

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 1509**

ANSWERED ON – 14/3/2023

**Unethical practices by banks**

**1509. Shri Jaggesh:**

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that the banks are forcing customers to purchase insurance policies and making it a condition to allot locker to the customers;
- (b) whether Government has received complaints against banks from customers for forcing them to purchase insurance policies to secure lockers; and
- (c) if so, the number of complaints received by Government and details of the action initiated against banks for fraudulent and unethical practices?

**ANSWER**

THE MINISTER OF STATE FOR FINANCE  
(DR. BHAGWAT KARAD)

(a) to (c): As per the Master Direction (Financial Services provided by the Banks) Directions, 2016 of the Reserve Bank of India (RBI), banks shall not follow any restrictive practices of forcing a customer to either opt for products of a specific insurance company or link sale of such products to any banking product, including allotment of locker. Banks shall prominently state in all publicity material distributed that the purchase by a bank's customer of any insurance products is purely voluntary and is not linked to availment of any other facility from the bank.

Further, regulated entities (REs) of RBI have the primary responsibility of redressal of complaints received against them from their customers. Customers, who are not satisfied by the response of the RE or if no response is received, can file a complaint before RBI under the Reserve Bank - Integrated Ombudsman Scheme (RB-IOS), 2021. RBI has informed that no complaint was received against banks with respect to force-selling of insurance policies to secure lockers under RB-IOS, 2021.

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