

**THE OMBUDSMAN SCHEME FOR NON-BANKING  
FINANCIAL COMPANIES, 2018**



**भारतीय रिज़र्व बैंक**

-----RESERVE BANK OF INDIA-----

[www.rbi.org.in](http://www.rbi.org.in)

**DEPUTY GOVERNOR**

**Ombudsman Scheme for Non-Banking Financial Companies, 2018**

**NOTIFICATION**

Ref. CEPD. PRS. No. 3590 /13.01.004/2017-18

February 23, 2018

In exercise of the powers conferred by Section 45L of the Reserve Bank of India Act, 1934, the Reserve Bank of India (RBI) being satisfied that for the purpose of enabling it to promote conducive credit culture among the Non Banking Financial Companies (NBFCs) and to regulate the credit system of the country to its advantage, it is necessary to provide for a system of Ombudsman for redressal of complaints against deficiency in services concerning deposits, loans and advances and other specified matters, hereby directs that the NBFCs, as defined in Section 45-I(f) of the Reserve Bank of India Act, 1934 and registered with the RBI under Section 45-IA of the Reserve Bank of India Act, 1934 which (a) are authorised to accept deposits; or (b) have customer interface, with assets size of one billion rupees or above, as on the date of the audited balance sheet of the previous financial year, or of any such asset size as the RBI may prescribe, will come within the ambit, and should comply with the provisions of the Ombudsman Scheme for Non-Banking Financial Companies, 2018.

2. The Non-banking Financial Company - Infrastructure Finance Company (NBFC-IFC), Core Investment Company (CIC), Infrastructure Debt Fund - Non-banking Financial Company (IDFNBF) and an NBFC under liquidation, are excluded from the ambit of the Scheme.
3. To begin with, the Scheme will be operationalized for all deposit accepting NBFCs and based on the experience gained, the Scheme would be extended to include the remaining identified categories of NBFCs. It is initially being introduced at the four metro centers viz. Chennai, Kolkata, Mumbai and New Delhi for handling complaints from the respective zones, so as to cover the entire country. The area of jurisdiction of these offices is indicated in Annex 'T' of the Scheme.
4. The Scheme shall come into effect and force from February 23, 2018.

sd/-

**(B P Kanungo)**

## **The Ombudsman Scheme for Non-Banking Financial Companies, 2018**

The Reserve Bank of India has introduced an Ombudsman Scheme for customers of Non-Banking Financial Companies (NBFCs). The Ombudsman Scheme for Non-Banking Financial Companies, 2018 (the Scheme), is an expeditious and cost free apex level mechanism for resolution of complaints of customers of NBFCs, relating to certain services rendered by NBFCs. The Scheme is being introduced under Section 45 L of the Reserve Bank of India Act, 1934, with effect from February 23, 2018.

### **CHAPTER I PRELIMINARY**

#### **1. Who is the NBFC Ombudsman?**

The NBFC Ombudsman is a senior official appointed by the Reserve Bank of India to redress customer complaints against NBFCs for deficiency in certain services covered under the grounds of complaint specified under Clause 8 of the Scheme.

#### **2. How many NBFC Ombudsman have been appointed and where are they located?**

As on date, four NBFC Ombudsman have been appointed with their offices located at Chennai, Kolkata, New Delhi and Mumbai. The addresses, contact details and territorial jurisdiction of the Ombudsman is provided in the Annex I of the Scheme.

#### **3. Which are the NBFCs covered under the Scheme?**

NBFCs, as defined in Section 45-I (f) of the Reserve Bank of India Act, 1934 and registered with the RBI under Section 45-IA of the Reserve Bank of India Act, 1934, which (a) are authorised to accept deposits; or (b) have customer interface, with assets size of one billion rupees or above, as on the date of the audited balance sheet of the previous financial year, or of any such asset size as the RBI may prescribe, are covered under the Scheme. The Scheme initially covers NBFCs authorized to accept deposits, and would be gradually extended to cover other identified NBFCs.

