

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 3616

ANSWERED ON MONDAY, 11 AUGUST, 2025/ SRAVANA 20, 1947 (SAKA)

DECREASE IN CREDIT SCORE OF LOAN APPLICANTS

†3616 DR. SAMBIT PATRA

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken cognizance of complaints regarding decrease in the credit score of eligible loan applicants and declaring the applicants ineligible in a discretionary manner by companies operating in the field of Credit Information;
- (b) if so, the details of the corrective measures taken in this regard;
- (c) whether the Government has received any complaints regarding the non-compliance of stipulated rules and guiding principles by the companies operating in the field of Credit Information and if so, the details thereof;
- (d) whether the Government proposes to strengthen existing grievance redressal mechanism in the light of increasing complaints by loan applicants against said companies and if so, the details thereof; and
- (e) whether the Government is contemplating upon the constitution of a Committee to review the functioning of companies operating in the field of Credit Information and if so, the details thereof?

ANSWER

MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (e): Credit Information Report (CIR), including credit score, is provided by Credit Information Companies (CICs) based on the credit history of borrowers, which are considered by Credit Institutions (CIs) for assessment of credit facilities. Based on the credit information furnished by CIs, credit scores are derived by CICs through respective proprietary models.

CICs are governed by the provisions of Credit Information Companies (Regulation) Act, 2005 (CICRA), the rules and regulations made thereunder, and guidelines issued by the Reserve Bank of

India (RBI) from time to time. The extant framework of CICRA empowers RBI to determine policy in relation to functioning of CICs, issue directions, inspect the book of accounts and impose penalty on CICs for non-adherences to the extant guidelines.

It is provided in CICRA that a borrower or client may request the concerned CIC or the CI for correction/updation of his credit information, and the concerned CIC or CI are required to take appropriate steps to update the credit information within thirty days of being requested to do so.

Further, RBI has extended the alternate grievance redressal mechanism under Reserve Bank-Integrated Ombudsman Scheme, 2021 (RBIOS) to cover grievances against CICs also. In case of being aggrieved by an act or omission of a CIC or CI, resulting in deficiency in service, the customer can file a complaint under RBIOS for redressal.

Also, RBI has proactively taken measures for strengthening and improving the efficacy of the grievance redress mechanism and customer service provided by the CIs and CICs, under the broad framework of CICRA, 2005. RBI has issued Master Direction on Credit Information Reporting, which, *inter alia*, include following provisions to improve delivery of services to the common man:

- (i) CICs have been directed to provide access to one free full credit report, including credit score, in an electronic format, to individuals whose credit score is available with them.
- (ii) CICs, with a view to strengthen the internal grievance redress mechanism by enabling a review of customer complaints before their rejection, have been directed to appoint Internal Ombudsman to act as an independent apex level authority within the CIC.
- (iii) CICs and CIs have been directed to implement the compensation mechanism for delayed updation or rectification of credit information, wherein complainants are entitled to a compensation of Rs.100 per calendar day in case their complaint is not resolved within a period of thirty calendar days.
- (iv) In case of wrongful denial of compensation by CIs or CICs, the complainant can approach RBI Ombudsman under RBIOS.
- (v) CICs have been directed to notify customers via SMS or email, when their CIR is accessed by the Specified Users and such enquiry reflects in the CIR of the borrower.
- (vi) CIs have been directed to send alerts through SMS or email to customers, while submitting information to CICs regarding default or days past due in existing credit facilities
- (vii) CIs and CICs have been directed to undertake Root Cause Analysis (RCA) of the customer grievances at least on a half-yearly basis.
