**IN THE NATIONAL CONSUMER DISPUTES REDRESSAL COMMISSION**
**NEW DELHI**

**REVISION PETITION NO. 3591 of 2016**
(From the order dated 21.09.2016 in First Appeal No. 332 of 2015 of the State Consumer Disputes Redressal Commission, Haryana)
WITH
I.A. No. 13112 of 2016 (for Direction)

Amar Singh
S/o Sh. Ram Mehar
R/o Ward No.3, Sainipura,
Kharkhoda, District Sonepat,
Haryana ..... Petitioner

Versus

1. LIC of India,
   Jeevan Jyoti Building,
   Sector-15, Sonepat,
   Through its Branch Manager

2. The Divisional Manager, LIC of India,
   Rohtak Division,
   Rohtak, Haryana.

3. IDBI Bank Ltd.
   Branch Office Paschim Vihar,
   New Delhi-110063
   Through its Manager ..... Respondents

**BEFORE:**
**HON'BLE MR. JUSTICE SUDIP AHLUWALIA, PRESIDING MEMBER**
**HON'BLE DR. SADHNA SHANKER, MEMBER**

For the Petitioner : Mr. Amar Nath Saini, Sr. Advocate with
Mr. Karan Gupta, Advocate
Mr. Ansh Khanna, Advocate
Ms. Akhila Sateesh, Advocate

For the Respondents No.1 & 2 : Mr. Nikhil Jain, Advocate
(through video conferencing)

For the Respondent No. 3 : Mr. Deepak Kochhar, Advocate

**Pronounced on : 24 August, 2026**

**ORDER**

**DR. SADHNA SHANKER, MEMBER**

**1.** This revision petition has been filed under section 21(b) of the Consumer Protection Act, 1986 in challenge to the Order dated 21.09.2016 of the State Consumer Disputes Redressal Commission, Haryana (hereinafter referred to as the 'State Commission') in Appeal no. 332 of 2015 arising out of an order dated 04.02.2015 of the District Consumer Disputes Redressal Commission, Sonepat, Haryana (hereinafter referred to as the 'District Commission') in consumer complaint no. 257 of 2012.

**2.** We have heard learned counsel for the petitioner and the learned counsel for the respondents no. 1 and 2 and learned counsel for the respondent no. 3 - Bank and perused the record including the Order dated 04.02.2015 of the District Commission, the impugned order dated 21.09.2016 of the State Commission and the petition.

**3.** Brief facts of the case are that on 28.12.2001, the petitioner - complainant (hereinafter referred to as the 'complainant') obtained an insurance policy from the respondents no. 1 and 2 (hereinafter referred to as the 'insurance company') for a sum assured of ₹5,00,000/- with the maturity date of the said policy as 08.12.2026. Subsequently, the complainant obtained a credit limit of ₹79,000/-

from respondent No. 3 – Bank (hereinafter referred to as the 'Bank') against the security of the said insurance policy. It is alleged that the complainant was regularly paying the premiums payable under the policy to the insurance company but the respondents without any prior notice to the complainant and even without the consent of the complainant surrendered the said policy for a sum of only ₹2,26,325/- and refunded the said amount to the complainant through cheque no. 249287 dated 05.10.2011. It is further alleged that the complainant received the said cheque on 17.11.2011, by which time he had already cleared the outstanding dues of the bank on 15.11.2011. It is further alleged that the complainant had never expressed any intention or consent to surrender the policy. Therefore, he requested the insurance company to restore the insurance policy, but his request did not yield any result. Alleging deficiency in service on the part of the opposite parties, the complainant filed a complaint before the District Commission.

4. The District Commission, vide its order dated 04.02.2015, allowed the complaint and directed the insurance company to reinstate the policy to its original number from the date of surrender and to accept the premium in respect of the said policy from the complainant with interest for the defaulted period. The bank was also directed to refund the amount of Rs.2,26,325/- to the insurance company and the insurance company was directed to accept the above said amount from the bank. The bank was also directed to pay interest @9% per annum on the amount of Rs.2,26,325/- from 05.10.2011 when payment order

was prepared along with Rs. 10,000/- towards unnecessary mental agony, harassment and litigation expenses.

**5.** Being aggrieved by the order dated 04.02.2015 passed by the District Commission, the insurance company preferred an appeal before the State Consumer Commission.

