

Version No:	4.0	Effective From:	Feb 15 th , 2024
Version Month:	February 2024	Owner of the Note:	Principal Nodal Officer
Subject:	<i>CFIL Grievance Handling Process for Internal Ombudsman (IO) Office</i>		

Proposed By	Arjun Swarup Head, Strategy and Governance & PNO- CFIL
Approved By	Vivek Gomes Managing Director – CFIL
	Gautam Banerjee Internal Ombudsman – CFIL
	Neha Sharma ICRM CFIL

Version Changes details

Version	Date	Key Changes
Version 1.0	Jul'22	Basis RBI Notification dated November 15, 2021, prepared Grievance Handling Process Note (Standard Operating Procedure) for Internal Ombudsman (IO) Office for all CFIL businesses
Version 2.0	Jan'23	The complaints related to PL (Personal loan) portfolio assigned by Citibank to CFIL, post Citibank N.A IO review, need to be referred to CFIL IO for validation/concurrence.
Version 3.0	Feb 23	Changes related to CFIL Consumer Business Transfer to Axis Bank as of Mar'23
Version 4.0	Feb '24	Changes related to updated regulatory guidelines basis RBI's Master Direction for Internal Ombudsman dated Dec 2023

Grievance Handling Process for the IO (Internal Ombudsman) office

1. Background and Objective:

The Reserve Bank of India has advised Non-Banking Financial Companies (NBFCs) to appoint an Internal Ombudsman (IO) as independent authority placed at apex position in the Internal Grievance Redressal Machinery of the Company via RBI circular CO.CEPD.PRS.No.S874/13-01-008/2021-2022 dated November 15, 2021 within 6 months from the date of issuance of the circular i.e. May 14, 2022, to review complaints that are partly or wholly rejected by the NBFC.

The appointment of the IO is expected to:

- I. Strengthen the Grievance Redressal Mechanism
- II. Ensure that only minimum number of complaints gets escalated to RBI / NBFC Ombudsman

The reference made by Citicorp Finance (India) Limited (hereinafter referred to as CFIL or Company or NBFC) to IO for examination will emanate through the Principal Nodal Officer (PNO). Detailed process flow in this regard is provided below.

This process note seeks to be the Standard Operating Procedure and Internal Ombudsman functioning, Roles and Responsibilities shall be as per RBI directives under circular RBI/CEPD/2023-24/108 CEPD.PRD.No.S1228/13.01.019/2023-24 dated Dec 29, 2023

2. Categories of Complaints under IO purview:

The Company shall examine the grievances as per its internal grievance redressal mechanism and will refer the cases to IO

- I. Where the complaint is not resolved to complainant's satisfaction (i.e. complaints are rejected partly or wholly) and/ or
- II. Where the Company rejects monetary claims (Or) decides to provide only partial relief to the complainant

The Company shall internally escalate all such complaints to Internal Ombudsman within two weeks of receipt of complaint, before conveying the final decision to the complainant within a period of 30 days, from the receipt of complaint.

Scenarios that would not be covered by IO:

The IO shall not handle complaints received directly from the complainants or members of the public but deal with the complaints that have already been examined by the Company but have been partly or wholly rejected by the Company.

The following types of complaints shall not be handled by the IO:

(a) Complaints related to corporate frauds, misappropriation etc., except those resulting from deficiency in service, if any, on the part of the Company;

(b) References in the nature of suggestions and commercial decisions (viz. requests for concessions in rate of interest charged, modifications in sanction terms and conditions etc.). However, service deficiencies in cases falling under 'commercial decisions' will be valid complaints for the IO;

(c) Complaints / references relating to (i) internal administration, (ii) human resources, or (iii) pay and emoluments of staff in the Company;

(d) Complaints which have been decided by or are already pending in other fora such as the Consumer Disputes Redressal Commission, courts, etc.;

(e) Disputes for which remedy has been provided under Section 18 of the Credit Information Companies (Regulation) Act, 2005.

The Company shall forward all rejected / partially rejected complaints under the categories (a) and (b) above to the IO. The IO shall look for inherent deficiency in service in such cases and take a view whether any of these complaints can be exempted under (a) and / or (b) above as decided by the Company.

Complaints that are outside the purview of the IO shall be immediately referred back to the Company by the IO.

Scenarios regarding old portfolios and assigned/securitized portfolios

As of March 2023, CFIL has sold (and executed via a Business Transfer Agreement) its Consumer Loan Portfolio (Asset Backed Finance, Personal Loans, Mortgages) to Axis Bank. CFIL will continue to service its legacy consumer closed loan portfolio (referred to as CCFIL).

Complaint handling for the sold consumer portfolio will not be under the purview of the CFIL Complaint Handling process and Internal Ombudsman Grievance handling process. The legacy CCFIL portfolio will continue to remain under the purview of CFIL.

