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IN THE HIGH COURT OF DELHI AT NEW DELHI

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W.P.(C) 1955/2026, CM APPL. 9463/2026

GLOBAL ENTERPRISES THROUGH ITS PROPRIETOR MR.

VINEET

.....Petitioner

Through: Mr. Gaurav Kumar, Mr. Pawan
Sharma, Mr. Dharmendra Upadhy,
Mr. Aayush Bajpai, Adv.

versus

UNION OF INDIA & ORS.

.....Respondents

Through: Mr. Santosh Kumar Rout standing
counsel for BOB/R-2&3
Mr. Vikrant Nilesh Goyal, Ms
Lavanya Kaushik, Mr. Yash Basoya,
Mr. Rakshit Tyagi, Mr. Kunal Dixit,
Adv.
Mr Farman Ali CGSC, Ms Usha
Jamnal, Adv.

CORAM:

HON'BLE MR. JUSTICE JASMEET SINGH

ORDER

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13.02.2026

1. This is a writ petition filed under Article 226 of the Constitution of India seeking the following prayers:-

“a. Issue an appropriate writ, order or directions directing the Respondent No. 2 to forthwith unfreeze the Petitioner’s bank account; and

b. Issue an appropriate writ, order or directions declaring that the action of Respondent No. 2 in freezing the aforesaid bank accounts of the Petitioner without prior notice, judicial order, or due compliance with the provisions of section 106 of the BNSS, 2023 (formerly section 102 Cr.PC), is arbitrary, illegal and unconstitutional, being violative of Articles 14, 19(1)(g), and 21



of the Constitution of India; and

c. Declare the action of the Respondents as illegal, arbitrary and unconstitutional; and

d. Pass a decree of cost in favor of the Petitioner and against the Respondents for the cost of the present proceedings; and”

2. The case of the petitioner is that petitioner is a business entity engaged in the lawful commercial activity and has an account bearing No. 42560200000560 with the respondent No. 2 Bank.
3. On 11.11.2025, the petitioner discovered its aforesaid bank account has been frozen/ restricted by the respondent Bank, without any prior notice, intimation or written communication. The petitioner inquired about the same and was orally informed by officials of the respondent No. 2 Bank that the account had been frozen on account of alleged “suspicious activity”. On 11.11.2025, itself the respondent No. 2 asked the petitioner to submit documents in respect of alleged suspicious transactions and on 12.11.2025, the petitioner submitted all documents sought including sale and purchase invoices, ledger accounts and other supporting documents. The officials of the respondent No. 2 Bank also conducted a physical inspection of petitioner’s business premises.
4. On 20.11.2025, the petitioner lodged a formal complaint with the respondent Bank on the grievance portal regarding wrongful freezing of its bank account, thereafter, the respondent Bank informed the petitioner *vide* email its complaint stood “resolved”.
5. However, the respondent Bank have neither defrozen petitioner’s bank account nor provided any explanation.
6. Hence, the present petition.



7. Mr. Rout, learned standing counsel for respondent No. 2 and 3, has handed over a Short Affidavit in the Court today, wherein paragraph No. 6 enumerates the reasons for freezing the petitioners bank account. The same reads as under:-

“6. That the Answering Respondent Bank respectfully submits that the Petitioner's account freeze by the Answering Respondent Bank due to following reasons:

- a) That during the period of routine monitoring, the Answering Respondent Bank's surveillance systems identified a series of high frequency, high-value transactions and these movements were prima facie inconsistent with a metal scrap dealership and significantly exceeded the declared annual income profile. Hence, such activity triggered the Answering Respondent Bank's statutory duty to investigate the legitimacy of the source of funds.*
- b) It is respectfully submitted that the Answering Respondent observed that the account of the Petitioner reflected high value transactions aggregating to a sum of Rs. 4.00 Crores. In view of the said transactions the Petitioner was called upon to furnish complete transaction wise particulars together with documentary material establishing the source of the credits. Despite such opportunity the Petitioner did not produce authentic and verifiable records capable of substantiating the transactions and failed to offer any satisfactory explanation in respect thereof. True copy of the Statement of Account is annexed herewith as Annexure R1/2.*
- c) It is submitted that the account in question was opened by the*



