IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 25.10.2021

CORAM

THE HONOURABLE MR.JUSTICE R.MAHADEVAN

W.P.No.22573 of 2021

M. Srinivasan .. Petitioner

Versus

1. Union of India
   Rep. by General Manager
   Reserve Bank of India
   Fort Glacis Kamarajar Salai
   Chennai - 600001.

2. The Banking Ombudsman (NBFC)
   C/o.Reserve Bank of India
   Fort Glacis
   Chennai 600001.

3. The Principal Nodal Officer
   HDB Financial Services Limited
   III Floor, Murugesa Naicker Office Complex
   New No. 128/4F, Old No.53A
   Greams Road, Chennai – 600 006.

4. The Manager
   HDB Financial Services Limited
   Plot No.5, S.No. 97/26, Door No.162
   Second Floor, GNT Road
   Naravarikuppam, Redhills
   Chennai – 600 052. ..Respondents

Prayer:

Petition filed under Article 226 of The Constitution of India praying to issue a Writ of Mandamus directing the Second Respondent to take action against the Fourth Respondent to follow the due process of law, regarding collection of loan amount, as guided by Reserve Bank of India forthwith on the basis of his complaint dated 17.09.2021.

For Petitioner : Mr. M. Govindarajan

ORDER

The petitioner has filed this writ petition seeking to issue a Writ of Mandamus directing the second respondent to take action against the fourth respondent to follow the due process of law, regarding collection of loan amount, as guided by Reserve Bank of India forthwith based on his complaint dated 17.09.2021.

2. The petitioner availed loan facility from the fourth respondent bank to the tune of Rs.3,74,000/- during May, 2019. According to the petitioner, he has periodically repaid the loan amount regularly to the fourth respondent bank without any default. Subsequently, the fourth respondent officials approached the petitioner and offered to top up the loan. The Petitioner also availed top up to the tune of Rs.4,50,000/- on 28.02.2021 and Rs.2,02,815/- was credited after deduction of earlier loan amount. However, the recovery personnel attached to the fourth respondent bank frequently called upon him and demanded the repayment of the entire balance amount to the tune of Rs.4,62,545/- by slapping exorbitant interest. Further, the recovery personnel demanded such payment to be made within a week. It is stated that the petitioner's request to repay the loan amount in instalments has not been acceeded to. Unable to sustain the frequent threats unleashed by the recovery agents appointed by the fourth respondent to collect the loan amount, the petitioner has given a complaint to respondent Nos. 2 and 3 on 17.09.2021 seeking to take appropriate action against the third and fourth respondents bank for the unfair and unreasonable practice adopted in the matter of recovering the loan amount through threat and coercion. According to the petitioner, the complaint dated 17.09.2021 has not been considered so far and therefore, he has filed this writ petition.

3. The learned counsel for the petitioner submits that the Honourable Supreme Court, time and again, held that private banks should not resort to collect the borrowed amount by adopting third degree methods and such a practice has been deprecated. To substantiate such contention, he placed reliance on the order dated 26.02.2007 passed by the Honourable Supreme Court in Appeal (Crl) No. 267 of 2007 in the case of (Manager, ICICI Bank Limited vs. Prakash Kaur and others) wherein it was held that Banks have to be held vicariously liable for such acts of the agents engaged by them and that the recovery of loan or vehicles has to be done only through legal means and Banks cannot employ goondas to take possession by force. In the present case, according to the counsel for the petitioner, the fourth respondent bank engaged goondas and hooligans to collect the loan amount from the petitioner without following the due process of law and therefore, the complaint dated 17.09.2021 has

been given by the petitioner. However, respondent Nos. 2 and 3 failed to take any action thereof, hence, the learned counsel for the petitioner prayed this Court to issue appropriate direction to the fourth respondent to recover the loan amount by adopting due process of law.

4. Heard the counsel for the petitioner. The grievance of the petitioner is that the fourth respondent bank has resorted to collect the loan amount payable by him without following due process of law and his complaint dated 17.09.2021 has not been acted upon by second and third respondents.

5. At the outset, the correctness or otherwise of the grievance expressed by the petitioner that the fourth respondent bank has engaged musclemen or goons to collect the loan amount cannot be examined by this Court in this writ petition. In fact, the petitioner himself has given a complaint dated 17.09.2021 to the second respondent. The second respondent has been exclusively constituted under The Banking Ombudsman Scheme, 2006 with the object of resolving complaints relating to certain services rendered by banks and to facilitate the satisfaction or settlement of such complaints. As per Chapter III, Clause 7 (2) of The Banking Ombudsman Scheme 2006, the second respondent herein shall receive and consider complaints relating to the deficiencies in banking or other services. Clause 10 empowers the second respondent to call for the records from the bank against whom the complaint is made. When such power is conferred on the second respondent and the petitioner also already subject himself to the jurisdiction of the second respondent, this Court is of the view that such complaint preferred by the petitioner before the second respondent on 17.09.2021 shall be directed to be disposed of in accordance with law.

6. In the light of the above facts, this Court hereby direct the second respondent to consider the complaint dated 17.09.2021 of the petitioner and pass orders thereof on merits and in accordance with law, after affording an opportunity of hearing to the petitioner (complainant) as well as the fourth respondent bank, within a period of eight weeks form the date of receipt of a copy of this order.

7. Accordingly, the writ petition is disposed of. No costs.

Sd/-
Assistant Registrar(CS VI)

//True Copy//

Maya//rsh   Sub Assistant Registrar

To

1. The General Manager
   Union of India
   Reserve Bank of India
   Fort Glacis Kamarajar Salai
   Chennai - 600001.

2. The Honourable Ombudsman
   C/o.Reserve Bank of India (Banking Office)
   Fort Glacis Rajaji Salai Chennai 600001.

WP No. 22573 of 2021

AD(CO)
PM/12/11/2021