$~113

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ W.P.(C) 2090/2026

SHRESHTH BHATNAGAR & ANR. .....Petitioners

Through: Ms. Abiha Zaidi, Mr. Saurabh Sharma, Ms Suriti Chowdhary, Mr. Pritam Raman Giriya, Mr. Ashish Bainsla, Mr. Bhumitra Dubey, Ms. Arushi, Ms. Tanya Sharma, Advs.

versus

UNION OF INDIA & ORS. .....Respondents

Through: Mr Farman Ali CGSC & Ms Usha Jamnal, Advs.
Mr. Santosh Kumar Rout, SC for Union Bank of India.

CORAM:
HON'BLE MR. JUSTICE JASMEET SINGH

<u>O R D E R</u>

% **16.03.2026**

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

> *"a. Issue a writ of mandamus or any other appropriate writ directing Respondent No. 2 to defreeze the joint bank account of the Petitioners, and restore access to funds; 21*
> *b. Declare that the freezing was arbitrary, ultra vires, and unconstitutional, being violative of Articles 14, 21, and 300A of the Constitution of India;*
> *c. Direct Respondents to pay compensation of not less than Rs. 10,00,000/- for the illegal freeze, harassment,*

and economic loss;

d. Direct Respondents to pay interest at 18% p.a. on the blocked amount of Rs. 94,230/- from 19.08.2023 till restoration;

e. Issue a writ of certiorari or any other appropriate writ, order or direction in the nature of certiorari directing Respondent no. 1 to set aside the direction given to Respondent no. 2 for freezing the joint bank account of the petitioners in the view of a complaint lodged with Respondent no.3

f. Pass order or direction to the Investigating Agency to comply with Section 102(3) CrPC, 1973 by permitting the Petitioners to execute a bond, undertaking to produce the disputed amount of Rs. 49,900/- (Transaction ID: S45310159, dated 30.04.2025) before this Hon'ble Court as and when required; and..."

2. The brief facts of the case are that a cyber complaint was filed by one Kaushiki Singh, alleging fraud by unidentified individuals.

3. Based on the said complaint, a blanket freeze was imposed on the account number No. 448302010461231 of the petitioners maintained with Union Bank of India, Paschim Vihar Branch, New Delhi.

4. The petitioners, who have a join account, were neither named nor implicated in the complaint nor there is any material which connects them with the acts of the alleged fraudulent chain of transactions.

5. Ms. Zaidi, learned counsel for the petitioners states that the petitioners have neither been given any personal hearing nor any show cause notice has been supplied. Despite the same the account has been freezed.

6. Hence the present petition.

7. Mr. Rout, learned counsel for the respondent No.2, has handed over a chart showing that the account of the petitioners has been frozen in pursuance of four complaints, two from Uttar Pradesh and two from Gujarat. The said details are reproduced as under:

No.	Acknowledgement No.	Sub Category of Complaint	Transaction Date	Date of reporting/escalation	Time of reporting/escalation	State	District	Police Station	Account Number	Transaction Id / UTR Number	Layers	Email of Nodal Officer	Transaction Amount	Disputed Amount	Remarks
1	23104250065075	Demat/Depository Fraud	30-04-2025	01-05-2025	14:08:33	UTTAR PRADESH	KANNAUJ	KOTWALI KANNAUJ	448302010461231	512017016570	3	sho-cybercrime.kj@up.gov.in	49900	35138	Debit Freeze Successfully
2	31105250089441	Internet Banking Related Fraud	01-05-2025	06-05-2025	19:13:12	GUJARAT	DEVBHUMI DWARKA	KHAMBHALIA	448302010461231	284167061854	6	#N/A	200	200	Money transfer TO
3	31105250089441	Internet Banking Related Fraud	30-04-2025	06-05-2025	18:55:03	GUJARAT	DEVBHUMI DWARKA	KHAMBHALIA	448302010461231	827445327424	3	#N/A	50000	50000	Money transfer TO
4	23104250065075	Demat/Depository Fraud	30-04-2025	12-05-2025	12:13:44	UTTAR PRADESH	KANNAUJ	KOTWALI KANNAUJ	448302010461231	827445327424	3	sho-cybercrime.kj@up.gov.in	50000	39900	Debit freeze successfully

8. After hearing the parties, I am of the view that only the four transactions are under investigation and the entire account of the petitioners cannot be freezed. Before freezing the account, the petitioners has not been given any shown cause notice by the respondent bank, seeking explanation from the petitioners. Additionally, no cogent reasons for freezing the account of the petitioner have been informed.

9. The freezing of an account is an action entailing serious consequences creating undue hardships for the petitioners in starting their professional lives. The respondent bank cannot be permitted to

take such harsh measures without complying with the principles of natural justice and without any application of mind.

10. Additionally, a coordinate bench of this Court has made categorical observations in paragraph No. 19 of its Order dated 16.01.2026 titled as ***Malabar Gold and Diamond Limited & Ors. v. Union of India & Ors., W.P.(C) 4198/2025***, that actions of blanket freeze in cases where the account holder is neither an accused nor a suspect, are manifestly arbitrary and in clear violation of Article 19(1)(g) and Article 21 of the Constitution of India.

