DISTRICT CONSUMER DISPUTES REDRESSAL COMMISSION, PALAKKAD

Dated this the 29th day of June, 2026

Present : Sri. Vinay Menon V., President
: Smt. Vidya A., Member
: Sri. Krishnankutty N.K., Member Date of Filing: 03/10/2024

DC/563/CC/425/2024

Shabina M.A.
W/o. C.M.Muhammed Musthafa,
SM Manzil, MHS Road, Pudunagaram,
Palakkad – 678503 - Complainant
(By Adv.M/s. M.S.Scaria,
Redson Scaria & Rejina M.K.)

Vs

1. The Manager,
   Federal Bank, Pudunagaram Branch,
2. Managing Director,
   Federal Bank, Head Office, Aluva - Opposite parties
   (By Adv. Ullas Sudhakar)

O R D E R

By Sri. Vinay Menon V., President

1. Complainant had availed a Prathyasa Loan from OP during 2016 by submitting original title deeds of her property with OP2. The loan was closed without any default in the year 2021. During 2019 the complainant availed PMEGP loan from OP. This loan comprised of Rs.1 lakh as over draft facility and Rs.1 lakh as term loan. The documents submitted as collateral for Prathyassa loan was extended as security for these two loans as well. Even though complainant learned that mortgage documents are not required for loans below Rs.10lakhs. The OP threatened that complainant will not be granted subsidy if title deeds were taken back. Despite closure of the initial loan account the bank retained title deeds illegally without returning them even for covering the wedding expenses of complainant’s daughter. This lead to the complainants daughter loosing a good marriage proposal. Complainant initiated a complaint to the head office of Federal bank regarding the illegal actions of the manager of the OP1 branch. But the reply received was not satisfactory. Therefore complainant approached Prime Ministers Grievance Portal by way of complaint dated 19/6/2024 stating these issues. On receipt of this complaint the OP replied that no property is charged against the PMEGP loan. However, the loan documents were returned on 10/8/2024. Retention of this security documents for this loan tantamount

to deficiency in service. This complaint is filed seeking compensation of Rs.4lakhs for loss sustained on account of sale of a property for much lesser amount, compensation of Rs.2 lakhs for mental agony and Rs.50,000/- towards cost.

2. OPs filed joined version. They admitted availing of the financial assistance under various heads. But denied any illegality or deficiency in service. The documents offered as security were returned on 18/7/2024 and not 10/8/2024. This complaint is only an attempt to vengeance. Complainant was having an SB delite account for which a minimum balance of Rs.3000/- was required to be maintained. When the amounts in the complainant's account wert below this margin there was automatic debit by the software installed by OP. Complainant had argued with the staff of OP1. Even after trying to convince her she could not be convinced. Complainant also alleged that the OP1 bank cheated her by not crediting the subsidy in her loan account. The bank official calmly try to make her understand that subsidy were being granted by DIC officials after their completion of site inspection and subsequent reporting to the bank. There is no deficiency in service whatsoever. Complaint is only to be dismissed.

3. The following issues were framed:

   1. Whether the OPs had withheld the title deeds deposited in the bank even after the closure of the loan?
   2. Whether the issues related to subsidy in the PMEGP loan due to the failure on the part of the complainant to carry out necessary follow ups?
   3. Whether the OP is entitled to retain the title deeds of the complainant as security for the PMEGP loan availed by him?
   4. Whether there is deficiency in service/unfair trade practice on the part of O.P.?
   5. Whether the complainant is entitled to any of the reliefs claimed?
   6. Any other reliefs?

4. (i) Complainant filed proof affidavit and marked Exts. A1 to A5. Marking of Exts.A1 & A2 are objected to as they are fabricated documents and was not handed over to the OP. Further no endorsement by District Industries Centre is seen on the documents. Exts.A1 & A2 are further objected to as they are photocopies.

   (ii) OP1 filed proof affidavit and marked Ext.B1 to B8.

<u>Issue Nos. 1&3</u>

5. Complaint pleadings pertain to the grievance of the complainant that even after closure of the loan account, the title deeds complainant had deposited during 2019 as security for the loan account was not returned. Even though he had a loan under PMEGP, this account did not require deposit of title deeds by way of security. It was only after the complainant had raised grievance before the complaint redressal portal of the PMO, the O.P.s informed that the financial assistance availed under PMEGP scheme did not require deposit of title deeds.

6. O.P. s have vehemently disputed this allegation and has contended that the actual dispute between the complainant and the O.P.s pertains to the amount debited by O.P. from the account of the complainant for want of minimum balance in her account. Extension of collateral security for the loan availed by the complainant was never under any compulsion, but the same was deposited by the complainant by way of free will.

7. In order to substantiate their respective contentions, complainant and O.P.s marked Exts.A1 to A5 and B1 to B8. Not all documents are required to decide on these issues.

Ext. B8 is the original of Letter in lieu of redeposit issued by the complainant in favour of the O.P.1. Deposit of title deeds were made on 03/09/2016 as security for cash credit facility (AMTL) sanctioned on 03/09/2016. Thereafter, per contents of Ext. B8, additional advances/enhancement of the aforesaid credit facilities were made by granting two additional facilities (ODCC 12575500472698 and TL 12576900412821) on 23/10/2019. The security by way of deposit of title deeds was extended to these two facilities also. Off the two financial assistances granted, ODCC 12575500472698 was closed on 22/03/2023 as evidenced by Ext. B7 statement of account.

