HC-KAR

IN THE HIGH COURT OF KARNATAKA

KALABURAGI BENCH

DATED THIS THE 6TH DAY OF JULY, 2026

BEFORE

THE HON'BLE MR. JUSTICE S.R.KRISHNA KUMAR

WRIT PETITION NO.202457 OF 2026 (GM-RES)

BETWEEN:

MOHAMMED ASLAM
S/O MOHAMMED MAHIBOOB,
AGED ABOUT 30 YEARS. OCC: PVT. WORK,
R/O E-3-139, NEAR ALI MASJID,
ISLAMABAD COLONY. KALABURAGI- 585102.

…PETITIONER

(BY SRI. MOHD UMER JUNAIDI, ADVOCATE)

AND:

1. PUNJAB NATIONAL BANK,
   THROUGH ITS BRANCH MANAGER,
   GULBARGA MAIN BRANCH,
   KALABURAGI-585102.

Digitally signed by SWETA KULKARNI
Location: HIGH COURT OF KARNATAKA

2. THE SUPERINTENDENT OF POLICE,
   CYBER CRIME POLICE STATION,
   PRAKASAM DISTRICT, STATE OF ANDHRA PRADESH.

3. THE COMMISSIONER OF POLICE
   /CYBER CRIME POLICE STATION,
   CYBERABAD, STATE OF TELANGANA.

4. THE SPECIAL CELL (CYBER CELL),
   DELHI POLICE, NEW DELHI.

5. THE STATE OF KARNATAKA, THROUGH SECRETARY,
   HOME DEPARTMENT, M.S. BUILDING,

BENGALURU.

…RESPONDENTS

(BY SRI. UDAY P. HONGUNTIKAR, ADVOCATE FOR R1;
NOTICE TO R2 TO R4 D/W
SRI. NARENDRA REDDY, HCGP FOR R5)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA, PRAYING TO A) ISSUE A WRIT OF MANDAMUS DIRECTING THE RESPONDENT NO.1 BANK TO RESTRICT THE FREEZE ONLY TO THE SPECIFIC AMOUNT COVERED BY VALID DIRECTIONS ISSUED BY COMPETENT AUTHORITIES AND PERMIT OPERATION OF THE REMAINING BALANCE. B) ISSUE A WRIT, ORDER OR DIRECTION DIRECTING RESPONDENT NO.1 BANK TO RELEASE ALL AMOUNTS LYING IN EXCESS OF THE DISPUTED AMOUNT AND PERMIT OPERATION OF FUTURE CREDITS. C) ISSUE A WRIT OF MANDAMUS DIRECTING RESPONDENT NO.1 BANK TO FURNISH COMPLETE PARTICULARS OF ALL COMPLAINTS, FIRS, NOTICES, COMMUNICATIONS AND FREEZING INSTRUCTIONS PERTAINING TO THE PETITIONERS BANK ACCOUNT. D) QUASH ANY ACTION OF RESPONDENT NO.1 BANK INSOFAR AS IT FREEZES FUNDS BEYOND THE AMOUNT SPECIFICALLY DIRECTED BY INVESTIGATING AUTHORITIES. E) PASS SUCH OTHER ORDER OR DIRECTION AS THIS HON'BLE COURT DEEMS FIT IN THE INTEREST OF JUSTICE AND EQUITY.

THIS PETITION, COMING ON FOR PRELIMINARY HEARING THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE S.R.KRISHNA KUMAR

ORAL ORDER

In this petition, petitioner seeks the following reliefs:

"a) Issue a writ of mandamus directing the respondent no.1 bank to restrict the freeze only to the specific amount covered by valid directions issued by competent authorities and permit operation of the remaining balance.

b) Issue a writ, order or direction directing respondent no.1 bank to release all amounts lying in excess of the disputed amount and permit operation of future credits.

c) Issue a writ of mandamus directing respondent no.1 bank to furnish complete particulars of all complaints, FIRs, notices, communications and freezing instructions pertaining to the petitioners bank account.

d) Quash any action of respondent no.1 bank insofar as it freezes funds beyond the amount specifically directed by investigating authorities.

e) Pass such other order or direction as this hon'ble court deems fit"

2. Heard Learned counsel for the petitioner and learned counsel for respondent No.1 and learned High Court Government Pleader for respondent No.5. For the order proposed, notice to respondent Nos.2, 3 and 4 is dispensed with.

