(2005) 11 NCDRC CK 0001

In the National Consumer Disputes Redressal Commission

MUTHOOT LEASING AND FINANCE LTD APPELLANT

Vs

J K JAIN RESPONDENT

Date of Decision : 24-11-2005

Acts Referred:

Citation : 2006 4 CPJ 351

Hon'ble Judges : J.D.KAPOOR , RUMNITA MITTAL J.

Judgement

1. ON account of having forcibly taken possession of the vehicle financed to the respondent by the appellant and also having disposed it of for a price of Rs. 1,25,000 despite the loan amount being Rs. 2,20,000 and payment of Rs. 94,000 having been made by the respondent, the District Forum has vide impugned order dated 5.5.2005 directed the appellant to pay Rs. 1,00,000 (one lac) towards compensation and cost of other charges.

2. FEELING aggrieved the appellant has directed this appeal. It is pertinent to mention at the very outset that we have taken serious view of the finance companies and the banks taking law into their own hands by sending their employees to the house of the consumer and taking forcible possession of the vehicle. The financial institutions and banks cannot be permitted to execute the terms of agreement in unlawful manner. We have taken a view that hire purchase agreement is a civil contract and dispute arising from it has to be settled by way of civil remedy and not through musclemen. Rule of law and civilized society cannot brook such a phenomenon.

3. SIMILARLY , we have taken consistent view that the sale of the vehicle at much lower price than its actual market value is dubious and mischievous practice and projects the finance companies and Banks in poor light. In case the finance company or the Bank intends to sell the vehicle, it has to at least fix a reserve price which shall be the depreciated value @ 10% and adjust the said amount in the outstanding dues, if any.

4. IN our view, the amount of the compensation awarded by the District Forum is

on higher side. Under the Consumer Protection Act consumer is to be compensated as to loss and injury suffered by him and not to make him unjustly rich. He has to be compensated commensurate with the nature of deficiency in service or the unfair trade practice. In view of various orders passed in such like cases, we without deeming it necessary to issue notice to the respondent, allow the appeal by reducing the amount of compensation to Rs. 50,000 without going into the question as to the actual cost of the vehicle at which it should have been sold. Vehicle was sold clandestinely without calling the tenders and without even adhering to the norm of depreciated value of the vehicle with the passage of time.

5. THE appeal is disposed of in the aforesaid terms. The payment shall be made within one month.

6. THE bank guarantee/FDR, if any deposited by the appellant, be returned forthwith after compelling necessary formalities. A copy of this order as per statutory requirements be forwarded to the parties free of costs and also the concerned District Forum and thereafter the file be consigned to Record Room. Appeal allowed.

