



**IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH**

216

**CWP-10079-2019 (O&M)
Date of decision: 22.01.2025**

State Bank of India

...Petitioner

Versus

Permanent Lok Adalat, Rupnagar and others

...Respondents

CORAM: HON'BLE MR. JUSTICE KULDEEP TIWARI

Present: Mr. Gaurav Goel, Advocate
for the petitioner.

Mr. Rohan Mittal, Advocate (through V.C.)
for respondent No.2.

Ms. Manvi Verma, Advocate for
Mr. Rajneesh Malhotra, Advocate
for respondent No.3.

KULDEEP TIWARI, J. (ORAL)

1. In the instant petition Permanent Lok Adalat, Rupnagar vide award dated 20.02.2019 directed the petitioner-bank to pay Rs. 40,000/- to respondent No.2, which includes the amount of premium debited to the account of the respondent plus interest, and also imposed a cost of Rs. 5000/- on account of harassment, in addition to that, Permanent Lok Adalat, Rupnagar also directed the petitioner-bank to pay Rs. 5000/- to respondent No.2 as litigation expenses. Permanent Lok Adalat also directed to pay 12% per annum interest upon the three abovesaid components from the date of institution of the application till the realization of the amount.

2025.PHHC:009680



2. Having aggrieved with the award, the instant petitioner has been casted by the petitioner under Article 226 of the Constitution of India with a prayer for seeking quashing of the award (supra).

3. Learned counsel for the petitioner in his opening arguments has submitted that respondent No.2, ensured the immunity granted on account of life insurance, as purchased by respondent No.2, and the term of the life insurance was seven years, and just 10 days before expiry of tenure, he approached the petitioner informing that he has never consented for debiting the amount for the purpose of buying a life insurance. Learned counsel for the petitioner has further submitted that the petitioner has signed the loan documents where there is a clear reflection with regard to the granting loan to respondent No.2 for Rs. 3,24,556/-, upon which respondent No.2 has given consent, and this amount was duly transferred by the petitioner in the account of respondent No.3, who is the life Insurance Company. Therefore, now the respondent No.2, who enjoyed the cover for about seven years cannot retract and claim the return of amounts. The Bank did not consider his applications, which propelled respondent No.2 to file a complaint before the Permanent Lok Adalat under Section 22-C of the Legal Services Authorities Act, 1987. In his applications, respondent No.2 sought a direction for a payment of Rs. 50,000/- i.e. an amount of Rs. 24,556/- debited to the account of respondent No.2, and interest recovered for that amount.

4. Learned counsel for respondent No.3, has submitted that the respondent No.2, also approached just ten days before the expiry of the tenure for rescinding the contract and the same was rescinded and the



remaining amount of ten days was returned to respondent No.2.

5. On the other hand, learned counsel for respondent No.2 in an endeavour to protect the impugned award has submitted that he never consented for deduction of amount from his loan account for the purpose of his life insurance. Further he submitted that even in the loan account statement, the deduction was made about after two months i.e. in January, 2011, whereas, the loan was sanctioned way back in November, 2010. He further submitted that SBI Life Insurance is one of the limbs of the petitioner-Bank and, therefore, in order to benefit the SBI life insurance, this deduction has been made from his loan account without his consent. He further submitted that the loan documents / agreement nowhere specifies that the Rs. 24,556/- is the amount for the purpose of the Life Insurance Policy.

6. This Court has considered the rival submissions made by learned counsel for the parties concerned and has perused the entire record.

7. This Court do not find any perversity or illegality in the impugned order requiring any interference for the hearing hereinafter extracted reasons.

8. It is not in dispute that the loan was sanctioned on 26.11.2010. In the loan agreement, it is nowhere specified by the petitioner that the amount of Rs.24556/- is for the purpose of his life insurance cover. Further the amount was deducted from the loan account of the petitioner after two months of the agreement which further creates a suspicion on the act of the petitioner. It also transpires from the perusal of the records that the insurance policy was never communicated to respondent No.2, rather the



stand of the petitioner-bank, the insurance cover has already been supplied by respondent No.3, whereas, the respondent No. 3 in the reply has taken a specific plea that the insurance policy was in fact supplied to the bank intself.

9. There are specific findings of the learned Permanent Lok Adalat dealing with the issues as raised before this Court. The relevant is extracted hereinafter:

“12. The applicant has filed an affidavit to the effect that he had not agreed to borrow any money for the life insurance. The respondent no. 1 has agreed that the insurance policy was retained by the respondent no. 1. There is nothing on file to indicate that the insurance policy was ever shown to the applicant. There are letters written by the applicant to the respondent no. 1 to say that he had no knowledge that there was any life insurance policy in his name. It is common knowledge that a borrower signs at the dotted places the unfilled documents as desired by its banker. Hence, when all these things are seen together, it becomes probable that the applicant never agreed to borrow any money from the respondent no. 1 to pay any premium of insurance of his life. Further more, had the respondent no. 1 sent the insurance policy to the applicant, he would have known about the same and would have had the choice to surrender the same and recover the unused premium. Since the life insurance policy was not shown by the respondent no. 1 to the applicant, therefore, it is probable that the applicant never agreed to have his life insured. His application should be allowed partially on that account alone.

13. The ld. Counsel for the respondent no. 1 has led us through documents Ex.R9 to Ex.R13 to indicate that the

2025.PHHC.009680



applicant had applied for the loan for SBI Life also. We have already stated that while borrowing any loan a borrower signs at the dotted places blindly with a belief that he is being asked to sign only for the loan demanded by the borrower. Hence, these documents do not clinch the matter in favor of the respondent no. 1. Further more, if the respondent no. 1 had nothing to hide, the respondent no. 1 should have sent the policy to the applicant and should not have concealed the same from the applicant.”

10. This Court has considered the above observations, the observations are within the parameters of equity, fairness and the observations have been made after complying with the procedure of natural justice, therefore, this Court finds no reason to superpose different opinion already framed by the Permanent Lok Adalat, specifically when the same is not suffering from any perversity or illegality.

11. The instant petition is **dismissed**.

22.01.2025*Satyawan***(KULDEEP TIWARI)
JUDGE*****Whether speaking/reasoned: Yes/No******Whether Reportable: Yes/No***