(1994) 03 NCDRC CK 0065

In the National Consumer Disputes Redressal Commission

South Indian Bank Ltd. APPELLANT

Vs

NAWARATHAN K. KOTHARI RESPONDENT

Date of Decision : 15-03-1994

Acts Referred:

Citation : 1994 2 CPC 26 : 1994 2 CPJ 572 : 1994 2 CPR 43

Hon'ble Judges : D.R.Vithal Rao , K.R.Ramaswamy Iyengar , Susheela Cheluvaraju J.

Final Decision : Appeals dismissed

Judgement

1. THESE appeals are directed against the order dated 15th June, 1993 of the District Forum, Mysore, in Complaint No. 964/1990-91, partly allowing the complaint.

2. THE facts of this case are that the complainants borrowed a sum of Rs.76,400/- from the opposite party agreeing to repay the same with 16.5% p.a. compounded quarterly and pledged their gold jewellery by way of security for the said loan. It is alleged by the complainants that the opposite party is illegally claiming rental and insurance charges on the pledged jewellery; that even though they have remitted the entire principal with full interest, they have not released the jewellery on the ground that the complainants are due to pay the rental and insurance charges. THE complainants contend that the opposite party was entitled to claim only interest as approved by the Reserve Bank of India and is not entitled to collect any other charges. The complainants, therefore, pray for passing order directing the opposite party to return the jewellery, for a compensation of Rs. 20,000/- and for other reliefs.

The opposite party resisted the complaint on the ground that the transaction arises out of a contract and therefore, the Consumer Forums have no jurisdiction to entertain it and further that under the terms of the contract, the complainants had agreed to pay the rental and insurance charges and therefore they were bound to pay the same.

3. THE District Forum, after considering the evidence and records allowed the complaint and directed that the opposite party shall release the jewellery pledged by the complainants and also to pay Rs. 2,000/- as costs. THE District Forum has not awarded any compensation to the complainants. Both the parties have come up in appeal.

4. THE only point seriously urged by the learned Counsel for the appellant in Appeal No. 362/1993 was that the complainants having agreed to pay rental charges and insurance charges for the jewellery pledged by them, they were bound by the terms of the contract. THE learned Counsel did not seriously dispute the proposition that all the schedule banks which includes the opposite party are governed by and are bound to follow the directions issued by the directions of the Reserve Bank of India. We asked the learned Counsel, if there is a direction by the RBI empowering the appellant to collect rentals and insurance charges from parties pledged jewellery with them. THE learned Counsel was not able to produce a copy of any such direction given by RBI. In the absence of such a direction, it has to be held that the collection of rental charges and insurance in respect of jewellery pledged with the appellant bank was wholly unauthorised and unsustainable. THE appellant cannot enforce such a term in the contract which is wholly unauthorised. Under the circumstances, we do not find any reason to interfere with the orders passed by the District Forum and we hereby dismiss the appeals. Appeals dismissed.