.in) in the following format:

1.	Name of the IO / Dy. IO	
2.	Details of the last positions held/ organization names	
3.	Date of Appointment	
4.	Date of Birth	
5.	Term (in years)	
6.	Brief professional profile, including previous exposure to financial services highlighting those that make them eligible for appointment	
7.	Contact details (telephone, email, address)	
8.	Date of intimation to the Reserve Bank	

(2) The RE 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 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 to which they relate to.

Chapter - VI

Repeal Provisions

17. Repeal of the existing Schemes

(1) With the issue of these Directions, the Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023 dated December 29, 2023 issued by the Reserve Bank stands repealed.

(2) All appointments under the aforesaid Master Direction, prior to the coming into effect of these Directions, shall be deemed to have been made under these Directions.

Report on functioning of the Internal Ombudsman

Report for quarter ended:

Name of the Regulated Entity:

Part I: Information pertaining to the complaints referred to IO / Dy. IO

S.No	Particulars	Number	
1	Number of Internal Ombudsman (IO)		
2	Number of Deputy Internal Ombudsman (Dy.IO)		
3	Number of independent staff assigned to the office of the IO (excluding Dy.IO)		
4	Number of complaints received during the period		
5	Of (4) number of complaints partly resolved		
6	Of (4) number of complaints wholly rejected		
7	Number of complaints partly resolved or wholly rejected by the RE	(5)+(6)	
		IO	Dy.IO
8	Of (7) number of complaints referred to the IO / Dy.IO		
9	Of (7), number of complaints not referred to IO / Dy.IO	(7)-(8)	(7)-(8)
10	Number of complaints referred to the IO / Dy.IO after 20 days (25 days in case of CIC) of receipt		
11	Of (8) number of complaints where decision has been provided by IO / Dy.IO		
12	Of (11) number of complaints where IO / Dy.IO has upheld the decision of the RE		
13	Of (11) number of complaints where IO / Dy.IO has not upheld the decision of the RE		
14	Of (13) number of complaints where the decision of the IO / Dy.IO implemented by the RE		
15	Of (13) number of complaints where the decision of the IO / Dy.IO is pending for implementation		
16	Of (13) number of complaints where the RE has disagreed with the decision of IO / Dy.IO, with the approval of the Competent Authority		
17	Number of complaints which were resolved by the RBI Ombudsman and not referred to the IO/ Dy.IO earlier		
18	Number of complaints where the decisions of the IO / Dy.IO were not upheld by the RBIO		

19	Number of cases in which the IO / Dy. IO accessed the complainant directly for resolution of complaints		
20	Number of cases in which the IO / Dy. IO provided compensation		

Part II: Information pertaining to RCA by the IO

1. Major findings from the RCA
2. Details of the suggestions made by the IO and accepted by the Board or the Customer Service Committee or Customer Protection Committee of the Board