NATIONAL CONSUMER DISPUTES REDRESSAL COMMISSION

NEW DELHI

REVISION PETITION NO. NC/RP/1066/2024

(Against the Order dated 21st February 2024 in Appeal No. A/965/2023 of the State Consumer Disputes Redressal Commission Uttar pradesh)

WITH

NC/IA/5831/2024 (STAY)

INDUSIND BANK LTD .....Petitioner(s)
PRESENT ADDRESS - 43 BHAGERIA HOUSE NEW FRINEDS COLONY
NEW DELHI , South East , DELHI ,

Versus

ISTEKHAR KHAN .....Respondent(s)
PRESENT ADDRESS - VILLAGE REWARI KALA, TEHSIL SHAHBAD,
DISTRICT RAMPUR, RESIDENT OF HALL HALL, VILLAGE AND POST
DHAMORA, TEHSIL MILAK, DISTRICT RAMPUR, UTTAR PRADESH ,
RAMPUR , UTTAR PRADESH , RAMPUR,UTTAR PRADESH.

BEFORE:

HON'BLE MR. JUSTICE SUDIP AHLUWALIA , PRESIDING MEMBER

HON'BLE MR. JUSTICE ANOOP KUMAR MENDIRATTA , MEMBER

FOR THE PETITIONER: MR. PUNEET BAJAJ, ADVOCATE (VC)

FOR THE RESPONDENT: MR. VIKAS BHADANA, ADVOCATE AMICUS CURIAE WITH RESPONDENT IN PERSON

DATED: 17/11/2026

ORDER

JUSTICE SUDIP AHLUWALIA, MEMBER

This Revision Petition has been filed by the Petitioner Bank, assailing the Impugned Final Order dated 21.02.2024 passed by the Ld. State Consumer Disputes Redressal Commission, Uttar Pradesh, in FA 965 of 2023, whereby the Appeal preferred by the Respondent was allowed and the Order dated 13.03.2023 passed by the Ld. District Consumer Disputes Redressal Commission, Rampur, in Consumer Complaint No. 13 of 2022, dismissing the Consumer Complaint, was set aside. The Ld. District Commission had held that the Bank was entitled to repossess and auction the vehicle in terms of the

loan agreement upon default in repayment of instalments and that no deficiency in service was established. The Ld. State Commission, however, held that the Bank had auctioned the vehicle despite the Respondent's financial difficulties arising on account of illness and the COVID-19 pandemic, without adequately considering his request for time to clear the outstanding dues. It consequently held the Bank deficient in service and directed it to pay compensation of Rs. 20,00,000/- to the Respondent.

2. Facts of the case in brief, are that the Respondent/Complainant got Tata vehicle No. UP 22 T 2893 financed from the Petitioner/Opp. Party-Bank and requested for a loan of Rs.4,56,880/-. The loan was to be re-paid in monthly instalments. As per the Respondent, an amount of Rs.3,86,796/- was deposited till 20.01.2020. In February, 2020, the Respondent suffered from Jaundice which disrupted the payment of instalments and an outstanding amount of more than Rs.1.00 Lakh became due. In the month of March, 2020 while returning from Bihar, the vehicle was seized by the Petitioner and the Respondent was directed to deposit an amount of Rs.43,000/-. Thereupon, the Respondent offered to deposit Rs.20,000/- at the relevant time which was not accepted by the Petitioner, who refused to release the vehicle.

3. Aggrieved by such high-handed seizure of the vehicle, the Complaint was filed by the Respondent before the Ld. District Commission seeking payment of Rs.7,69,500/- (i.e. IDV of the vehicle) along with compensation of Rs.2,00,000/- with litigation costs.

4. It was opposed on behalf of the Petitioner. In the Written Version filed by the Petitioner, it took a stand that an amount of Rs.4,56,880/- was sanctioned to the Respondent for purchasing the vehicle in question. Accordingly, the Respondent was required to re-pay the amount of Rs.4,56,880/- along with interest of Rs.1,14,860/- and an Insurance premium of Rs.75,000/- in monthly instalments. An amount of Rs.2,49,244/- has been stated to be irregularly deposited by the Respondent till 20.01.2020 and as such there was an outstanding amount against him on account of default in paying the instalments. Due to such default and lack of financial discipline in paying the instalments, the vehicle was seized on 17.3.2020. It has been stated that the Respondent was orally informed but he did not show any interest in paying the outstanding amount. Subsequently, the vehicle was auctioned by the Petitioner for the purpose of recovery of the balance loan amount.