The guidelines below are **not** applicable from March 1, 2023 onwards :

In respect of loan portfolio securitized/ assigned to CFIL or by CFIL to other company/ investor, the IO's review will be taken up as under:

- I. For ABF (Asset Backed Finance) portfolio assigned by CFIL to Citibank N.A, India, wherein the service obligation and complaint handling is resides with CFIL, however, complaints review including RBI complaints are finally dealt with by Citibank. The review of rejected/ partially rejected complaints is done by Citibank IO. Such complaints will not be reviewed by CFIL IO.
- II. For PL (Personal loan) portfolio assigned by Citibank to CFIL, the complaints including RBI complaints, as per service agreement, are handled by Citibank and rejected/ partially rejected complaints are reviewed by Citibank IO. However, considering the Portfolio is now owned by CFIL, the CFIL IO will also review the rejected / partially rejected complaints.
- III. For loan portfolio assigned by CFIL to Piramal Capital Housing Finance Ltd. (PCHF), CFIL is the designated service agent. Basis confirmation from Piramal Capital Housing Finance Ltd. (PCHF), the RBI circular on Internal Ombudsman is not applicable for Piramal as the same is a housing finance company. Accordingly, for Complaints relating to the Piramal portfolio, the final decision will be of DHFL only and CFIL IO review is not warranted.

3. Procedure of Complaint handling:

- I. IO process will be limited as an internal grievance mechanism.
- II. For complaints received for the sold portfolio, the complaint handling process will not be under CFIL's purview and be forwarded to the relevant team at the new portfolio owner institution. The complaint would need to be transferred to the new team within one working day of receipt from the customer.
- III. For complaints received for the legacy CCFIL portfolio through the service channels (Helpline, Email, Letter, Grievance Redressal officer (GRO), Principal Nodal Officer (PNO), Managing Director (MD) Surrogate ID, Executive Redressal Unit (ERU) etc.), the complaints would be handled by the team at the new institution for a period of six months. The CFIL team would need to ensure that the team at the other institution receives the complaint within one working day of receipt from the customer.
- IV. For complaints received for the existing CFIL portfolio, which would now comprise of corporate/wholesale loans and advances , the complaints will be transferred to PNO first and post review by PNO to IO Queue

- via email along with requisite case details, customer correspondence, investigation emails, call clips, loan documents, policy document, system screen shots etc.
- V. PNO will initially review these cases and advise the channels either accepting customer's position or accepting the service channel's decision to reject the customer complaint.
 - a) For instances where customer's position is accepted, the case will be taken for closure with the customer, initiating actions as may be necessary (in such scenarios, the response to customer does not require the line "The IO has also examined the complaint")
 - b) Cases considered for rejection (full/partial) by PNO will be referred to IO for further review. PNO post review will send such cases via email to IO for his review. All supporting documents (customer correspondence, investigation emails, call clips, application forms, system screen shots, process – policy notes etc.) along with PNO's decision shall be attached by the PNO office in the email and the case will be forwarded to IO for review.
 - c) IO will review the complaint so received with supporting information/documentation and provide final decision to accept/reject the complaint. The IO office shall communicate this decision to the PNO and PNO will communicate the decision of the IO to originating channel and final communication will be sent to the customer by the channel / Centralized service unit. The final response as communicated to the customer by the channel shall be recorded by the channel/ Centralized service team for reporting and records.
 - d) Instances where IO upholds the decision of the NBFC to reject/partly reject the complaint, the reply to the customer should explicitly state the fact that the complaint has been examined by the IO and, for the reasons stated in the reply, the decision of the NBFC has been upheld.
 - VI. In case the IO overrules the decision of the NBFC to reject/partly reject the complaint, the NBFC can disagree with the decision of the IO with the approval of the Managing Director/Chief Executive Officer. Such cases would be referred by the PNO to the MD/ CEO for necessary approval. In case it is decided to disagree with the IO's decision, the reply to the complainant shall explicitly state the fact that the complaint was examined by the IO and the decision of the NBFC was overruled by the IO in favor of the complainant; however, the NBFC, with the approval of the Managing Director/Chief Executive Officer, has disagreed with the decision of the IO. Such decision must be communicated to the complainant within 7 days of the IO's decision. All such cases shall be subsequently reviewed on a quarterly basis by the Board of the NBFC.
 - VII. Service channels to ensure that the final communication sent to the customer, after review by the IO, mentions that "The internal ombudsman has also examined the complaint". In case this is a reject, complainants should be advised that they can approach the RBI Ombudsman for redress along with complete details. The advice should include the physical address of the Centralised Receipt and Processing Centre (viz. Centralised Receipt and Processing Centre (CRPC), Reserve Bank of India, Central Vista, Sector 17, Chandigarh- 160017) as well as the link to Reserve Bank's portal (cms.rbi.org.in) for online filing of customer complaints.
 - VIII. In case of repeat escalations, which have been reviewed by the IO, channels shall not be resending the case for IO review, unless there are any fresh facts / additional documents which are provided by the complainant. In case any new facts emerge on fresh referral of the case, the PNO will again review the case and then refer the case to IO.
 - IX. In cases of conciliation, where the decision of the IO is accepted by the complainant, a statement showing the terms of agreement duly signed by the complainant, shall be kept on record.

