

Circular No.132/2023/BC/Retail Asset-1
1st December, 2023

Responsible Lending Conduct - Release of Movable/ Immovable Property Documents on Repayment / Settlement of Personal Loans

Reserve Bank of India (RBI) has issued a directive on the release of movable/ immovable property documents upon the full repayment or settlement of personal loans. The guideline addresses responsible lending conduct among financial institutions and aims at streamlining the practices in release of such documents and preventing customer grievances.

These guidelines are applicable to all cases where release of original movable/Immovable property documents falls due on or after December 1, 2023.

Definition of Personal Loan: RBI has defined Personal loans as credit facilities given to individuals and consist of consumer credit, education loan, loans given for creation/enhancement of immovable assets, loans given for investment in financial assets (e.g. shares, debentures, etc.,)

Release of Property Documents: It is mandated to release all original movable/immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment or settlement of the loan account.

Borrower's Choice: Borrowers shall have the flexibility to collect the original movable / immovable property documents either from the base branch or banking outlet of the bank, based on customer's preference.

Transparency in Loan Sanction Letters: Timeline and location for returning the original movable/ immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date.

Legal Heirs' Rights: In the event of demise of sole borrower or joint borrowers, the internal guidelines issued on release of movable/ immovable property documents to legal heirs shall be adhered to.

Compensation for Delay: In case of delay in release of movable/ immovable property documents which is in Bank's custody or failing/ delaying removal of charges with relevant registry by Bank beyond 30 days after full repayment/settlement of loan, a compensation of Rs. 5,000/- for each day of delay beyond 30 days shall be paid to the borrower. Further bank shall communicate the reason for such delay to the customer. If the delay is not from the Bank, compensation will not be paid by the Bank. However, adequate information shall be communicated to the customer to collect the document on availability/ release of documents. This also include cases where release of documents is expected from Court/Attachments/Arbitration etc.

Loss or Damage: In case of loss/damage to the original movable/ immovable property documents at bank end, either in part or in full, the Bank shall assist the borrower in obtaining duplicate/certified copies of property documents and shall bear the associated costs, in addition to paying compensation as indicated above. However, in such cases, an additional time of 30 days will be available to the Bank to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

Additional Legal Rights: The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law. The customer may also approach court/grievance redressal forums which may further increase the compensation/penalty.

Considering the implication on customer service, it is important that the guidelines mentioned herein is adhered scrupulously to avoid circumstances leading to customer grievances/displeasure and consequent payment of compensation/penalties.

SOP for release of title deeds to customers is given as Annexure to this circular.

All are advised to take note of the revised guidelines.



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Encl: Annexure I: Process for retrieval of Retail Loan documents
Annexure II: Process for retrieval of Non-Retail Loan documents

Source: RBI/2023-24/60 DoR.MCS.REC.38/01.01.001/2023-24 dated 13.09.2023

To: All Offices