Petitioner with the Answering Respondent Bank by stating Global Enterprises as a proprietorship concern. However, in subsequent correspondence addressed to the Answering Respondent Bank the Petitioner described the said entity as a company. The said assertion is contrary to the records maintained at the time of account opening and is factually incorrect and misleading. (Annexure P-4; Pg: 30 of the instant Petition)

d) It is submitted that the account of the Petitioner was opened with a limited threshold limit but not amounting to crores at the time of opening of the said account the Petitioner declared a gross annual income of Rs.10,00,000/-. However the transactions subsequently carried out in the account were of substantial magnitude and bore no reasonable nexus to the income so declared and were wholly disproportionate thereto.

e) It is respectfully submitted that in strict adherence to the Master Directions on Know Your Customer and in furtherance of its statutory obligation towards prevention of money laundering the Answering Respondent Bank undertook an enhanced due diligence exercise. Pursuant thereto on 14.11.2025 an authorised official of the Answering Respondent Bank conducted a site visit at the registered business premises of the Petitioner situated at Old 286 New 279 Mandoli Extension for the purpose of ascertaining the actual existence and operational scale of the stated business activity. The relevant extract of the said Directions are reproduced herewith for your



ready reference.

“(10) The bank shall ensure that respondent banks have KYC/AML policies and procedures in place and apply enhanced 'due diligence' procedures for transactions carried out through the correspondent accounts.”

f) It is submitted that the findings recorded during the physical verification were disturbing and stood in direct contradiction to the representations made by the Petitioner. The premises from which the Petitioner purportedly conducted business operations consisted of a single office space measuring approximately 50 square feet. Such limited infrastructure is manifestly inadequate to sustain the operational and logistical requirements of a metal scrap enterprise or to justify financial transactions aggregating to approximately Rs. 4 Crores routed through the account. It is further submitted that during the course of inspection Mr. Vineet who described himself as the Proprietor stated that the nature of business had been altered from metal scrap trading to provision of manpower services and operation of commercial vehicles including JCB machines. No prior intimation of any such material alteration in business activity had been furnished to the Answering Respondent Bank. The said omission constitutes a serious breach of the obligation to disclose material changes affecting the account profile. True copy of the Enhance Due diligence Report are annexed herewith as Annexure R1/3.

g) It is respectfully submitted that the action of freezing the account of the Petitioner was neither unilateral nor arbitrary but



was a necessary and consequential measure arising from the suspicious circumstances revealed during the course of inspection and due diligence. The said action was undertaken in discharge of statutory and regulatory obligations cast upon the Answering Respondent Bank. In such circumstances there exists no legal mandate requiring issuance of a prior show cause notice before placing restrictions upon the operation of an account. Any requirement of advance intimation in cases involving suspicious transactions would frustrate the very object of the anti money laundering regime and would create an opportunity for diversion or dissipation of suspect funds thereby defeating the purpose of regulatory safeguards. That as on date 11.01.2026 the balance in the Account of Petitioner is Rs. 18,99,485.00. (Effective available balance Rs. 18,99,131.00)

h) It is submitted that from the date of opening of the account until the inspection conducted by the authorised official of the Answering Respondent Bank the Petitioner did not disclose any alteration in the nature of the business activity. The alleged change in line of business was neither communicated nor recorded in accordance with the applicable regulatory requirements. It is further submitted that the Petitioner has failed to furnish any cogent or credible explanation as to how an establishment measuring approximately 50 square feet could legitimately sustain business operations involving transactions of nearly Rs. 4.00 Crores. The absence of any reasonable justification in this regard reinforces the serious irregularities



noticed by the Answering Respondent Bank.

