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W.P.No.42891 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 20.07.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE

AND

THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

W.P.No.42891 of 2025
and WMP Nos.47962 and 47964 of 2025

Ameen R.S
No.38/A, Gandhi Nagar
Kansaipet – 3, Shenbakkam
Vellore.

Petitioner(s)

Vs

1. PNB Housing Finance Ltd
Having Branch Office at No 14
Sudharshan Building, 3rd Floor
Whites Road, Peters Colony, Royapettah
Chennai - 600 014.
2. PNB Housing Finance Limited
Having Head Office at Rajendra Bhawan,
Rajendra Place, New Delhi - 110 008.
3. PNB Housing Finance Limited
Having Zonal/Circle Office at PNB Towers
No.46, 47, 48, 49, Royapettah High Road,
Royapettah, Chennai - 600 014



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4. Reserve Bank of India
No.16, Rajaji Salai, Fort Glacis,
Chennai – 600 001.
5. The Inspector of Police
Forgery Investigation Wing, (Team 27)
Greater Chennai (CCB), Chennai – 600 090.
6. The District Registrar
Chennai South (Admin)
(incharge of Assistant Head of the Registration
Department), Integrated Building for Offices
of the Commercial Taxes and Registration
Nandanam, Chennai - 600 035.

Respondent(s)

PRAYER: Petition filed under Article 226 of the Constitution of India seeking issuance of a writ of mandamus directing Respondents No.1 to 3 to refund the entire sale consideration amounting to Rs.1,49,22,000/- (Rupees One Crore Forty Nine Lakhs Twenty Two Thousand Only) paid by the petitioner in consideration of auction sale under SARFAESI Act, along with interest at the rate of 18 percent per annum from 20.10.2020 (date of Sale certificate) till the date of actual realization and also direct respondents Nos.1 to 3 to pay a sum of Rs.16,00,000/- (Rupees Sixteen Lakhs only) being the registration charge incurred by the petitioner for registering the sale certificate, along with applicable interest.

For Petitioner(s): Ms.Abithabanu

For Respondent(s): Mr.A.Damodaran
for M/s.A.S.Neela Narayani
for R1 to R3

Ms.Keerthi Varshini.T.
for M/s.Aiyar and Dolia
for R4



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ORDER

(Order of the Court was made by the Hon'ble Chief Justice)

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The petitioner has approached this court seeking a direction against respondent Nos.1 to 3 (PNB Housing Finance Limited) to refund the full auction purchase consideration of Rs.1,49,22,000/- and to reimburse Rs.16,00,000/- incurred toward registration charges, along with interest on the said amounts.

2.1. The facts in a nutshell are that in 2019, respondent Nos.1 to 3 invited public bids for the auction of immovable property situated at Plot No.54, Sri Venkateswara Nagar, Kottivakkam Village (measuring 1 Ground and 120 sq. ft.). The petitioner participated in the auction and was declared the highest bidder.

2.2. It is stated that the petitioner paid the full consideration of Rs.1,49,22,000/-. Subsequently, a Sale Certificate dated 20.10.2020 was executed and registered as Document No.731/2021 before the Sub-Registrar, Adayar, on 22.01.2021. The petitioner expended Rs.16,00,000/- toward registration fees and stamp duty.



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2.3. It is asserted that, in November 2022, the petitioner discovered that the subject property actually belonged to one Mrs.Sita. A fraud had been perpetrated wherein an impersonator/agent (Murali) created a forged Power of Attorney (Doc.No.1616/2017) to transfer the property to a borrower (Hariharasudhan Subramaniam), who in turn created a mortgage in favour of the respondent/bank.

2.4. It is stated that, on a complaint lodged by the original owner, the District Registrar/sixth respondent, vide official proceedings in Na.Ka.No.19057/E2/2022, dated 17.03.2023, annulled the underlying transactions. Specifically, the District Registrar declared as null and void (i) the Sale Deed dated 31.07.2017 (Doc. No.2011/2017); (ii) the Memorandum of Deposit of Title Deeds dated 31.07.2017 (Doc. No.2012/2017); and (iii) the petitioner's Sale Certificate dated 22.01.2021 (Doc.No.731/2021).

