

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION NO. 2810

TO BE ANSWERED ON THE 28TH DECEMBER 2018/PAUSHA 7, 1940 (SAKA)

Money Siphoned off from Bank Accounts

2810. SHRI S.P. MUDDAHANUME GOWDA:
SHRI B.V. NAIK:

Will the Minister of FINANCE be pleased to state:

- (a) the number of complaints of bank frauds received where money was siphoned out in the name of linking Aadhaar with PAN/Bank Account/SIM card, during the last four years, bank and year-wise;
- (b) whether any directives have been issued to banks to deal with such instances of bank fraud, if so, the details thereof and if not, the reasons therefor;
- (c) whether a Grievance Redressal Mechanism has been put in place to deal with such instances; and
- (d) if so, the details thereof and if not, the reasons therefor?

ANSWER

Minister of State in the Ministry of Finance
(SHRI SHIV PRATAP SHUKLA)

(a): Reserve Bank of India (RBI) has apprised that the required information is not available with it. RBI has further informed that while it has received few complaints/reports on incidents of bank frauds where money was siphoned fraudulently using Aadhaar details, data of such complaints is not maintained and its Central Frauds Monitoring Cell does not have data on frauds in such category.

(b) to (d): RBI has issued Master Direction on Frauds – Classification and Reporting with a view to providing a framework to scheduled commercial banks and select financial institutions, to detect and report frauds early, report to the investigative agencies, examine staff accountability and do effective fraud risk management in respect of banking transactions in general.

RBI has further apprised that it has issued guidelines on Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions for determining the customer liability which include, *inter alia*, the following:

- (1) Where customer's own involvement is established, customer will be liable.
- (2) Customer will not be liable.

- (i) Where fraud/negligence is on the part of the bank;
 - (ii) Third-party breach where the customer notifies the bank within three working days of receiving communication from the bank regarding unauthorised transaction
- (3) Where customer's own involvement is not clearly established, customer liability will be limited to a maximum of Rs. 5,000/- if he reports within four to seven working days.
- (4) If customer reports beyond seven working days, customer liability will be determined based on bank's Board-approved policy

Pursuant to a decision made by the Government of India to enable resolution of complaints of customers of banks relating to certain services rendered by the banks, Banking Ombudsman has been established as a quasi-judicial authority. Complaint regarding banking services can be made to the Banking Ombudsman, a senior official appointed by RBI. Complaint can be filed before the Banking Ombudsman if reply is not received from the bank within one month of representing to it, or the bank rejects the complaint, or if the complainant is not satisfied with the reply given by the bank. The Banking Ombudsman may award compensation for any loss suffered, limited to the amount arising directly out of the act or omission of the bank or Rs. 20 lakh, whichever is lower. He may also award compensation not exceeding Rs. 1 lakh in case of complaint relating to credit card operations, for mental agony and harassment. Complaints may relate, *inter alia*, to the following:

- (i) no-payment or delay in payment of inward remittances;
- (ii) failure to provide, or delay in, providing a banking facility promised;
- (iii) delays, non-credit of proceeds to party's accounts, or non-payment of deposit;
- (iv) levying of charges without adequate prior notice to the customers; and
- (v) any matter relating to the violation of directives issued by RBI in relation to banking or other services.

Further, RBI guidelines for issuance of Prepaid Payment Instruments (PPIs) including digital wallets, require PPI issuers to put in place an effective mechanism for redress of customer complaints, publicise the same for the benefit of customers, and report data in respect of customer complaints to RBI. Also, as per RBI's guidelines on mobile banking banks are required to set up a help desk, disclose on website its details and the escalation procedure for lodging complaints, and make available these details to the customer.
