THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 02.02.2023

CORAM:

THE HONOURABLE MR.JUSTICE R.SUBRAMANIAN

W.P.No.3077 of 2015

Monotech Systems Ltd.,
3rd Floor, City Centre,
No.66, Thirumalai Road,
T.Nagar, Chennai – 600 017
Rep. By its General Manager – Finance and Accounts,
K.Gangaiah ...Petitioner

Vs.

1.Standard Chartered Bank,
SME Banking, 1st Floor Sagar Amar Court,
59, G.N.Chetty Road, T.Nagar,
Chennai, Rep. By its Business Head

2.Standard Chartered Bank,
SME Banking, 2nd Floor, 19, Rajaji Salai,
Chennai – 600 001,
Rep. By Business Head SME

3.The Chief Operative Officer,
Standard Chartered Bank,
Cresenzo, C38/39, G Block,
Crescent Association Club,
Bandra Curla Complex, Bandra East,
Mumbai – 400 051.

4.The Chief General Manager in charge,
Department of Supervision,
Reserve Bank of India, Centre India,
World Tradde Centre, Cuffe Parade,
Mumbai – 400 005.

5.Banking Ombudsman,
Reserve Bank of India Building,
No.16, Rajaji Salai,
Chennai – 600 001. ..Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India seeking issuance of Writ of Certiorarified Mandamus, calling for the records of the 5th respondent in proceedings dated 31.07.2014 in BO (che)/750/C-0110/2014-15 quash the same consequently direct the respondents 1 to 3 to refund a sum of Rs.5,05,620/- and Rs.20,78,660/- illegally and allegedly deducted towards renewal charges, foreclosure charges together with interst @ 24% p.a. from 30.08.2013 and 02.01.2014 respectively until the date of payment to the petitioner in terms of the complaint dated 03.07.2014 filed before the 5th respondent.

For Petitioner : Mr.M.Abdul Razak

For Respondents : Ms.V.Aishwarya for
M/s.R & P Partners for R1 to R3
R4 & R5 – served – No appearance

O R D E R

Challenge in the Writ Petition is to the order of the Banking Ombudsmen, rejecting the challenge made by the petitioner to the deduction of pre-payment and renewal charges by the Bank. The petitioner had filed certain facilities from the bank, which included overdraft facility, import letter of credit, buyer's credit payment undertaking, working capital demand loan facility, Bank guarantee facility. All put together, the petitioner was granted facilities to the tune of Rs.18,00,00,000/-. The facilities were to be alive till 10.08.2013.

2.Admittedly, the petitioner repaid the entire amount due to the Bank on 30.10.2013. Therefore, on the crucial date namely, 30.10.2013 when the facilities had expired, the petitioner owed certain monies to the bank therefore, the Bank had no other option to renew the facilities. After such renewal, the petitioner repaid the entire amounts on 30.10.2013. The Bank deducted pre-payment charges and renewal charges. Aggrieved, the petitioner approached the Banking Ombudsmen under the scheme. The Banking Ombudsmen rejected the claim of the petitioner. Aggrieved, the petitioner is before this Court.

3.It is not for the Writ Court to re-write the contract between the parties. As per the contract entered into between theparties, the petitioner has agreed to pay 2% as pre-payment charges as well as renewal charges.

4.The learned counsel for the petitioner would contend that the contract entered on 13.08.2013 and therefore, the bank should not have renewed it automatically. It is his further contention that if the renewal had not happened then there is no question of pre-payment charges. I have considered the submissions of the learned counsel for the petitioner.

5.The contract provides for payment of pre-payment charges at 2% as well as payment of renewal charges. The Bank, in its reply had stated that the renewal was made, since the bank did not hear from the petitioner on 13.08.2013. Considering the relationship as well as the fact that there were amounts still due to be paid by the petitioner to the Bank therefore, the bank cannot be blamed for allowing the facility for further period. After the renewal, the petitioner chose to pay the entire amount due. The same would attract pre-payment charges.

6.The learned counsel appearing for the petitioner would contend that since the renewal itself is improper, demand of pre-payment charges will not arose. I am unable to countenance the said submission of the learned counsel. Borrowing is a matter of contract between the Bank and the petitioner. Parties are bound by the contract. If the contract provides for certain charges in certain contigencies, the same will have to be paid. The Writ Court cannot examine the correctness of the contract between the parties.

7.No doubt, at the first blush for a sum of Rs.25,00,000/- towards pre-payment charges and renewal charges is too heavy but, if it is to be compared to the actual amount of facilities that has been granted to the petitioner by the Bank, the same would be justified. I therefore, see no reason to interfere with the conclusion of the Banking Ombudsmen when it held the claim of the Bank. This Writ Petition fails and it is accordingly, dismissed. No costs.

02.02.2023

kkn

Internet:Yes/No
Index:Yes/No
Speaking/Non-speaking order

To:-

1.The Chief General Manager in charge,
Department of Supervision,
Reserve Bank of India, Centre India,
World Tradde Centre, Cuffe Parade,
Mumbai – 400 005.

2.Banking Ombudsman,
Reserve Bank of India Building,
No.16, Rajaji Salai,
Chennai – 600 001.

R.SUBRAMANIAN, J.

KKN

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