#### **4. What are the grounds of complaints?**

As per Clause 8 of the Scheme, the NBFC Ombudsman can receive and consider any complaint on the following grounds:

- a) non-payment or inordinate delay in the payment of interest on deposits;
- b) non-adherence to the Reserve Bank directives, if any, applicable to rate of interest on deposits;
- c) non-repayment or inordinate delay in the repayment of deposits;
- d) non-presentation or inordinate delay in the presentation of post-dated cheques provided by the customer;
- e) failure to convey in writing, the amount of loan sanctioned along with terms and conditions including annualised rate of interest and method of application thereof;

- f) failure or refusal to provide sanction letter/ terms and conditions of sanction in vernacular language or a language as understood by the borrower;
- g) failure or refusal to provide adequate notice on proposed changes being made in sanctioned terms and conditions in vernacular language as understood by the borrower;
- h) failure or inordinate delay in releasing the securities/ documents to the borrower on repayment of all dues;
- i) levying of charges without adequate prior notice to the borrower/customer;
- j) failure to provide legally enforceable built-in repossession clause in the contract/ loan agreement;
- k) failure to ensure transparency in the contract/ loan agreement regarding (i) notice period before taking possession of security; (ii) circumstances under which the notice period can be waived; (iii) the procedure for taking possession of the security; (iv) provision of final chance to be given to the borrower for repayment of loan before the sale/ auction of the security; (v) the procedure for giving repossession to the borrower and (vi) the procedure for sale/ auction of the security;
- l) non-observance of directions issued by Reserve Bank to the NBFCs;
- m) non-adherence to any of the other provisions of Reserve Bank Guidelines on Fair Practices Code for NBFCs.

**The Ombudsman may also deal with such other matter as may be specified by the Reserve Bank from time to time.**

#### **5. When can one file a complaint?**

For redressal of grievance, the complainant must first approach the concerned NBFC. If the NBFC does not reply within a period of one month after receipt of the complaint, or the NBFC rejects the complaint, or if the complainant is not satisfied with the reply given by the NBFC, the complainant can file the complaint with the NBFC Ombudsman under whose jurisdiction the branch/ registered office of the NBFC falls.

#### **6. When will one's complaint not be considered by the Ombudsman?**

One's complaint will not be considered under the following circumstances :

- a) If the NBFC against whom the complaint is registered, is not covered under the Scheme.
- b) If one has not approached the NBFC concerned in the first instance for redressal of the grievance.
- c) If the subject matter of the complaint is not pertaining to the grounds of complaint specified under Clause 8 of the Scheme.

- d) If one has not made the complaint within one year from the date of receipt of reply from the NBFC; or if no reply is received, and the complaint to NBFC Ombudsman is made after the lapse of more than one year and one month from the date of complaint to the NBFC.
- e) If the subject matter of the complaint is pending for disposal/ has already been dealt with at any other forum like court of law, consumer court etc.
- f) If the complaint is for the same subject matter that was settled through the office of the NBFC Ombudsman in any previous proceedings.
- g) If the complaint is frivolous or vexatious.

**7. What is the procedure for filing the complaint before the NBFC Ombudsman?**

One can file a complaint with the NBFC Ombudsman by writing on a plain paper and sending it to the concerned office of the NBFC Ombudsman by post/fax/hand delivery. One can also file it by email to the NBFC Ombudsman.

A complaint form along with the scheme is also available on RBI's website, though, it is not mandatory to use this format.

**8. Where can one lodge his/her complaint?**

One may lodge his/ her complaint with the office of the NBFC Ombudsman under whose jurisdiction, the alleged NBFC branch is situated.

For complaints relating to types of services with centralized operations, complaints may be filed before the NBFC Ombudsman within whose territorial jurisdiction the billing address of the customer is located.

**9. Can a complaint be filed by one's authorized representative?**

Yes. The complaint can be filed by one's authorized representative (other than an advocate).

**10. Is there any cost involved in filing complaints with NBFC Ombudsman?**

No. The NBFC Ombudsman does not charge any fee for filing and resolving customers' complaints.

**11. Is there any limit on the amount of compensation as specified in an Award?**

The compensation amount, if any, which can be awarded by the NBFC Ombudsman, for any loss suffered by the complainant, is limited to the amount arising directly out of the act or omission of the NBFC or rupees one million, whichever is lower.

**12. Can compensation be claimed for mental agony and harassment?**

The NBFC Ombudsman may award compensation not exceeding rupees 0.1 million to the complainant for causing mental agony and harassment. The NBFC Ombudsman, while passing such award, will take into account the loss of the complainant's time, expenses incurred by the complainant, harassment and mental anguish suffered by the complainant.

**13. What are the details required in a complaint to the NBFC Ombudsman?**

The complainant is required to give details such as, his/her name and address, the name and address of the branch or office of the NBFC against which the complaint is made, facts giving rise to the complaint supported by documents, if any, the nature and extent of the loss caused to the complainant, the relief sought from the NBFC Ombudsman and a declaration that the complaint is maintainable under Clause 9A of the Scheme.