2.5. In this backdrop, this writ petition is filed for the relief stated supra.



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3. We have heard learned counsel for the parties and perused the documents available on record.

4. A crucial fact that governs this case is that the respondent/bank has not challenged the order passed by the District Registrar cancelling the sale certificate and the underlying mortgage deeds. Having accepted the cancellation, the bank's underlying security interest stands completely extinguished. Therefore, as on date, the respondent/bank is holding money paid by the petitioner (auction purchaser) in respect of a property, which the bank had no lawful right to sell.

5. An auction purchaser cannot be left high and dry when the statutory sale is rendered a nullity due to a fundamental defect in the underlying security interest. The bank cannot retain the purchase price when the subject matter of the sale has ceased to exist in law. Allowing the bank to retain these funds would, in our considered opinion, amount to unjust enrichment.



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6. The petitioner sought interest at the rate of 18% per annum. However, keeping in mind established precedent set by the Supreme Court of India in (i) *Delhi Development Authority v. Corporation Bank and others*¹; and (ii) *Viney Kumar Sharma v. The Improvement Trust and another*², involving auction refunds and failure of statutory sales, this Court deems it equitable to grant interest at the rate of 9% per annum from the date of deposit/issuance of the Sale Certificate until actual realization.

7. The petitioner expended a sum of Rs.16,00,000/- towards registering a Sale Certificate that was ultimately invalidated due to the bank's failure to verify title integrity prior to creating a mortgage and bringing the property to public auction. Equity demands that the petitioner be restored to his original position, which includes a complete refund of these registration charges with interest at the rate of 9% per annum from the date of incurring till the date of payment to the petitioner.

¹ 2025 SCC OnLine SC 2017

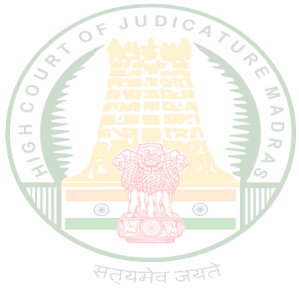
² Order dated 16.1.2026 in SLP (C) No.24811 of 2025



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8. In light of the above findings, the writ petition is partly allowed with the following directions:

- (i) Respondent Nos.1 to 3 are directed to refund the entire sale consideration of Rs.1,49,22,000/- (Rupees One Crore Forty-Nine Lakh Twenty-Two Thousand only) to the petitioner with interest at the rate of 9% per annum calculated from the date of the Sale Certificate (20.10.2020) until the date of actual payment to the petitioner;
- (ii) Respondent Nos. 1 to 3 shall further reimburse the sum of Rs.16,00,000/- (Rupees Sixteen Lakh only) spent by the petitioner towards registration charges with interest at the rate of 9% per annum from the date of incurring till the date of payment to the petitioner.
- (iii) The entire amount, as directed above, shall be paid to the petitioner within a period of six (6) weeks from the date of receipt of a copy of this order.



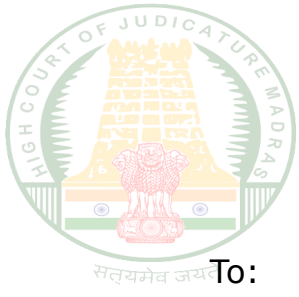
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9. Apropos the criminal complaint lodged by the petitioner, it is for him to pursue the said remedy in accordance with law. We express no opinion.

There shall be no order as to costs. Consequently, connected interim applications stand closed.

(SUSHRUT ARVIND DHARMADHIKARI,CJ) (G.ARUL MURUGAN,J)
20.07.2026

Index : Yes/No
Neutral Citation : Yes/No
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THE HON'BLE CHIEF JUSTICE
AND
G.ARUL MURUGAN,J.

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