3. Learned counsel for the petitioner would reiterate the various contentions urged in the petition and invite my attention to the material on record in order to point out that in the light of the principles laid down by the Co-ordinate Bench of this Court in the case of ***Sri Madhu v. The Indus Bank ltd., and others, WP No.38362/2025*** dated 09.06.2026, the freezing of the bank account of the petitioner deserves to be set aside and the respondent No.1-bank be directed to defreeze the account of the petitioner immediately, since the same was causing irreparable injury and hardship to the petitioner. In the said judgment, this Court held as under:

" ***ORAL ORDER***

1. The Petitioner is before this Court seeking for the following reliefs:

a. Issue a Writ of Mandamus or any appropriate writ/order directing Respondents No.1 and 2 to permit operation of the Petitioner's bank account bearing no. 159380846985 subject to continuation of lien/ freezing to the extent of Rs25,000/- only;

b. Direct Respondent No.1 Bank to release and allow withdrawal of all amounts in excess of Rs25,000/- including future salary credits;

c. Pass any other order or direction as this Hon'ble Court may deem fit in the interest of justice and equity.

2. The Petitioner is maintaining a bank account with respondent No.1-Bank. The grievance of the Petitioner is that the said account has been frozen by respondent No.1 pursuant to communications received from the investigating agencies. Aggrieved by the freezing of the account and the consequential restriction on operation thereof, the Petitioner is before this Court seeking the reliefs aforementioned.

3. Learned counsel appearing for the Petitioner submits that the communication made available to the Petitioner indicates that respondent No.2 had

sought freezing of the account only to the extent of Rs.15,000/-. It is therefore contended that even assuming that the freezing direction was validly issued, the same could have operated only to the extent of the amount specified therein. The action of respondent No.1 in freezing the entire account, thereby preventing the Petitioner from accessing funds in excess of the amount covered by the freezing direction, is submitted to be arbitrary and disproportionate.

4. Per contra, learned counsel appearing for respondent No.1-Bank submits that respondent No.1 had received two separate communications directing freezing of the Petitioner's account. The first communication was issued by respondent No.2 seeking freezing to the extent of Rs.15,000/-. The second communication was received from the Police Station at Barrackpore, West Bengal, seeking freezing of the account to the extent of Rs.10,000/-. Learned counsel submits that in view of the receipt of multiple freezing directions from different investigating agencies, respondent No.1, apprehending the possibility of further such directions being issued, proceeded to freeze the entire account.

5. Having heard learned counsel for the parties and upon consideration of the material on record, this

Court is of the considered view that the action of respondent No.1 cannot be sustained to the extent that it exceeds the scope of the directions received from the investigating agencies. The power exercised by the Bank in the present case is not an independent power. The Bank acts merely as a custodian of the account and is required to implement the directions lawfully issued by the competent investigating authorities. Its authority is therefore circumscribed by the terms of the directions received by it.

6. The communications relied upon by respondent No.1 disclose that respondent No.2 sought freezing of the account to the extent of Rs.15,000/- and the communication received from the Barrackpore Police Station sought freezing to the extent of Rs.10,000/-. Thus, the aggregate amount covered by the freezing directions is only Rs.25,000/-. In the absence of any further communication or direction from a competent authority, respondent No.1 could not have enlarged the scope of the freezing orders on its own accord.

7. The apprehension expressed by respondent No.1 that additional freezing directions may be received in future cannot furnish a legal basis for freezing funds beyond the amount covered by the existing directions. Administrative convenience or

anticipatory action cannot substitute a valid legal mandate. If and when additional directions are received from competent authorities, respondent No.1 would undoubtedly be required to act in accordance therewith. However, until such directions are received, respondent No.1 is bound to confine its action strictly to the extent authorised by the communications already in its possession.

8. The freezing of a bank account directly impacts the account holder's ability to utilise legitimately available funds and has civil and financial consequences. Any restriction imposed on the operation of a bank account must therefore be proportionate to the purpose sought to be achieved and must not exceed the limits prescribed by the competent authority issuing the direction. Once the investigating agencies had sought freezing only to the extent of an aggregate sum of Rs.25,000/-, respondent No.1 was not justified in freezing the entire account and thereby preventing the Petitioner from operating the balance amount lying to the credit of the account.

9. In that view of the matter, respondent No.1 could have validly frozen the Petitioner's account only to the extent of Rs.25,000/-, being the aggregate amount covered by the communications received from respondent No.2 and the Barrackpore Police

Station. The freezing of the account beyond the said amount is unsustainable and liable to be modified accordingly.

10. Before parting with the matter, this Court deems it necessary to make certain observations regarding the manner in which freezing directions are to be implemented by banking institutions. A bank, while acting upon a communication issued by an investigating agency, performs a limited and ministerial function. The bank is neither the investigating authority nor the adjudicatory authority. Its obligation is confined to faithfully implementing the directions lawfully issued by the competent authority. In the process of implementing such directions, the bank cannot assume unto itself powers which have not been conferred upon it by law, nor can it enlarge the scope of the directions received on the basis of its own assumptions, apprehensions or administrative considerations.

11. The relationship between a bank and its customer is founded upon contract and confidence. Amounts lying in a customer's account remain the property of the account holder, subject only to such lawful restrictions as may be imposed by competent authorities. Any restriction on the operation of a bank account has serious civil consequences.

