



RBI MODIFIED THE RESERVE BANK OF INDIA (INTERNAL OMBUDSMAN) DIRECTIONS, 2026

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The Reserve Bank of India (RBI), vide notification dated January 14, 2026, has issued the final Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2026 after considering the feedback received on the Draft Master Direction issued on October 07, 2025.

Applicable Entities: These directions shall be applicable to NBFCs (excluding Housing Finance Company, Core Investment Company, Infrastructure Debt Fund-Non-Banking Financial Company, Non-Banking Financial Company - Infrastructure Finance Company, Non-Operative Financial Holding Company, Primary dealers, Mortgage Guarantee Company) if the NBFCs fulfil the following criteria as on the 31st Day of March, 2025:

- a. Deposit-taking NBFCs (NBFCs-D) with 10 or more branches
- b. Non-Deposit taking NBFCs (NBFCs-ND) with asset size of Rs.5,000 crore and above and having a public customer interface;
- c. Any of the above NBFCs meeting the criteria after March 31, 2025 within 6 months from meeting the eligibility criteria.

However, these directions shall not be applicable on NBFCs undergoing CIRP, or under liquidation or winding up or under the directions of the RBI.

- **Brief on Amendment:**

- Appointment of Internal Ombudsman:

- a. Qualifications of IO
 - i. The IO shall be a retired officer, in the rank equivalent to a General Manager in the regulated entity with a minimum of 7 years of experience in areas such as banking, NBFC, Regulation, Supervision, etc.
 - ii. The IO shall not have been previously employed or presently employed by the NBFC or a holding, associate or subsidiary company of the NBFC.
 - iii. Also, the age of the IO shall not be more than 70 years before the completion of the tenure

Note: A person may work as IO in more than one Regulated Entity subject to the approval of Board or Customer Service Committee



- Appointment of Deputy Internal Ombudsman:
 - a. Qualifications of Deputy IO
 - i. The Dy. IO shall either be a retired or serving officer, in the rank equivalent to a Deputy General Manager in the RE under the purview of the Internal Ombudsman framework or a Financial Sector Regulatory Body, having necessary skills and experience of minimum five years of working in areas such as banking, non-banking finance, regulation, supervision, payment and settlement systems, credit information or consumer protection
 - ii. The Dy. IO shall previously not have been employed, nor presently be employed, by the Applicable Entities or a holding, associate or subsidiary company of the Applicable.
 - iii. The Dy. IO shall not be over 70 years of age before the completion of the tenure
 - iv. The Dy. IO shall not be employed in more than one RE simultaneously

- Obligations of Applicable Entities:
 - i. Every Applicable Entities is required to appoint at least one IO, however the board of NBFC shall, once every year, determine the number of IO/DyIO needed in the NBFC considering the complexity of the complaints and taking inputs from the customer service committee.
 - ii. The tenure of the IO shall be contractual and any vacancy shall be filled by the board within 10 days from the date of such vacancy, in case of absence of IO the Dy IO shall function as the IO. The tenure of the IO shall not be less than 3 years and be appointed for not more than 5 years. The IO shall remain independent during the time of his tenure in the NBFC
 - iii. The internal audit department should conduct the assessment of implementation of these directions on an annual basis covering the details such as the procedure for appointment implementation of auto-escalation of the partially resolved or wholly rejected complaints to the office of the IO within the timelines and any other procedure as maybe prescribed in the master directions. However, the internal audit shall not include any assessment to check the correctness of the actions of IO/ Deputy IO

- Roles and Responsibilities of Internal Ombudsman: -
 - i. The Office of the Internal Ombudsman (IO) shall examine only those complaints that have already been reviewed by the NBFC and are either partially resolved or rejected; it shall not handle complaints received directly from the public.
 - ii. The IO and Deputy Internal Ombudsman (Dy. IO) shall not represent the NBFC in any legal proceedings before courts, tribunals, or other authorities.
 - iii. The IO may decide all complaints, while the Dy. IO's authority to decide complaints shall be as defined under a policy approved by the Customer Service Committee of the Board.



iv. The IO shall attend all the meetings of the board as invitee and shall furnish reports on his/her activities to the board not less than each half year

➤ Complaint redressal procedure for IO:-

- i. NBFCs must implement a fully automated Complaint Management System (CMS) that escalates all partially resolved or wholly rejected complaints to the IO/Dy. IO.
- ii. For complaints governed by RBI, NPCI, or card network timelines, escalation must allow at least 10 days for review; others within 20 days from the date of receipt of the complaints.
- iii. Complaints are classified into Fully Resolved, Partially Resolved, or Wholly Rejected, excluding those outside IO's purview (e.g., corporate fraud not affecting customers, internal HR/pay matters, judicially pending cases).
- iv. The IO/Dy. IO examines complaints using NBFC records, clarifications, and complainant submissions, may seek additional documents or oral statements, and records a reasoned decision. The NBFC must communicate final decisions within 30 days, informing customers of their right to escalate to the RBI Ombudsman, including necessary contact details. Complaint analysis by IO/Dy. IO is used for staff training, pattern identification, and policy improvements, ensuring fairness, consistency, and transparency in grievance redressal.
- v. When a complaint is escalated to the RBI Ombudsman, the decision of the IO / Dy. IO shall be mandatorily included in the information to be submitted by the NBFC to the RBI Ombudsman if the complaint was already reviewed by the IO / Dy. IO. In case, the complaint was not earlier reviewed by the IO / Dy. IO, the NBFC shall necessarily seek his/her comments and submit the same to the RBI Ombudsman.
- vi. While assessing the performance of the IO / Dy. IO, in addition to the level of pendency and work done by the IO / Dy. IO towards developing uniformity across the NBFC in the redress of complaints, the Board shall also analyse the number of cases where there is substantive difference between the decisions of the IO / Dy. IO vis-à-vis those given by the RBI Ombudsman subsequently.

➤ Exclusions from the scope of Internal Ombudsman:

- i. Complaints related to corporate frauds, misappropriation etc., on the part of the NBFC that do not impact the customer in any manner;
- ii. References in the nature of suggestions and commercial decisions of NBFC. However, service deficiencies in cases falling under 'commercial decisions' will be valid complaints for the office of the IO
- iii. Complaints / references relating to (i) internal administration, (ii) human resources, or (iii) pay and emoluments of staff in the NBFC



- iv. Complaints which have been decided by or are already pending in judicial / quasi-judicial fora such as Courts, Consumer Disputes Redressal Commission, Arbitration, etc
- v. Disputes for which remedy has been provided under Section 18 of the Credit Information Companies (Regulation) Act, 2005

➤ Additional Aspects

- a. The RBI will supervise NBFCs' customer service and grievance redressal, and may review cases where IO/Dy. IO decisions are not accepted and escalated to the RBI Ombudsman to assess and improve the NBFC's internal grievance mechanism.
- b. NBFC shall have to furnish the details as maybe prescribed in the master directions to the Reserve Bank of India, Consumer education and protection department and Central office within 5 working days from the date of appointment of IO/ Dy. IO.