

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO-2801

ANSWERED ON TUESDAY, MARCH 25, 2025/4 CHAITRA, 1947 (SAKA)

**CONSUMER PROTECTION AGAINST UNFAIR CREDIT CARD DEBT
RECOVERY AND WRONGFUL CIBIL REPORTING**

2801. SHRI SADANAND MHALU SHET TANAVADE

Will the Minister of FINANCE be pleased to state:-

- (a) whether Government is aware that banks and credit-card issuers harass consumers with legal threats over unresolved, time-barred disputes beyond the statute of limitations, keeping them artificially active for debts exceeding 10-20 years;
- (b) whether Government is aware that such unresolved-disputes and banks' failure to address them have led to unjustified negative-reporting to CIBIL, affecting consumers' creditworthiness;
- (c) whether Government plans to introduce a policy to remove consumers from negative CIBIL reporting in cases where banks have failed to resolve disputes; and
- (d) whether Government intends to implement policy-reforms for fair credit reporting and to prevent consumer harassment over prolonged disputes?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) to (d): As per the provisions of the Limitation Act, 1963, no legal action of recovery is tenable in respect of debts which is time-barred.

In terms of the Reserve Bank of India's (RBI's) Master Directions on Credit Card and Debit Card – Issuance and Conduct, each card issuer is required to have a Board-approved policy for the issuance and conduct of credit cards and the same is required to be available on the website of the card-issuer. Further, before reporting default status of a credit cardholder to a CIC, card-issuers ensure that they adhere to the procedure, approved by their Board, and intimate the cardholder prior to reporting of the status. In the event the cardholder settles his/her dues after having been reported as defaulter, the card-issuer update the status with CIC within thirty days from the date of settlement.

Also, in the case of cards where there are pending disputes, the disclosure/release of information, particularly about the default, are required to be made only after the dispute is settled.

With regard to harassment of consumers, it is provided in the said Master Directions that in the matter of recovery of dues, card-issuers are required to ensure that they as well as their agents adhere to the extant instructions on Fair Practices Code (FPC) for lenders issued by RBI. FPC, *inter alia*, provides that lenders should not resort to undue harassment, *viz.* persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, *etc.*

It is also provided in the Credit Information Companies (Regulation) Act, 2005 (CICRA) that in case of any discrepancy in credit information report (CIR), a borrower or client may request the concerned CIC or Credit institution (CI) for correction/updation of credit information and the concerned entity to take appropriate steps to update the credit information within thirty days of being requested to do so.

Further, with regard to policy for fair credit reporting, RBI has been proactively taking various measures for strengthening and improving the efficacy of the grievance redressal mechanism and customer service provided by CIs and CICs, under the broad framework of CICRA. Some of the salient policy measures undertaken by RBI, which have been consolidated in the Master Direction – Reserve Bank of India (Credit Information Reporting) Directions dated 6.1.2025 are as under:

- (i) CIs have been directed to ensure that the credit information of borrowers are updated at fortnightly or shorter intervals with CICs and that no instances of repayment, including that of the last instalment, are left unreported.
- (ii) RBI has extended the alternate grievance redressal mechanism under the Reserve Bank- Integrated Ombudsman Scheme, 2021 (RBIOS, 2021) to cover grievances against CICs also.
- (iii) With a view to strengthen the internal grievance redress mechanism by enabling a review of customer complaints before their rejection, CICs have been directed to appoint Internal Ombudsman, which acts as an independent apex level authority within the CIC.
- (iv) CICs and CIs have been directed to implement the compensation mechanism for delayed updation/rectification of credit information.
- (v) CICs are required to provide appropriate disclosures in CIR, if any information contained in CIR has been disputed and the matter has not been satisfactorily resolved.