**14. What happens after a complaint is received by the NBFC Ombudsman?**

The NBFC Ombudsman endeavours to promote a settlement of the complaint through conciliation/ mediation by agreement between the complainant and the NBFC. If the terms of settlement (offered by the NBFC) are acceptable in full and final settlement of one's complaint, the NBFC Ombudsman will pass an order as per the terms of settlement which becomes binding on the NBFC and the complainant. If the NBFC is found to have adhered to the extant norms and practices in vogue and the complainant has been informed to this effect through appropriate means and complainant's objections, if any, are not received by the NBFC Ombudsman within the time frame provided, the NBFC Ombudsman will pass an order to close the complaint.

**15. Can the NBFC Ombudsman reject a complaint at any stage?**

Yes. As per the 13 of the Scheme, the NBFC Ombudsman may reject a complaint at any stage on the following grounds:

- a) the complaint made is not on the grounds of complaint referred to in clause 8 of the Scheme; or
- b) the compensation sought is beyond the pecuniary limit specified under the Scheme; or
- c) the complaint made requires consideration of elaborate documentary and oral evidence and the proceedings before the Ombudsman are not appropriate for adjudication of such complaint; or
- d) the complaint made is without any sufficient cause; or
- e) the complaint made is not pursued by the complainant with reasonable diligence required to be taken; or
- f) in the opinion of the Ombudsman there is no loss or damage or inconvenience caused to the complainant.

**16. What happens if the complaint is not settled by agreement?**

The NBFC Ombudsman proceeds to pass an Award if the the complaint is not settled by an agreement within a specified period as allowed by the NBFC Ombudsman. Before passing an Award, the NBFC Ombudsman will provide reasonable opportunity to the complainant and the NBFC to present their case. It is upto the complainant to accept the Award in full and final settlement or reject it.

**17. Is there any further recourse available if one rejects the NBFC Ombudsman's decision?**

Yes, the Scheme provides the appellate mechanism for the complainant as well as the NBFC.

Any person aggrieved by an Award issued under Clause 12 or by the decision of the NBFC Ombudsman rejecting the complaint for the reasons specified in sub-clause (c) to (f) of Clause 13 of the Scheme, can approach the Appellate Authority.

The Appellate Authority is vested with a Deputy Governor-in-Charge of the department of the RBI implementing the Scheme. The address of the Appellate Authority is :

The Appellate Authority  
Ombudsman Scheme for Non-Banking Financial Companies  
Consumer Education and Protection Department  
Reserve Bank of India  
First Floor, Amar Building  
Fort, Mumbai 400 001.

The complainant also has the option to explore other recourse and/or remedies available as per the law.

**18. Is there any time limit for filing an appeal?**

One can file appeal against the award or the decision of the NBFC Ombudsman rejecting the complaint, within 30 days of the date of receipt of communication of Award or rejection of the complaint. The Appellate Authority may, if he/ she is satisfied that the applicant had sufficient cause for not making an application for appeal within time, also allow a further period not exceeding 30 days.

**19. How does the Appellate Authority deal with the appeal?**

The appellate authority may act as given under:

- a) dismiss the appeal; or
- b) allow the appeal and set aside the Award; or
- c) send the matter to the NBFC Ombudsman for fresh disposal in accordance with such directions as the Appellate Authority may consider necessary or proper; or
- d) modify the Award and pass such directions as may be necessary to give effect to the modified award; or
- e) pass any other order as it may deem fit.

