IN THE HIGH COURT AT CALCUTTA

(Constitutional Writ Jurisdiction)

APPELLATE SIDE

Present:

The Hon'ble Justice Krishna Rao

W.P.A. No. 13210 of 2026

Sanjiv Kumar. Dalmia

Vs.

State Bank of India & Ors.

Mr. Sashwat Nayak
Mr. Sandeep Joshi
Mr. Kajal Dutta

....For the petitioner.

Mr. Subrata Sinha
Mr. Debashis Saha
Mr. Avirup Roy Sanyal
Ms. Sucheta Pal
Mr. Jyotishman Sarkar

....For the SBI.

Mr. Debabrata Das
Mr. A. Sarkar
Mr. Pratik Acharjee

....For the RBI.

Hearing Concluded On : 12.08.2026

Judgment Delivered On : 10.09.2026

Judgment Uploaded On : 10.09.2026

Krishna Rao, J.:

1. The petitioner has filed the present writ petition praying for direction upon the respondents to remove the partial restriction, debit freeze of Current Account No. 43061577012 maintained by the petitioner with the State Bank of India, at 19, Chetla Central Board Branch, Kolkata - 700027.

2. The petitioner is a sole proprietor of the firm under the name and style of "Sanjeev Vyapaar" and is maintaining a Current Account No. 43061577012 with the SBI Chetla Branch, Kolkata. On 19th March, 2026, all of a sudden, the current account of the petitioner has been partly frozen by the bank due to which the petitioner is unable to operate the account. The petitioner has approached the bank and enquired the reason for which the account of the petitioner is partly frozen but no reply was provided to the petitioner.

3. The petitioner has sent an email to the respondent bank requesting to disclose the reasons for such action and also requested to restore normal operation of the account of the petitioner. Inspite of several requests made by the petitioner, the bank has not informed about the partially frozen of the account of the petitioner. On 27th March, 2026, the officials of the respondent bank conducted a verification of the office premises including the PAN Card, Aadhaar Card, Trade License, GST Registration Certificate and other documents but the bank has not informed the reason for partially frozen of the account of the petitioner. On 6th April, 2026, the officials of the respondent bank has also inspected the godown of the petitioner.

4. On 8th April, 2026, the respondent bank informed the petitioner that the account of the petitioner has partially stopped by the Proactive Risk Management Cell, Patna, being the respondent no. 2 on account of a suspected mule transaction. By an email dated 23rd April, 2026, the respondent no. 1 raised quires with regard to diversification of the petitioner's business activities from scrap trading to dealing in other categories of goods. The petitioner has submitted his reply explaining the reasons for diversification of the activities.

5. On 24th April, 2026, the petitioner has sent a legal notice calling upon the respondents to allow the petitioner to operate the bank account or to disclose the reason for partially frozen the account of the petitioner. The respondent bank has sent a reply but has not disclosed the reason for partially frozen of the account of the petitioner.

6. Learned Counsel appearing for the respondent bank submits that the Centralized Cyber Cell of the Bank by an email dated 19th March, 2026, informed the bank by annexing a list of account numbers and as per the email received from the Proactive Risk Management Cell (hereinafter referred to as "PRM Cell"), the respondent bank has marked the account of the petitioner as suspected Mule accounts and marked as partly freezed. He submits that the bank officials have conducted a physical verification at the place of the business of the petitioner and in course of such verification, the bank observed that the nature and business was found to be different from the nature of the trade mentioned in the trade license as well as in the GST returns of the petitioner. He submits that during the inspection, the bank has observed that the nature of the business which actually defers from the nature of the trade mentioned in the trade license.

7. Learned Counsel further submits that while conducting verification, the bank found that the petitioner was mainly dealing with scrap or rubbish materials but the trade license obtained by the petitioner from the Kolkata Municipal Corporation for the year 2025-2026 was for cotton fabric and the petitioner has also obtained trade license from the Kolkata Municipal Corporation for iron and steel but during the said physical verification neither cotton fabric nor iron and steel business were found.

8. Learned Counsel further submits that the bank has conducted Enhanced Due Diligence and physical verification and found that the *"transaction is not in line with business"* and accordingly Suspicious Transaction Report (STR) was uploaded by the concerned branch on 24th April, 2026 in the concerned portal for communicating the same to the dedicated branch of the respondent bank. On receipt of the

Suspicious Transaction Report, from the concerned branch sent to the Financial Intelligence Unit.

9. Learned Counsel further submits that due to statutory restrictions, the bank was not in a position to divulge any details of the said complaint to the petitioner. He submits that the account of the petitioner has been partly freezed since it has been suspected that the account is being used as Money Mule. The bank has hold Rs. 10 lakhs for the reason that the transfer of the said amount has been disputed by the transferee, accordingly, the bank has partly freezed the account of the petitioner.

10. Mr. Subrata Sinha, Learned Advocate representing the bank submits that on 19th March 2026 when the account of the petitioner was partly freezed on the same day one Udbhav Dalmia, Managing Director of one Ninja Ferro Tec Private Limited requested the bank that the amount of Rs. 10,00,000/- was erroneously transferred from the account number 44689234494 to the account number of the petitioner and requested for reversal of the said amount. He submits that as on 19th March, 2026, the total balance in the account of the petitioner was Rs. 10,01,509.14/- including Rs. 10,00,000/- and the account of the petitioner was partly freezed on 19th March, 2026, due to which no steps could be taken by the bank with respect to the said amount. Mr. Sinha further submits that if the account of the petitioner is defreeze, the petitioner may not be allowed to deal with the said amount.