i) It is respectfully submitted that the Answering Respondent Bank has acted in strict conformity with the Master Directions issued by the Reserve Bank of India titled Commercial Banks Know Your Customer Directions 2025 as updated on December 29, 2025 bearing reference RBI/DOR/2025-26/169 DOR.AML.REC.No.88/14.01.002/2025-26. The said Directions mandate that banks shall maintain robust monitoring systems capable of identifying and flagging suspicious transactions in customer accounts and in compliance with the aforesaid regulatory framework the Answering Respondent Bank has deployed automated surveillance software designed to detect unusual or suspicious patterns of transactions. Upon detection of such transactions the system triggers appropriate safeguards including temporary restrictions on the operation of the account pending satisfactory explanation and production of supporting documentary evidence justifying the source and nature of the funds. The action taken in the present case is thus in faithful discharge of binding regulatory obligations. The relevant extract of the applicable clause from the said Master Directions is reproduced hereinbelow for ready reference.

“55. To identify and report suspicious transactions effectively, the bank shall implement robust software that generates alerts when transactions are inconsistent with a customer’s risk categorisation and updated profile.”

True copy of the Master Directions of Reserve Bank of India



(Commercial Banks Know Your Customer) Directions, 2025 (Updated as on December 29, 2025) is annexed herewith as Annexure R1/4.

j) It is submitted that the Petitioner has persistently failed to produce any documentary material including licences permits or registration under the Goods and Services Tax regime in support of the originally declared scrap trading activity or the subsequently asserted line of business. No statutory or regulatory record has been furnished to establish the lawful existence or operational legitimacy of either enterprise. It is further submitted that notwithstanding the grant of adequate opportunity to explain and substantiate transactions aggregating to Rs. 4 Crores the Petitioner has remained in default of placing on record any credible or verifiable explanation regarding the source and nature of the said funds. Such continued non compliance justifies the action undertaken by the Answering Respondent Bank in accordance with law.

k) It is respectfully submitted that having regard to the elevated risk indicators suggestive of potential money laundering and in the absence of any verified business infrastructure commensurate with the scale of transactions the Answering Respondent Bank was constrained to exercise its regulatory authority to restrict debit operations in the account. The said action is preventive in character and is intended to preserve the integrity and stability of the banking system and does not partake the nature of a penal measure. It is further submitted that under



the prevailing anti money laundering framework there exists no obligation to issue prior notice in circumstances where such intimation is likely to impede or prejudice scrutiny of suspicious transactions. Any requirement of advance notice in such cases would undermine the efficacy of statutory safeguards and defeat the object of regulatory supervision.

l) It is submitted that the Answering Respondent Bank is in the process of finalising a Suspicious Transaction Report for submission to the Financial Intelligence. Unit India in accordance with the applicable statutory framework. The preparation and filing of such report is a regulatory obligation arising upon detection of transactions that give rise to reasonable suspicion. It is further submitted that until the Answering Respondent Bank is duly satisfied regarding the lawful source of the funds and the genuineness of the stated business activities the restrictions imposed upon the account are required to continue in force. The continuation of such measures is mandated by law and is necessitated by regulatory compliance and prudential safeguards governing the banking system. The relevant extract of the applicable clause from the said Master Directions is reproduced hereinbelow for ready reference.

“(b) file an STR with FIU, in accordance with the PML Rules, if a transaction is found to be suspicious.”

m) It is respectfully submitted that the Petitioner has till date failed to furnish any satisfactory explanation or clarification in respect of the transactions referred to hereinabove. In the



absence of any substantiation the Petitioner has chosen to invoke the extraordinary jurisdiction of this Hon'ble Court by filing the present writ petition. It is further submitted that the present proceedings have been instituted while consciously withholding material particulars which are essential for proper adjudication of the issues involved. The Answering Respondent Bank most respectfully submits that the Petitioner has deliberately suppressed relevant information from this Hon'ble Court for reasons best known to the Petitioner and in order to avoid disclosure of the true source and nature of transactions involving amounts running into crores reflected in the account.

n) It is respectfully submitted that the Answering Respondent Bank has acted and continues to act strictly in conformity with the provisions of law and in adherence to the regulatory framework prescribed by the Reserve Bank of India together with its internal compliance standards. Every step undertaken in the present matter is in discharge of binding statutory and regulatory obligations. It is further submitted that the Answering Respondent Bank is under a legal duty to exercise due diligence in the operation and monitoring of accounts and cannot ignore irregularities of the nature disclosed in the present case. Any failure to act upon such discrepancies would amount to dereliction of its statutory responsibilities."