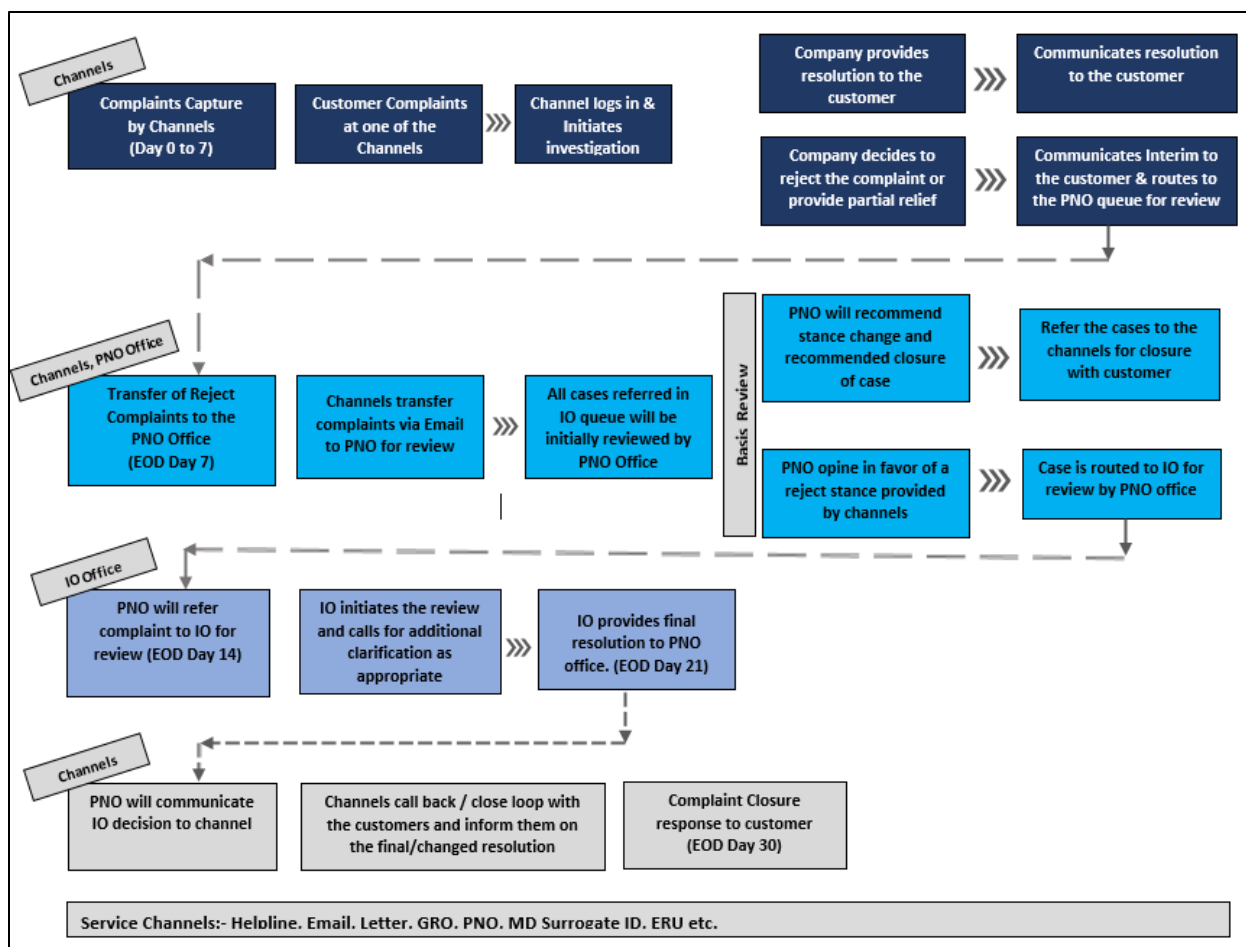
IO shall have rights to:

- Access the company records relating to the complaints received
- Seek detailed comments from the company with regard to the complaints
- Hold meetings with functionaries /departments concerned
- Seek additional information and documents from the complainant through the NBFC.