11. For the said reasons, I am of the view that the impugned action of account freezing in the present case is 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 petitioners. The impugned action is without due application of mind as an indiscriminate blanket freeze has been imposed on the joint account of the petitioners for an allegedly suspicious entry of some amount. Therefore, the action deserves to be set aside. Consequently, the petition is allowed and it is hereby directed the joint account of the petitioners shall be defreezed and activated except for the disputed amount of Rs. 1,25,238/- forthwith.

12. The SOP dated 02.01.2026 of the government with respect to freezing and defreezing of bank account is already in place. The clause No. 10.1 of the said SOP reads as under:-

> *"10.1 In case of grievances related to the amount put on hold effected by NCRP-CFCFRMS, the following process will be followed:*

a) A person affected by such an action will approach the Bank branch where her account exists or any other designated branch or office. The bank will undertake CDD as prescribed in relevant RBI circulars and Master Directions, updated from time to time and the justifications submitted by the person, exercise Enhanced Due Diligence (EDD) and if convinced about the bona fides of the transaction, submit the grievance to the Grievance Redressal Module of CFCFRMS with the necessary justifications submitted by the aggrieved person. Banks and FIs would be expected to submit such a grievance at the earliest and not beyond 07 calendar days from the day the aggrieved person complains.

b) The grievance will be assigned by the concerned SHO to the IO or Police officer under intimation to the concerned District Grievance Officer. If there are multiple holds, the grievance will be assigned by the concerned SHOs to the concerned IOs or Police officers under intimation to the District Grievance Officers.

c) The IO or Police Officer of the case shall verify the grievance. She shall issue a notice (physical or electronic) to the account holder in whose account the reported amount is put on hold to appear for verifications, preferably through a video conference. A representative of the aggrieved person's bank branch (preferably grievance redressal officer) may also be *included in the videoconference or otherwise involved with the process of verifications. The account holder or the person raising the grievance on behalf of the account holder should not be called to appear in person before the IO or Police officer, unless deemed to be unavoidable during a course of the investigation, and an FIR or e- FIR is issued in the case. To the extent possible, videoconferencing should be opted.*

d) For verifications, the IO or Police Officer may also take the assistance of the concerned Police Station of the area where the account holder resides. For this, the CIAR module of the Samanvaya Platform can be used. If satisfied with the verifications and the explanations submitted, he will direct the concerned banks to remove the hold on the reported amount within 15 calendar days of the receipt of the grievance. The Bank or FI concerned shall remove the hold on the reported amount and shall update the same on the Grievance Redressal Module.

e) If the IO or Police Officer is not satisfied with the explanation submitted by the aggrieved person, she shall submit her remarks on the Grievance Redressal Module within 15 calendar days of raising the grievance by the bank, duly recording the reasons and the same will be communicated to the account holder by SMS/email.

f) If the IO or Police Officer or the authorised Police Officer doesn't address the grievance raised within a *period of 15 calendar days, then on the completion of 15 calendar days, the grievance will be automatically notified to the District Grievance Officer. If the account holder is not satisfied with the orders of the IO or Police Officer, she may file a review request within 15 calendar days of receiving intimation by visiting the designated bank branch, which will then be reviewed by the District Grievance Officer. The reviewing officer will go through the details submitted, reasons offered by the IO or Police Officer, may seek additional information from banks, pass appropriate instructions to the IO or Police Officer and update her decision on the Grievance Redressal Module within 15 calendar days of being notified. As instructed by the District Grievance Officer, the IO or Police Officer shall take appropriate action and update the portal within 2 calendar days. Banks and FIs should furnish the requested information at the earliest and not later than 2 calendar days to enable expeditious disposal of the grievance. In case no lawful directions regarding continuation or discontinuation of the hold (where money is held in the bank account against any LEA request or court order) are received within 90 calendar days of the grievance being submitted by the bank, then within 15 calendar days before the expiry of these 90 calendar days, the bank will intimate the concerned LEA for removal of the hold, in cases where the hold placed has* *been contested upon through this grievance redressal mechanism. Further, an SMS will be sent to the concerned SHO or the authorised Police Officer through NCRP. If the amount is not required to be retained in any other case or if there is no petition filed in any court for the release of that amount, and there is no request from the concerned LEA for an extension of the hold period, the bank shall remove the hold, after EDD, on a request made by the account holder and as per instructions of the concerned LEA. Before carrying out the discontinuation of the hold, intimation will be sent to the SHO at least 15 calendar days before the date of expiry of the 90 calendar days from the date of raising the grievance. The status of the removal of the hold will be updated on CFCFRMS by the Bank. In case the IOs or designated Police Officers find it necessary during the course of investigation that it's necessary to continue the hold, they may ask for an extension for continuation for up to 90 additional calendar days."*

13. The petitioners shall be entitled to avail the remedies and seek redressal of his grievances in terms of the SOP dated 02.01.2026 and the respondent no. 2 shall initiate actions in terms of the SOP. The needful shall be done expeditiously.

14. In case the petitioner is still aggrieved after the culmination of the process mentioned in the SOP is followed, the petitioner shall be at the liberty to file a fresh petition in accordance with law.

15. The petition is disposed of in aforesaid terms.

JASMEET SINGH, J

MARCH 16, 2026/NG