8. A perusal of the paragraph reproduced above shows that the reason for freezing the account of the petitioner are as following: (a) there were high frequency, high-value transactions identified by the respondent Bank's



surveillance system, (b) petitioner's account showed high value transactions aggregated to a sum of about Rs. 4 crores, (c) the petitioner declared a gross annual income of Rs. 10 lakhs at the time of opening the bank account but the subsequential transactions were of substantial magnitude and borne no reasonable nexus to the income declared, (d) the office premises from where petitioner conducts business was about Rs. 50 sq. feet and with such infrastructure does not justify transactions about Rs. 4 crores, (e) the action of freezing the petitioner's account has been taken pursuant to the Master Directions issued by Reserve Bank of India ("**RBI**") namely Commercial Banks Know Your Customer Directions 2025, as updated and (f) the respondent bank's action is preventive and not penal in nature.

9. Along with the counter-affidavit, the Statement of Account of the petitioner has also been annexed and the same shows the following transactions:-

Transaction Details



Pag



BANK OF BARODA
MIANWALI NAGAR, DELHI
ADDRESS: KR-19 MIANWALI NAGAR NEW DELHI, NEWDT, DL, 110087
HELPLINE NO. : 18005700/18005000 CYBER CRIME HELPLINE : 1930
BRANCH PHONE NO. : 011
MICR CODE: 110012168 IFSC CODE: BARBOMIANWA

Date: 12-02-2026
Time: 17:20:19

Page No: 1

A/C Name : M/S. GLOBAL ENTERPRISES
Address : OLD 286 NEW 279 G NO 4 KH NO
525 POL 66 JAIL ROAD
City : North East DPin Code : 110093
Tel No. :
Nomination Flag : Y
Joint Holders : GLOBAL ENTERPRISES

Nominee Name : MRS KAMLESH

A/C Number : 42560200000560

Account Open Date : 06-09-2025

Statement of account for the period of 06-09-2025 to 11-02-2026

DATE	PARTICULARS	CHQ. NO.	WITHDRAWALS	DEPOSITS	BALANCE	ENTRY TIME
06-09-25	DIGITA-MUMBAI/				0	
09-10-25	DIGITA-MUMBAI/NEFT-1DIBH28211831			1,08,000.00	1,08,000.00Cr	
10-10-25	KBANK:WEB/1476414427/		1,06,500.00		1,500.00Cr	
10-10-25	RTGS-1DIBRS2025101047992272-D N			2,69,000.00	2,70,500.00Cr	
13-10-25	RTGS-BAHRS2025101300859177-PC T		2,50,000.00		20,500.00Cr	
24-10-25	DIGITA-MUMBAI/NEFT-1DIBH00569437			50,000.00	70,500.00Cr	
26-10-25	RTGS-1DIBRS2025102675969358-THR			21,00,000.00	21,70,500.00Cr	
27-10-25	RTGS-BAHRS2025102700805263-PC T		21,51,000.00		19,500.00Cr	
29-10-25	RTGS-PUNBS2025102918590465-PANC			5,35,000.00	5,54,500.00Cr	
29-10-25	KBANK:WIB/1479053775/		5,50,000.00		4,500.00Cr	
29-10-25	DIGITA-MUMBAI/NEFT-1DIBH30214719			77,000.00	81,500.00Cr	
30-10-25	IMPS/P2A/530310038420/XXXXXXXXXX		75,000.00		6,500.00Cr	
31-10-25	RTGS-1DIBRS2025103148384746-D N			2,70,000.00	2,76,500.00Cr	
05-11-25	RTGS-BAHRS2025110300764948-PG T		2,65,000.00		11,500.00Cr	
06-11-25	RTGS-UTIBR72025110600573062-AAA			11,74,985.00	11,86,485.00Cr	
06-11-25	RTGS-BAHRS2025110600873783-PG T		11,55,000.00		31,485.00Cr	
11-11-25	RTGS-1DIBRS2025111181928877-MAHA			2,20,000.00	2,51,485.00Cr	
11-11-25	RTGS-1DIBRS2025111181928893-MAHA			15,00,000.00	17,51,485.00Cr	
12-11-25	DIGITA-MUMBAI/NEFT-1DIBH31616937			49,000.00	18,00,485.00Cr	
26-11-25	DIGITA-MUMBAI/NEFT-1DIBH33018499			99,000.00	18,99,485.00Cr	
Page Total:			45,52,500.00	64,51,985.00	18,99,485.00Cr	
Grand Total:			45,52,500.00	64,51,985.00	18,99,485.00Cr	