Freezing of an account may affect the account holder's ability to meet day-to-day expenses, honour contractual obligations, conduct business transactions, discharge statutory liabilities and otherwise access funds lawfully belonging to him. It is therefore incumbent upon banks to ensure that any freezing action undertaken by them is strictly in accordance with the directions received and does not travel beyond the scope thereof.

12. In the present case, respondent No.1 proceeded on the premise that there was a possibility of additional freezing requests being received from other investigating agencies in future. Such a premise, however, cannot furnish a legal foundation for freezing amounts which are not covered by the existing directions. A possibility or apprehension of a future event cannot be equated with a lawful order. The powers exercised by a bank must be traceable to an existing direction or statutory authority and not to speculative contingencies which may or may not arise in the future.

13. If such a course of action were to be accepted, it would permit banks to freeze entire accounts whenever a limited freezing request is received, merely on the assumption that further requests may follow. Such an approach would not only be contrary to law but would also result in disproportionate

hardship to account holders. The implementation of a freezing direction must therefore satisfy the requirement of proportionality. The extent of the restriction imposed must correspond to the extent of the direction received and the objective sought to be achieved thereby.

14. This Court is therefore of the considered view that whenever a freezing direction specifies a particular amount, the bank concerned ought ordinarily to earmark or place a lien upon funds to the extent of the amount specified and permit operation of the remaining balance in the account, unless the direction itself requires complete freezing of the account or there exists any statutory mandate to the contrary. Any other approach would amount to the bank expanding the scope of the freezing direction, which is impermissible.

15. This observation is made not only in the context of the present case but also as a measure to ensure uniformity in the implementation of freezing directions. Banks are expected to act with due care and circumspection so that the interests of investigation are adequately protected while at the same time ensuring that account holders are not subjected to restrictions beyond those authorised by law. The balance between the requirements of investigation and the rights of account holders can

be maintained only when banks confine themselves strictly to the terms of the directions received from the competent authorities.

16. Respondent No.1 is therefore put on notice that, in future, while acting upon communications issued by investigating agencies, it shall strictly adhere to the tenor and extent of the directions contained therein and shall not impose restrictions beyond those expressly authorised. Any freezing action must be proportionate, legally sustainable and confined to the scope of the directions received, so as to avoid unnecessary prejudice, inconvenience and hardship to account holders.

17. As such, this Court passes the following:

ORDER

i) The writ petition is allowed.

ii) The debit freeze imposed by respondent No.1 over the petitioner's bank account shall, for the present, stand restricted to an aggregate sum of Rs.25,000/- corresponding to the amounts covered by the freezing communications received from the concerned investigating agencies.

iii) Consequently, respondent No.1 is directed to restrict the freeze over the petitioner's bank account only to the extent of Rs.25,000/- and permit the

petitioner to operate the account in respect of the balance amount lying to the credit thereof, subject to any further lawful directions that may be issued by a competent authority in accordance with law.

iv) It is made clear that if respondent No.1 receives any further communication, direction or order from any competent investigating agency or authority requiring freezing of the petitioner's account for any specified amount, respondent No.1 shall be at liberty to act upon and implement such direction strictly in accordance with its terms. However, respondent No.1 shall not, on its own accord, extend the scope of any such freezing direction beyond the amount or extent specifically mandated therein.

v) Respondent No.1 shall comply with the directions contained in this order and give effect thereto within a period of four (4) days from the date of receipt of a certified copy of this order. "

4. *Per contra,* learned counsel for the respondent No.1-bank has filed a memo which reads as under:

" *MEMO*

In the above matter, the Respondent No.1 Bank has received multiple Complaints from various Cyber Crime Police Stations regarding the involvement of said account in Cyber Fraud. The Respondent Bank in view of having received Complaints had to freeze the Account as a precautionary measure for prevention of mis-use for siphoning of funds originated from Cyber Financial Fraud, the account is debited freezed.

The Petitioner was provided the required form to be complied with. The petitioner be directed to comply the Banking Norms and submit their required forms, which enables the bank to take suitable steps to de-freeze the account, after Compliance by the Petitioner."

5. In view of the aforesaid facts and circumstances and the memo filed by the respondent No.1-bank that it is ready to defreeze the account of the petitioner, subject to the petitioner complying with banking norms and submit required forms as stated in the memo and in the light of the principles laid down by this Court in ***Sri Madhu's case*** (supra), I deem it just and appropriate to dispose of this

petition directing the respondent No.1-bank to defreeze the account of the petitioner, immediately upon the petitioner submitting forms and complying with the bank norms as stated in the memo dated 06.07.2026 filed by the learned counsel for respondent No.1.

6. Subject to the aforesaid directions, petition stands ***disposed of***.

Sd/-
(S.R.KRISHNA KUMAR)
JUDGE

NJ
List No.: 1 Sl No.: 15
CT:SI