
(2012) 11 NCDRC CK 0051

In the National Consumer Disputes Redressal Commission

Japji Kaur Cheema

APPELLANT

Vs

ICICI HOME FINANCE CO. LTD

RESPONDENT

Date of Decision : 05-11-2012

Acts Referred:

Citation : 2012 0 NCDRC 644 : 2013 1 CPJ 401

Hon'ble Judges : R.C.Jain , S.K.Naik J.

Advocate : Vishal Ahuja

Judgement

1. THIS revision petition is directed against the order dated 1st of June, 2012 of the State Consumer Disputes Redressal Commission, U.T. Chandigarh (for short the State Commission) passed in First Appeal No. 32 of 2012. By the said order the State Commission has set aside the order of the District Consumer Disputes Redressal Forum-I, U.T. Chandigarh (for short the District Forum) passed in favour of the petitioner/complainant, thereby dismissing her complaint.

2. FACTS of the case, in brief, are that the petitioner/complainant had obtained a housing loan from respondent no.1/ICICI Home Finance Co. Ltd., which was foreclosed by paying the foreclosure charges. However, at the time of sanctioning the loan, the petitioner/complainant had obtained a life insurance policy allegedly as a mandatory requirement to cover the sanctioned loan amount against any contingency and had paid a sum of Rs.2,68,000/- towards the one time premium. The policy was to cover a period of 20 years. Subsequently, the petitioner/complainant was refunded a sum of Rs.19,474/- out of the said premium amount perhaps due to an excess charge levied on her. When the entire loan amount was foreclosed after about a period of 8 months from the date of disbursement of the loan amount, the petitioner/complainant sought the refund of the amount of premium paid by her. Respondent no.3/ICICI Prudential Life Insurance Co. Ltd., however, refunded only a sum of Rs.1,49,605.09 against Rs.2,48,253/- (appears to have been wrongly calculated since Rs.2,68,000 - Rs.19,474 comes to Rs.2,48,526/-) as per clause 3(b)(ii) of the policy, which prescribed the formula for the refund of the surrender value. As against the

course adopted by respondent no.3/Insurance Company, the say of the petitioner/complainant is that since she had foreclosed the loan within a period of 8 months from the date of its disbursement as against the period of 20 years for which the insurance was valid, respondent no.3/Insurance Company was entitled to deduct proportionate premium for the said period which came to only Rs.8275/- and therefore the deduction of Rs.98,647.91 was not justified.

3. THE District Forum was convinced with this line of argument of the petitioner/complainant and had directed respondent no.3/Insurance Company to refund the amount of Rs.90,372.91, which they had deducted, with interest @ 12% per annum from the date of filing of the complaint till its realization, besides payment of a sum of Rs.10,000/- as costs. The said order of the District Forum was challenged in appeal by respondent no.3/Insurance Company before the State Commission, which going by clause 3(b)(ii) of the policy relied upon by the Insurance Company set aside the order of the District Forum and dismissed the complaint. This has given rise to the complainant approaching this Commission to invoke our supervisory jurisdiction under Section 21(b) of the Consumer Protection Act, 1986.

4. WE have heard Mr. Vishal Ahuja, learned counsel for the petitioner/complainant and have perused the records of the case. The foreclosure of the loan obtained by the petitioner/complainant from respondents no.1 and 2/ICICI Home Finance Co. Ltd. by paying the foreclosure charges is not in dispute. The only allegation of the petitioner/complainant is against respondent no.3/ICICI Prudential Life Insurance Co. on the point of refund of surrender value of the insurance premium. Learned counsel for the petitioner/complainant contends that since the petitioner had availed the insurance cover only for a period of 8 months, where-after she had discharged the entire loan amount and surrendered the policy, the Insurance Company should have refunded the premium amount after deducting only the proportionate amount of premium, which comes to Rs.8275/- and not the heavy amount of Rs.98,647.91, which is a clear deficiency in service on their part. We have noted the argument of learned counsel for the petitioner/complainant only to be rejected for the simple reason that the terms incorporated in the policy are agreement between the parties for all intents and purposes and the parties are bound by them. Subsequent to entering into such agreement, none of the parties can go behind the terms of such agreement or allege that the conditions were not fair. The State Commission has dealt with this aspect in detail and has stated as under :- "11. ... The parties were governed by the terms and conditions contained in this policy document. Clause 3(b)(ii) of this policy document reads as under :- "In case of the full prepayment of the loan or restructuring of the loan resulting in full prepayment or transfer of the Loan to another Financial Institution/Company/Bank, which is not a subsidiary or branch of the Bank, the Life cover shall cease and the Surrender Value shall become payable as long as the same is at least Rs.250/-. The Surrender Value is computed as below :- 70% of the Premium Paid * outstanding terms of Life Cover Total premium of Life Cover " 12. The authenticity of this document, was

not at all challenged, by the complainant, during the pendency of the complaint. ... "

5. CONTENTIONS now raised seek to challenge this clause of the policy, which is not permissible in law. We, therefore, find that the State Commission has correctly set right the erroneous view adopted by the District Forum. The order of the State Commission being in conformity with the settled principle and law on the terms of the contract being binding on the parties needs no interference.

6. THE revision petition is, accordingly, dismissed.