8. Per complainant, the documents offered as security ought to have been returned after closure of this account. Due to non-return the complainant had to register a grievance with the grievance portal of the PMO. This grievance was registered on 19/06/2024. Case is seen closed on 16/07/2024. Details of registration of the complaint is marked as Ext. A3.

Ext. A4 is a communication dated 16/07/2024 issued by the 1st O.P. to the complainant with reference to the PMEGP loan account no. 12576900412821. This is the same account made reference to in Ext. B8 letter in lieu of redeposit. Ext. A4 was issued to inform the complainant that no property was charged against the loan account 12576900412821.

Pleadings in version reveal that deeds were returned on 18/07/2024. O.P. has no case that the cash credit facility (AMTL) sanctioned on 03/09/2016 was still operative. They also have no case that ODCC 12575500472698 is not closed.

9. Therefore, after closure of ODCC 12575500472698 on 22/03/2023, the 1st O.P. retained the title deeds for nearly one year and four months. This delay is not explained by the O.P.s. When no explanations are forthcoming as to the retention of title deeds, we can only resort to a presumption that such the retention was arbitrary and illegal.

10. Eventhough the O.P. has pleaded that creation of interest was by her own free will, this contention in tandem with the contents of Ext. A4 e-mail, we are not satisfied with the pleadings of the O.P. When, as evidenced by the contents of Ext. A4, no charge was created, what necessitated such an entry in Ext. B8? (It might by of interest to note that Ext. B8 was produced and marked only after this Commission directed the production of the same to come to a studied conclusion and not a voluntary production and marking.)

11. Thus, we find that PMEGP loan account no. 12576900412821 did not require security and that the O.P.s have willfully delayed returning of documents.

Issue No. 2

12. At the time of framing issues, it was thought that this issue would also have to be framed. A post evidence appreciation of pleadings and evidence reveals that issue is not required to reach a conclusion as regards grant of reliefs. Accordingly, this issue is not being discussed.

Issue No. 4

13. Considering the conclusions arrived at in issue numbers 1 and 3, we are of the opinion that there is deficiency in service on the part of O.P.s.

Issue Nos. 4 & 5

14. Complainant has sought for Rs. 4,00,000/- being the difference in the actual cost and the cost at which a property was sold by the complainant allegedly due to retention of title deeds by the O.P., compensation of Rs. 2,00,000/- and cost of Rs. 50,000/-.

15. In order to substantiate her contention that the complainant had to sell property at a loss of Rs. 4,00,000/-, complainant has marked Ext. A5 sale deed bearing number 1487/2021 dated 03/09/2021. Complainant's case is that she required the property for sale for her daughter's wedding during 2023-2024 period. If wedding was during 2023, how come a property had to be sold off in 2021 is not explained by the complainant. Further, how retention of a property by Bank would reduce the value of another property is also not explained by the complainant. Admittedly loan was closed during 2023. Till closure of loan account, retention of title deeds was legal. Therefore, loss cannot be attributed to O.P. for a sale effected by the complainant during 2021. Thus allegations sought to be proved through Ext. A5 is only a figment of complainant's imagination one that is badly plotted and pathetically executed. This relief cannot be granted.

16. We find that in the facts and circumstances of the case where the OP has illegally withheld the title deeds of the complainant's property, the claim for compensation and cost as in the complaint is reasonable.

17. Accordingly, we allow this complaint in part holding as herein below:

1) There is deficiency in service on the part of O.P2.

2) Complainant is entitled to a compensation of Rs.2,00,000/- (Rupees Two lakhs only).

3) Complainant is entitled to a cost of Rs.50,000/- (Rupees Fifty thousand only)

4) OP2 is directed to comply with directives 2&3 within 45 days of receipt of a copy of this Order, failing which the complainant shall be entitled to a solatium of Rs.1,000/- (Rupees One thousand only) per month or part thereof from the date of this Order till the date of payment.

Pronounced in open court on this the 29th day of June, 2026,

Sd/-
Vinay Menon V
President
Sd/-
Vidya.A
Member
Sd/-
Krishnankutty N.K.
Member

APPENDIX

Exhibits marked on the side of the complainant:

Ext.A1 – Copy of communication dated 11/05/2023
Ext.A2 – Copy of screenshot of a letter issued to DIC, Palakkad
Ext.A3 – Print out of complaint issued to PMO.
Ext.A4 – Print out of email issued from OP1.
Ext.A5 – Copy of sale deed bearing No.1487/2021.

Exhibits marked on the side of the opposite party:

Ext. B1 – Print out of statement of account of Delite savings account
Ext. B2 – Copy of circular dated 1/6/22
Ext. B3 – Copy of communication dated 23/5/2025
Ext. B4 – Copy of email communication dated 14/10/2025
Ext. B5 – Copy of details of Delite savings account
Ext. B6 – Copy of declaration submitted by complainant with regard to PMEGP loan facility
Ext. B7 – Print out of statement of account of cash credit account
Ext. B8 – Original letter in lieu of Redeposit.

Court Exhibit: Nil
Third party documents: Nil
Witness examined on the side of the complainant: Nil
Witness examined on the side of the opposite party: Nil
Court Witness: Nil

Dictated to my Confidential Assistant by me and transcribed by him. Verified by me and found correct on this the 29th day of June, 2026.

Sd/-
Vinay Menon V
President

NB: Parties are directed to take back all extra set of documents submitted in the proceedings in accordance with Regulation 20(5) of the Consumer Protection (Consumer Commission Procedure) Regulations, 2020 failing which they will be weeded out.