

LOKPAL OF INDIA
Plot No.6, Institutional Area, Phase-II
Vasant Kunj, New Delhi - 110070

Complaint No. : 17/2024

Date : 10th May, 2024

Coram : **Shri Justice A.M. Khanwilkar**
Chairperson

Shri Justice L. Narayana Swamy
Judicial Member

Shri Justice Sanjay Yadav
Judicial Member

Shri Sushil Chandra
Member

Shri Justice Ritu Raj Awasthi
Judicial Member

Shri Pankaj Kumar
Member

Shri Ajay Tirkey
Member

ORDER

The Registry has placed the Status Report of the Department of Financial Services, Ministry of Finance, Government of India dated 6th May, 2024 before the Bench.



2. The complainant had filed a complaint alleging that despite lacking capacity and despite there being no necessity, the Bank forced him to buy an insurance policy and whilst doing so the Bank gave him incomplete and incorrect information. On the basis of the complaint the Status Report was called from the Department of Financial Services, Ministry of Finance, Government of India, vide Order dated 20th March, 2024 of the Full Bench of Lokpal.

3. We have perused the Status Report. It has been clarified that the Bank had followed all the guidelines while financing MUDRA Loan to the complainant. The findings of the report are reproduced as under:-

- “1. Shri xxxxxxxx was an existing customer of Bank of India, xxxxxxxx branch since 19th December, 2014.
2. His maternal uncle Shri xxxxxxxx was posted in that very Branch as Special Assistant (Supervisory staff) and he superannuated on 31st January, 2022.
3. Shri xxxxxxxx had deposited cash of Rs. 53000/- in his Savings account on 7th January, 2022. Thereafter he gave a mandate, duly signed on the withdrawal slip, towards purchase of a Star Union Dia-ichi Life Insurance Policy on the same day.
4. Branch has sanctioned a MUDRA loan of Rs. 4.80 lakh to the Proprietor of M/s xxxxxxxx Shri xxxxxxxx on 17th January, 2022. The full amount was disbursed to the vendor as per his quotation.
5. As per the discussion with the complainant it was known that policy documents were received by himself and he was well aware of the policy, the terms and duration. As per his view he has been told to pay policy premium for 5 years only however as per documents it was to be paid for 7 years. However, as per terms and conditions of policy, if holder does not want to avail the policy then he was free to refuse the said policy within 15 days after receiving the policy documents (Free look cancellation period).
6. He has also provided voice call recording wherein pre-verification call was made to Shri xxxxxxxx and he has accepted the terms and conditions without any influence.

(*Note: To maintain confidentiality regarding names of persons interested, we have redacted the relevant portion.)



7. As per the discussion with SUD Life officials in presence of present Branch Manager, they (SUD Life officials) informed that terms and conditions of the policy was explained to Shri xxxxxxxx and he was ready to avail the policy. It was also informed by the SUD Life officials that before issue of policy he got the pre-verification call and Shri xxxxxxxx accepted the terms and conditions.
8. Initially the loan account was running satisfactorily, Shri xxxxxxxx has already repaid Rs 1.90 lakh (approx.) to the Bank. From Mid-September 2023 no repayment came and Branch official started following up for regularization of account. Finally, the account slipped to NPA category on November, 2023.”

4. The Field General Manager, Pune, Bank of India has also taken following action on the basis of complaint.

- “1. We have once again circulated the extant guidelines of our Bank to all 7 Zones and 624 branches that under no circumstances should any staff member engage in mis-selling or forced selling practices. Customers must be provided with accurate information about insurance products, their benefits, and terms and conditions to enable them to make informed decisions. IRDAI guidelines mandate that insurance products be sold based on the needs and requirements of the customers, without resorting to any form of coercion or misrepresentation.
2. Appropriate authority has called explanation from the then Chief Manager of the Branch Shri xxxxxxxx (now retired from bank’s active service). On his version if any adverse comes out will be dealt appropriately.
3. We have requested the Zonal Head of SUD Life if they can refund the only premium paid by (Shri xxxxxxxx). Shri Maheshwari has assured that they can refund the amount as a one of the case that to if the complainant initiate refund request in writing. He has also requested us not to make this as a precedence.”

5. We have considered the Report and the action taken by the Bank. We also find that there is no evidence or allegation of corruption against any public servant by the complainant. Therefore, considering the entire material including the

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Status Report and the action taken by the Bank, nothing more needs to be done by the Lokpal of India. Hence the complaint is being disposed of.


(Court Master)