IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH.

CWP No.12541 of 2018
Date of decision: December 11, 2018

ICICI Bank Limited ...Petitioner

Versus

Rajinder Kumar & another ...Respondents

CORAM: **HON'BLE MR. JUSTICE RAJAN GUPTA**

Present: Mr. Sandeep Suri, Advocate for the petitioner.

Rajan Gupta, J.

Petitioner bank has prayed for a writ in the nature of certiorari for quashing of Award dated 07.07.2017, passed by the Permanent Lok Adalat (Public Utility Services), Yamuna Nagar, accepting the application of respondent No.1 and directing petitioner bank to refund the penalty charges imposed upon him on account of pre-payment alongwith the agreed interest.

Order has been challenged by the bank on the ground that it was not liable to pay the penalty charges as imposed by the Lok Adalat, as petitioner bank had legally charged the pre-payment penalties from respondent No.1, which was legally recoverable. Moreover, the Lok Adalat had no jurisdiction to settle the dispute.

I have heard learned counsel for the petitioner and given careful thought to the facts of the case.

It appears, respondent No.1 Rajinder Kumar availed a loan of Rs.1,95,00,000/- from the petitioner bank on 23.4.2013, which was payable in 120 months alongwith interest. Respondent No.1 desired to repay the loan amount and he requested the bank to supply prepayment statement of his loan account. Same was supplied to him on 28.6.2014, in which an amount of Rs.1,93,10,645.63 was shown payable by him as on 30.06.2014. Respondent No.1 deposited the entire amount and his loan account was closed accordingly on 28.06.2014. Later on, respondent No.1 came to know that the bank had wrongly charged Rs.8,25,150.63 P. as pre-payment charges at the rate of 4.4944%, which is against the guidelines issued by the Reserve Bank of India. Aggrieved, respondent No.1 filed application under Section 22-C of the Legal Services Authorities Act, 1987 before Permanent Lok Adalat, Public Utility Services, Yamuna Nagar. The said Forum, vide order dated 07.07.2017, accepted the application, directing petitioner bank to refund the penalty charges imposed upon him on account of pre-payment alongwith the agreed interest. I find no ground to interfere in writ jurisdiction. Admittedly, loan account was settled between the parties on 28.06.2014 and respondent No.1 had discharged his liability by payment of the entire dues, but the bank charged pre-payment charges thereafter on 30.06.2014. Borrower in the instant case was individual and not a firm. Therefore, no pre-payment penalty could be imposed upon him as respondent No.1 was entitled to relief under notification dated 07.05.2014 issued by Reserve Bank of India. The Forum has, thus, rightly directed the petitioner bank to refund the penalty charges imposed upon respondent No.1. The petition is without any merit and is hereby dismissed.

(RAJAN GUPTA)
JUDGE

December 11, 2018
'Rajpal'

Whether speaking / reasoned Yes / No

Whether Reportable: Yes / No