5. It is further the case of the Petitioner that the entire outstanding amount could not be recovered despite auctioning of the vehicle and as such, the Respondent was required to deposit the balance outstanding amount of Rs.32,000/-, which was deposited by him on 23.03.2021. The maintainability of the Complaint was further challenged on the grounds that the vehicle was used for commercial purpose by the Respondent.

6. The Ld. District Commission, upon consideration of the pleadings and evidence, held that the Opposite Party-Bank had failed to establish that the Complainant was engaged in the business of purchasing and driving vehicles and, therefore, he could not be excluded from the definition of a ‘Consumer’ merely because the vehicle was a truck

used for earning his livelihood. It was further observed that the closure of the loan account would not affect the 'Consumer' status of the Complainant. However, on the question of repossession and auction, the Ld. District Commission held that the Bank was entitled to take possession of the vehicle and auction it in terms of the loan agreement upon default in payment of instalments. It also held that the Complainant had failed to establish, through expert evidence, that the vehicle had been auctioned at an inadequate price. Rejecting the contention regarding the impact of COVID-19, the Ld. District Commission concluded that the Bank had acted in accordance with the terms of the loan agreement and that no deficiency in service was established. Consequently, the Complaint was dismissed, with parties being left to bear their own costs.

7. Aggrieved, the Complainant approached the Ld. State Commission by way of First Appeal. Ld. State Commission allowed the said Appeal directing the Petitioner to pay compensation of Rs.20,00,000/- for the reasons recorded as per the translated script placed on record as under-

"I do not agree with the contention of the learned District Commission that even after taking the vehicle in its custody by the opposite bank, the vehicle was auctioned due to non-deposit of the loan amount by the Respondent whereas it is clear from the records available on the file that due to illness and Corona. Due to this, the financial condition of the Respondent had become miserable. Till 20.01.2020, the Respondent had deposited Rs3,86,796.00 towards the finance amount. In the month of February 2020, due to the disease of the Respondent jaundice, the installments were broken, the Respondent had outstanding of more than Rs.1 lakh, his financial condition deteriorated and while returning from Bihar, the opponent got the said vehicle seized, at that time the Respondent was ready to deposit Rs.20 thousand and he had also given assurance of depositing the remaining installments soon, but the Petitioner did not accept the request to deposit the installments later and the vehicle was released [sic]. He refused to do so, thus a vehicle worth Rs.769500.00 was confiscated by the opposition due to non-deposit of only Rs.43000.00 and the vehicle purchased for livelihood was auctioned and his livelihood was taken away, which was due to deficiency in his service reflects.

As a result, the presented appeal deserves to be accepted.

The appeal is accepted and the decision in question of the District Commission dated 13.03.2023 is cancelled. The respondents are ordered to pay compensation of Rs.2000000.00 (twenty lakh rupees) to the appellant/Respondent within two months.

Both the parties will bear their own expenses of this appeal. The Stenographer is expected to upload this decision order on the Commission's website as soon as possible as per rules."

8. Ld. Counsel for the Petitioner reiterating the factual position contends that the vehicle had been seized since the Respondent was irregular in paying the monthly instalments towards the re-payment of loan and a Notice was issued to the Respondent for clearing

the outstanding amount of Rs.47,500/- failing which the vehicle would be re-possessed. He further submits that a pre-auction Notice dated 02.06.2020 was issued thereby calling upon the Respondent to pay an amount of Rs.43,000/- within seven days failing which the vehicle would be auctioned. An amount of Rs.3,10,000/- is stated to have been realised on auction of vehicle on 19.09.2020 which was adjusted towards the outstanding loan amount. He further points out that the outstanding amount of Rs.32,000/- also stands subsequently deposited by the Respondent on 23.03.2021 on coming to know about the initiation of Arbitration proceedings but he thereafter resorted to filing the Consumer Complaint on 07.04.2022. Ld. Counsel emphasizes that the Order passed by the Ld. District Commission was well-reasoned and has been wrongly set aside by the Ld. State Commission. He further prays for setting aside the compensation of Rs.20,00,000/- awarded by the Ld. State Commission and argues that the Complaint is not maintainable as the vehicle was purchased and used for commercial purpose.