**6.** The State Commission vide its order dated 21.09.2016 allowed the appeal and set aside the order dated 04.02.2015 in so far as it related to the insurance company, observing that after assignment, the bank exercised control over the insurance policy, and therefore, insurance company was not required to issue any separate notice to the complainant. It was also observed that the insurance company acted in accordance with the instructions of the assignee and, hence, no deficiency in service can be attributed to the insurance company and once the policy had been surrendered and the payment made, the insurance company could not be directed to revive or renew the policy.

**7.** Being aggrieved by the Order dated 21.09.2016 of the State Commission, the complainant has filed the instant revision petition before this Commission seeking setting aside of the impugned order dated 21.09.2016 of the State Commission, with a direction to the insurance company to reinstate the insurance policy.

8. The learned counsel for the petitioner submitted before us that the complainant's prayer in the complaint was for restoration of the insurance policy by insurance company and he still presses for the same. Our attention was brought to a letter dated 15.06.2016 (page 50 to 53) issued by the insurance company to all its divisions regarding a campaign for revival of lapsed policies, which allow renewal of the lapsed policies within a period of five years. Further, it was pointed out that the policy itself had provision for renewal of lapsed policies. It was submitted that a legal notice dated 22.03.2012 had been issued to both the bank and the insurance company seeking revival of the policy and the bank had also issued a letter dated 15.11.2011 to the complainant that it had no objection if the insurance company continues the policy. However, the insurance company declined to renew the said policy.

9. It was submitted by learned counsel for the insurance company that the request of the petitioner for renewal of the policy cannot not be entertained as the same is allowed in respect of lapsed policies. Policies lapse on account of non-payment of premium. However, in this case, the complainant had duly assigned all his rights and interest in the said policy to the bank through a letter of assignment dated 06.12.2007. On non-payment of its loan, the bank had duly surrendered the said policy to the insurance company and the insurance company had after processing issued a cheque for the surrender value of Rs.2,26,325/- in the name of the bank. The insurance company was under no obligation to issue any separate notice to the complainant. It was submitted that

this was not a case of lapsed policy, but that of a surrendered policy by a duly appointed assignee of the policy. Therefore, there is no provision to renew or reinstate such a policy and the insurance company has not committed any deficiency in service.

**10.** It is undisputed that the complainant had duly assigned the policy to the bank which surrendered the same as the loan was not paid by the complainant. The insurance company acting on the basis of the assignment and the request of the assignee, both, calculated the surrender value as on date and duly sent the amount outstanding on the policy. In view of the above discussion, we are of the view that there is no deficiency of service on the part of the insurance company and they have acted as per the rules and procedure.

**11.** Learned counsel for the respondent no. 3 submitted that the assignment in the present case was effected in accordance with Section 5 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act"). The said provision contains a non-obstante clause and expressly recognises the right of a secured creditor to assign its financial assets. The Hon'ble Supreme Court, in *ICICI Bank Ltd. v. Official Liquidator of APS Star Industries Ltd.*, (2010) 10 SCC 1, has held that a bank has the legal right to assign its debts and financial assets. Similarly, in *Indiabulls Housing Finance Ltd. v. Deccan Chronicle Holdings Ltd.*, (2018) 14 SCC 783, the Hon'ble Supreme Court has recognized that assignment of debts by a financial institution does not

require the consent of the borrower. Accordingly, the assignment in favour of bank was lawful and valid, and no illegality or deficiency in service can be attributed to bank on this account.

**12.** It is seen that the respondent no. 3 – bank had accepted the order of the District Commission and forwarded the amounts as per the District Commission's order to the complainant, which has been confirmed by the complainant. Further, it was submitted by learned counsel for the respondent no. 3 that after the State Commission's order, through a letter dated 01.12.2016, Pay Order for Rs. 2,26,325/- was also sent to the complainant. As regards this, it was submitted by the complainant that this amount had not yet been received by him and the amount was still lying with the respondent no. 3 - bank. On inquiry with the learned counsel for the bank, he admitted that the same was not encashed because before the encashment, the complainant had closed all his accounts with the bank. He submitted that the amount was lying in the suspense account of the bank.

**13.** In view of the same, the respondent no. 3 - Bank is directed to release the said amount lying in its account along with interest accrued thereon, if any, to the complainant, within a period of one month from the date of the order, failing which, interest at the rate of 6% per annum on the outstanding amount shall be paid from the expiry of one month from the date of this order.

**14.** With the above observation and direction, the revision petition is disposed of.

**Sd/-**

**( SUDIP AHLUWALIA, J )**
**PRESIDING MEMBER**

**Sd/-**

**(DR. SADHNA SHANKER)**
**MEMBER**

Naresh/reserved