

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO- 3991

ANSWERED ON MONDAY, AUGUST 18, 2025/SRAVANA 27, 1947 (SAKA)

MISUSE OF CIBIL SCORE BY BANKS

3991. SHRI KODIKUNNIL SURESH:

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Credit Information Bureau (India) Limited (CIBIL) and other credit rating agencies are governed under any specific legal or regulatory framework in the country;
- (b) if so, the details of the laws or regulations that empower and regulate the operations of CIBIL, particularly in regard to the collection, storage and sharing of individual's financial data;
- (c) whether the Government has received complaints regarding the transparency, reliability or potential misuse of CIBIL scores by banks, NBFCs or other financial institutions; and
- (d) whether the Government proposes to bring about reforms or introduce legislation to enhance accountability and ensure consumer protection in the credit scoring system and if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) and (b): TransUnion CIBIL Limited, which was formerly Credit Information Bureau (India) Limited and referred to as “CIBIL” is one of the credit information companies (CICs). CICs are governed by the provisions of the Credit Information Companies (Regulation) Act, 2005 (CICRA), the rules and regulations made thereunder. All CICs are registered with and regulated by the Reserve Bank of India (RBI). In terms of provisions of CICRA, RBI is empowered to determine policy in relation to functioning of CICs and all CICs are bound to follow such policies.

In terms of provisions of CICRA, functions of CICs include, *inter alia*, the following—

- (i) to collect, process and collate information on trade, credit and financial standing of the borrowers;
- (ii) to provide credit information and credit scoring to its specified users.

Further, as per the Credit Information Companies Regulations, 2006, every CIC and credit institution (CI) are required to retain credit information collected, maintained and disseminated by them for a minimum period of seven years.

(c) and (d): RBI has proactively taken 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, 2005. 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.

RBI has issued Master Direction on Credit Information Reporting, 2025, which, *inter alia*, include following provisions to improve delivery of services, enhance accountability and ensure customer protection 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 redressal 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.
- (iv) In case of wrongful denial of compensation by CIs or CICs, the complainant can approach the RBI Ombudsman under RBIOS.
- (v) CICs have been directed to notify customers via SMS or email, when their Credit Information Report (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.