9. Written submissions have been further placed on behalf of the Petitioner and reliance is placed upon "Citicorp Maruti Finance Limited Vs. S. Vijayalaxmi, (2012) 1 SCC 1"; "Charanjit Singh Chadha & Ors. Vs. Sudhir Mehra, (2001) 7 SCC 417"; "Managing Director, Orix Auto Finance (India) Ltd. Vs. Jagmander Singh and Anr., Civil Appeal No. 1070 of 2006, decided on 10th February, 2006" and "General Motors (India) Private Ltd. Vs. Ashok Ramnik Lal Tolat & Anr., Civil Appeal No. 8072-8073 of 2009, decided on 09.10.2014".

10. On the other hand, Ld. Counsel for the Respondent supports the Order passed by the Ld. State Commission and submits that the vehicle was purchased for Rs.9,25,000/- by the Respondent for earning his livelihood and an additional expenditure of Rs. 2,15,000/- was further incurred on the vehicle. He further submits that the vehicle valued at more than Rs.9,00,000/- was auctioned for peanuts by the Petitioner, thereby depriving the Respondent of his livelihood and opportunity to pay back the instalments. Ld. Counsel for the Respondent has also emphasised that the vehicle had been taken into possession while returning from Bihar during Covid-19 without any prior notice and payment of Rs.20,000/- offered by the Respondent was declined by the Petitioner against the outstanding amount of Rs.47,500/-. He has further argued that the pre-auction Notice was not delivered or served upon the Respondent. The Complaint is further stated to be maintainable as the vehicle was used for earning livelihood by the Respondent.

11. Heard Ld. Counsel for the parties at length and perused the material available on record.

12. On 06.10.2026, we had directed the Parties to place on record a copy of the IDV depreciation table pertaining to motor vehicles issued by IRDA (Insurance Regulatory and Development Authority of India). The same was subsequently filed on behalf of the Petitioners.

13. We find therefrom that in respect of vehicles having crossed the age of four years but not exceeding five years, there is a depreciation of 50%. Beyond the age of five years,

there is no specified depreciation which is left to be determined on the basis of understanding between the Insurer and the Insured/vehicle Owner.

14. Ld. Counsel for the Respondent has also placed before us the price list of all the vehicles manufactured by "Tata Motors". We find therefrom that for the model of the vehicle in question (which no longer plies at present) i.e. LPT 2515 TC-6x2, COWL, BS-II, the price was Rs.14,28,222.55, apart from VAT amount of Rs.1,58,691/-. The total on-road price, therefore, would come to Rs.15,86,913.55.

15. The vehicle in question at the time of its seizure was already ten years old. So its value would certainly have fallen even below 50 percent. The Insurer had treated its value at Rs.7,69,500/- which is certainly less than 50% of the amount after applying the depreciation of 50%.

16. We are in agreement with the Ld. State Commission that seizure and sale of the vehicle worth this amount on account of outstanding payment of only Rs.43,000/- was unconscionable on the part of the Financer.

17. We, however, also find that in his Complaint the Respondent has sought payment of the actual IDV amount i.e. Rs.7,69,500/- alongwith normal ancillary reliefs. But for inexplicable reasons, the Ld. State Commission has awarded the Respondent a composite compensation of Rs.20.00 Lakhs which is far in excess of the Respondent's own claim. To that extent, the impugned Order would certainly appear to be unreasonable and uncalled for.

18. The Revision Petition is, therefore, partly allowed after modifying the impugned Order to the extent that the Petitioner/Financer shall pay an amount of Rs.7,69,500/- alongwith interest @ 6% per annum to the Respondent from the date of filing of his Original Complaint. Such payment must be made within eight weeks from the date of passing of this Order failing which any outstanding/unpaid amount(s) shall attract interest @ 9% per annum till final realisation. Parties to bear their own costs.

19. Pending application(s), if any, also stand disposed off as having been rendered infructuous.

.....J
SUDIP AHLUWALIA
PRESIDING MEMBER

.....J
ANOOP KUMAR MENDIRATTA
MEMBER