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**Annex I**

**Address and Area of Operation of NBFC Ombudsman**

<b>Sr. No</b>	<b>Centre</b>	<b>Centre Address of the Office of NBFC Ombudsman</b>	<b>Area of Operation</b>
1.	Chennai	C/o Reserve Bank of India Fort Glacis, Chennai 600 001 STD Code: 044 Tel No. 25395964 Fax No. 25395488 Email: nbfcchennai@rbi.org.in	Tamil Nadu, Andaman and Nicobar Islands, Karnataka, Andhra Pradesh, Telangana, Kerala, Union Territory of Lakshadweep and Union Territory of Puducherry
2.	Mumbai	C/o Reserve Bank of India, RBI Byculla Office Building, Opp. Mumbai Central Railway Station, Byculla, Mumbai-400 008 STD Code: 022 Tel No. 2300 1280 Fax No. 23022024 Email: nbfc Mumbai@rbi.org.in	Maharashtra, Goa, Gujarat, Madhya Pradesh, Chhattisgarh, Union Territories of Dadra and Nagar Haveli, Daman and Diu
3.	New Delhi	C/o Reserve Bank of India Sansad Marg, New Delhi - 110001 STD Code: 011 Tel. No. 23724856 Fax No. 23725218-19 Email: nbfcnewdelhi@rbi.org.in	Delhi, Uttar Pradesh, Uttarakhand, Haryana, Punjab, Union Territory of Chandigarh Himachal Pradesh, and Rajasthan and State of Jammu and Kashmir
4.	Kolkata	C/o Reserve Bank of India 15, Netaji Subhash Road, Kolkata-700001 STD Code: 033 Tel. No. 22304982 Fax No. 22305899 Email: nbfcokolkata@rbi.org.in	West Bengal, Sikkim, Odisha, Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Bihar and Jharkhand

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**Annex II**

**FORM OF COMPLAINT (TO BE LODGED) WITH THE NBFC OMBUDSMAN  
(TO BE FILLED UP BY THE COMPLAINANT)**

To

The NBFC Ombudsman

Dear Sir

Sub: Complaint against .....(Name of the NBFC branch)

of .....(Name of the NBFC)

Details of the complaint are as under:

1. Name of the Complainant .....

2. Full Address of the Complainant

.....

.....

Pin Code .....

Phone No/ Fax No. ....

Email .....

3. Complaint against (Name and full

Address of the branch & NBFC) .....

.....

Pin Code .....

Phone No/ Fax No. ....

Email .....

4. Particulars of NBFC Account (If any)

.....

(Please state the number and the nature of account viz. deposit/ loan account etc. related to the subject matter of the complaint being made.)



5. (a) Date of representation already made by the complainant to the NBFC  
(Please enclose a copy of the representation)

.....

(b) Whether any reminder was sent by the complainant? YES/NO

(Please enclose a copy of the reminder)

6. Subject matter of the complaint (Please refer to Clause 8 of the Scheme)

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7. Details of the complaint:

(If space is not sufficient, please enclose separate sheet)

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8. Whether any reply (Within a period of one month after the NBFC concerned received the representation) has been received from the NBFC? Yes/ No  
(if yes, please enclose a copy of the reply )

9. Nature of Relief sought from the NBFC Ombudsman

.....

(Please enclose a copy of documentary proof, if any, in support of your claim)

10. Nature and extent of monetary loss, if any, claimed by the complainant by way of compensation

(please refer to Clauses 12 (5) & 12 (6) of the Scheme) Rs .....

11. List of documents enclosed:

(Please enclose a copy of all the documents)

12. Declaration:

(i) I/ We, the complainant/s herein declare that:

a) the information furnished herein above is true and correct;  
and

- b) I/ We have not concealed or misrepresented any fact stated in the above columns and in the documents submitted herewith.
- (ii) The complaint is filed before expiry of period of one year reckoned in accordance with the provisions of Clause 9(A)(a) and (b) of the Scheme.
- (iii) The subject matter of the present complaint has never been brought before the Office of the NBFC Ombudsman by me/ us or by any of the parties concerned with the subject matter to the best of my/ our knowledge.
- (iv) The subject matter of the present complaint has not been decided by/ is not pending with any forum/ court/ arbitrator.
- (v) I/ We authorise the NBFC to disclose any such information/ documents furnished by us to the NBFC Ombudsman and disclosure whereof in the opinion of the NBFC Ombudsman is necessary and is required for redressal of our complaint.
- (vi) I/ We have noted the contents of the Ombudsman Scheme for NBFCs, 2018

Yours faithfully,

(Signature of Complainant)

NOMINATION – (If the complainant wants to nominate his representative to appear and make submissions on his behalf before the NBFC Ombudsman or to the Office of the NBFC Ombudsman, the following declaration should be submitted.)

I/We the above named complainant/s hereby nominate Shri/ Smt.....who is not an Advocate and whose address is ..... as my/ our REPRESENTATIVE in all proceedings of this complaint and confirm that any statement, acceptance or rejection made by him/her shall be binding on me/ us. He/ She has signed below in my presence.

ACCEPTED

(Signature of Representative)

(Signature of Complainant)

Note: If submitted online, the complaint need not be signed.