Bank Cheques received in clearing will be considered for debiting/
returning on the debit side of the balance in account
Unless the constitution of the bank of any discrepancy in this statement
within 15 days from the date of statement, it will be construed that the
transaction(s) in the statement are correct.

*****END OF STATEMENT*****

https://ebdrpt101.bankofbaroda.co.in:22000/finbranch/arjspmorph/INFENG/tran_rpt.jsp?... 12-02-2026

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10. A perusal of the same shows that the total withdrawal was of about Rs. 45 lakhs and deposits of about Rs. 64 lakhs. Whereas, the “Enhanced Due Diligence” report by respondent Bank, also annexed in the said short affidavit of the respondent Nos. 2 and 3, shows expected turnover of about Rs. 4 crores.

11. The present case displays a classic example of total non-application of mind and high handedness. A bank is not an enforcement agency and cannot question the legitimate transactions of its customer. The petitioner is GST compliant and in case there is any violation, it is under the ambit of GST authorities/Income Tax authorities and a bank cannot be granted the rights of enforcement/police agencies.

12. Further, the Master Directions issued by RBI only suggest that the Bank is to be aware of suspicious entries/business transactions only with a view to ensure that the overdraft accounts do not become Non-Performing Assets. In the present case, to my mind the transactions of the petitioner are not of such a nature as to raise any suspicious. Even otherwise, it is not that the petitioner has to satisfy the subjective apprehensions/ suspicion of the bank.

13. The bank is a custodian of the account of the petitioner and freezing of an account has serious civil consequences and the running of the entity can come to a standstill. The freezing of an account entails serious consequences creating hardships for commercial entities in smooth functioning and the same might result in commercial debt. The respondent bank cannot take such harsh measures without complying with the principles of natural justice and without any application of mind.

14. Additionally, a Coordinate bench of this Court in ***Malabar Gold and Diamond Limited & Ors. v. Union of India & Ors., W.P.(C) 4198/2025,***



Order dated 16.01.2026, has observed that that actions of blanket freeze in cases where the account holder is neither an accused nor a suspect, is manifestly arbitrary and in clear violation of Article 19(1)(g) and Article 21 of the Constitution of India.

15. Additionally, in the present case, prior to freezing the account, there was no show cause notice and there was no personal hearing and such actions of the respondent Bank are not only in clear violation of the principles of natural justice but also disproportionate and an arbitrary exercise of power thereby striking a blow at the fundamental rights of the petitioner. Therefore, the action deserves to be set aside.

16. The information provided to the customer is not compliance of Principles of Natural Justice.

17. For the said reasons, the petition is allowed and the respondent Bank shall forthwith unfreeze account of the petitioner bearing No. 42560200000560 maintained with respondent Bank Mianwali Branch.

18. The petition is disposed of in aforesaid terms, along with pending applications, if any.

19. The Short Affidavit handed over in the Court today is taken on record.

JASMEET SINGH, J

FEBRUARY 13, 2026/DM