11. The respondents have disclosed the account statement of the petitioner from 3rd January, 2026 to 19th March, 2026. By referring the said statement of account of the petitioner, the respondents contended that immediately after credit of any amount in the account, the petitioner used to debit all amounts from the said account and when Rs. 10,00,000/- was credited in the account of the petitioner on 19th March, 2026, at the relevant time only an amount of Rs. 1,509.14 was lying balance in the account of the petitioner.

12. The bank has relied upon the Master Direction DBR.AML.BC. No.81/14.01.001/2015-16 dated 25th February, 2016, issued by the Reserve Bank of India. Clause 59 of the Master Direction deals with Operation of Bank Account and Money Mules which reads as follows:

> *"**59. Operation of Bank Accounts & Money Mules***
>
> *The instructions on opening of accounts and monitoring of transactions shall be strictly adhered to, in order to minimize the operations of "Money Mules" which are used to launder the proceeds of fraud schemes (e.g. phishing and identify theft) by criminals who gain illegal access to deposit accounts by the recruiting third parties which act as "money mules". Banks shall undertake diligence measures and meticulous monitoring to identify accounts which are operated as Money Mules and take appropriate action, including reporting of suspicious transactions to FIU-IND. Further, if it is established that an account opened and operated is that of a Money Mule, but no STR was filed by the concerned bank, it shall then be deemed that the bank has not complied with these directions."*

13. The bank has partly freezed the account of the petitioner on the allegation of suspected Mule Account. Mule Account is a bank account used by criminals to receive, move and launder illegally acquired money. The bank has partly freezed the account of the petitioner on 19th March, 2026. The bank has conducted a physical verification of the business place of the petitioner on 6th April, 2026 and found that the nature of business is different from the nature of trade mentioned in the trade license. The bank has submitted another report on Enhanced Due Diligence (EDD) format wherein it was observed that EDD Negative and business transaction not fund in line.

14. There is no report either from the side of the bank or from the investigating agency with regard to any fraud transaction in the account to the petitioner. The bank has conducted physical verification at the business place of the petitioner after the account of the petitioner was partly frozen but there is no finding of the bank that the petitioner has committed any fraud or transaction from the said account is fraud.

15. Clause 59 of the Master Direction dated 25th February, 2016, provides the bank to undertake diligence measures and meticulous monitoring to identify accounts which are operated as Money Mules and to take appropriate action, including reporting of suspicious transactions to FIU-IND. It is also provided that if it is established that an account opened and operated is that of Money Mule, but no Suspicious Transaction Report was filed by the bank, it shall then be deemed that the bank has not complied with these directions. The bank in the present case has not submitted any Suspicious Transaction Report. Even though the said provision enables the bank to take appropriate action, including suspicious transactions to FIU-IND but it does not specifically authorize freezing of accounts.

16. It is the specific case of the bank that the bank has partly frozen the account of the petitioner being used as Money Mule and it is not the case of the respondent bank that on 19th March, 2026, an amount of Rs. 10,00,000/- credited in the account of the petitioner which is disputed one and the account was partly frozen. The bank has partly frozen the account of the petitioner on 19th March, 2026, before freezing the account of the petitioner, no notice was served upon the petitioner. The verification of the business place of the petitioner was carried out without any notice. During verification, the bank finds that the petitioner is running the business contrary to the business mentioned in the trade license but there is no report that there is any fraud transaction or any illegal transaction is made in the account of the petitioner.

17. The bank has received a request from one Udbhav Dalmia, Managing Director of one Ninja Ferro Tec Private Limited, stating that the amount of Rs. 10,00,000/- was erroneously transferred in the account of the petitioner and requested the bank for reversal but the bank has not made any correspondence with the petitioner to ascertain whether the said amount has rightly transferred in the account of the petitioner or inadvertently came in the account of the petitioner. The only contention raised by the bank that as on 19th March, 2026, in the account of the petitioner the balance amount was only Rs. 10,01,509.14 and if the said amount reverse to the account of Ninja Ferro Tec Private Limited, only an amount of Rs. 1,509.14 would be remain in the account of the petitioner.

18. This Court did not find that the bank has collected any evidence to establish that the petitioner has used the said account as Mule Moneys. Even after receipt of the request of Ninja Ferro Tec Private Limited, the bank has not made any enquiry whether actual the said amount has come in the account of the petitioner of its business transaction or inadvertently it is transferred in the account of the petitioner. Since March, 2026, the bank has kept the account of the petitioner as partly frozen but failed to collect any evidence with regard to Mule Money.

19. Considering the above, this Court did not find any justification of partly freezing the account of the petitioner on the allegation of Mule Moneys. The bank is directed to immediately defreeze the account of the petitioner and to allow the petitioner to operate the bank account by keeping the disputed amount of Rs. 10,00,000/- in lien. The bank is also directed to take appropriate decision with regard to the amount of Rs. 10,00,000/- after giving an opportunity of hearing to the petitioner and Ninja Ferro Tec Private Limited within a period of six weeks from the date of receipt of this order.

20. **WPA No. 13210 of 2026** is **disposed of**.

Parties shall be entitled to act on the basis of a server copy of the Judgment placed on the official website of the Court.

Urgent Xerox certified photocopies of this judgment, if applied for, be given to the parties upon compliance of the requisite formalities.

(Krishna Rao, J.)