4. Reporting and Governance:

- I. The IO office is responsible for reverting within 7 working days, subject to complete facts and supporting evidence shared for the case.
- II. A report on the complaints received by IO office will be furnished to the Board along with the root cause analysis and highlights of stance changed cases.
- III. Responsibility on adherence to IO process lies with each of the service channels. The Strategy and Governance Head will check adherence to the IO grievance handling process as part of the quarterly Manager Control Assessment (MCA) tests performed under the CFIL Governance Team.
- IV. Contact details of the IO need not be provided in public domain, as IO shall not entertain First Resort Complaints.
- V. The company shall use the analysis of complaints handled by the IO in their training program to raise awareness among the frontline staff, if need be. The IO may also be associated with such trainings, where necessary.
- VI. The comments and decision of the IO shall mandatorily be included in the information submitted by the NBFC to the office of the RBI Ombudsman while replying to/furnishing documents to the office of the RBI Ombudsman.
- VII. In cases where the complainant has approached the RBI Ombudsman before the IO has examined the complaint, the NBFC shall obtain the views of the IO and include the IO's views in the submission to the RBIO.

5. IO Complaint Handling Workflow:



6. RBI guidelines

Annexure 1: Procedural instructions from RBI circular dated for NBFC December 29,2023



Master Direction -
Reserve Bank of India

7. Turnaround calculation (TAT) for IO

- I. Cases referred before 6.30 pm between Monday- Friday, excluding holidays and weekends will be accounted in same day's inflow against the channel's inventory of cases referred.
- II. TAT for cases referred to IO would be calculated as below:
Time taken from referral date to closure date, i.e., date of referral to date of decision provided by IO.
- III. Average TAT for process is calculated as: "Sum of TAT for closed cases / Total count of cases closed".

- IV. The overall TAT of 7 working days for IO review can be maintained provided channel has provided all the required facts (Client complaint trail, relevant follow up trail, process note, policy details, call clips, application forms, screen shots, clients demand, decision taken by channel etc.) of the case upfront at the time of referring the case.

8. MIS/Reporting

A weekly MIS on the process will be published by the PNO office consisting of the below information:

- i. Cases referred classified by segment/portfolio (CCFIL, ABF/PL)
- ii. Classification of complaints with details (date, product, location)
- iii. Count of Stance Changed Cases – in which recommendation is given in favor of client (fully/partially) will reflect under the Stance Change Column

- iv. TAT of closure to be reported for all cases

9. Tagging of cases referred (IOs Internal Tracker)

Source Date:

Source Date would be the date on which the case is referred before 6.30 pm between Monday- Friday, excluding holidays and weekends. Cases referred during such period and time will be accounted in same day's inflow against the inventory of cases referred or else will be tagged with next working day's date.

10. IO Monthly Report

A monthly report (both Quantitative and Qualitative) will be prepared and shared by PNO office/ Centralized service team with the IO by 15th of subsequent month.

11. IO Reporting to CFIL Board

- a) The IO shall furnish periodic reports to the Board of the NBFC as may be specified by it, preferably at quarterly intervals, but not less than bi-annually.
- b) A report on the complaints received by IO office will be presented before the Board along with the root cause analysis and highlights of stance changed cases.

12. PNO Reporting to CFIL Board

All such cases where the NBFC disagrees with the decision of the IO with the approval of the MD / CEO as referred to in para 3 (V), shall be subsequently presented by the PNO for review to the Board of the NBFC on a quarterly basis.

13. PNO Reporting to RBI

The PNO's office shall put in place a system of periodic reporting to the CEPD, RBI on the prescribed format as below:

- a) **On a quarterly basis within 10 days from the end of the quarter:** Table I: The total number of complaints received, the number of partly or wholly rejected complaints, the number of complaints escalated to the IO. Table II: Information pertaining to Alternate Grievance Redressal (ADR). Table III: Subjective assessment.
- b) **On an annual basis by April 10:** Table I: Number of complaints referred to IO, number of cases where decision of Company was not upheld by IO, number of cases where the decision of IO has been rejected (with the approval of Competent Authority), number of IO decisions implemented/ not implemented. Table II: Number of eligible complaints not referred to IO, number of complaints not responded within one month.

Reporting Formats



RBI - IO Reporting
Annexure Template.

14. Grievance Redressal Mechanism and Outsourcing

The grievance redressal mechanism shall not be compromised in any manner on account of outsourcing. CFIL continues to own responsibility for redressal of customers' grievances. Outsourcing arrangements shall not affect the rights of a customer.

RBI/2023-24/102 DoS.CO.CSITEG/SEC.1/31.01.015/2023-24 - **Master Direction on Outsourcing of Information Technology Services**



RBI Master
Direction on Outsou