STATE CONSUMER DISPUTES REDRESSAL COMMISSION, MAHARASHTRA, MUMBAI

Consumer Complaint No.SC/27/CC/18/26

Shruti Sudhir Kirtane, Aged 60
years, Senior Citizen, Indian
Inhabitant, residing at
Flat No.304/B, Sector No.20,
Plot No.27, Kamothe,
Navi Mumbai – 410 209. .... Complainants

Versus

HP Employee's Co-operative
Credit Society Ltd., registered
Under Multi-State Co-op.
Societies Act, 2002 having its
Registered office at
H.P.C.L./West Zone, Training
Center, 3rd Floor, ¾, Junction
Of Turner Road, S.V. Road,
Bandra (West), Mumbai – 400050. .... Opposite Party

BEFORE:

Hon'ble Mr. Mukesh V. Sharma, Presiding Member
Hon'ble Ms. Poonam V. Maharshi, Member

APPEARANCE:

For the Complainant : Advocate Poonam Makhijani
For Opposite Party : Advocate Darshita Hatage, SC Legal.

JUDGMENT

(Date 27-01-2026)

Per: Hon'ble Mr. Mukesh V. Sharma, Presiding Member

1. The complainant has filed the present consumer complaint under Section 12 read with Section 2(1)(g) and allied provisions of the Consumer Protection Act, 1986, alleging deficiency in service and unfair trade practice on the part of the Opposite Party, namely HP Employee's Co-operative Credit Society Ltd., a multi-state co-operative credit society registered under the Multi-State Co-operative Societies Act, 2002.

2. The complainant has stated that she is a senior citizen and a former employee of Hindustan Petroleum Corporation Limited (HPCL) and retired from service on 30.11.2017 after about 36 years and 3 months of service. She has further stated that being a member of the Opposite Party society, she decided in December 2015 to invest her savings under the Monthly Income Scheme floated by the Opposite Party on the assurance of attractive returns, and accordingly submitted the prescribed form along with a cheque of Rs.9,00,000/-.

3. The complainant has further stated that the Opposite Party issued Fixed Deposit Receipt No.002/3491 dated 04.01.2016 for Rs.9,00,000/- showing the maturity date as 04.01.2019. It is her case that neither the prescribed form nor the said receipt mentioned any bar on premature withdrawal. She has further stated that due to financial needs she requested by email in February 2017 for release of the deposit and transfer to her bank

account, but the Opposite Party refused by relying on its internal circular dated 24.12.2015 stating that premature withdrawal under the scheme is not permissible.

4. The complainant has alleged that she came to know of such circular only upon refusal and that the Opposite Party acted unfairly and arbitrarily by enforcing an undisclosed prohibition. She has pleaded that the stand taken by the Opposite Party is contrary to the regulatory framework and inconsistent with the RBI policy/circular dated 01.07.2014 regarding premature withdrawal. She has therefore alleged deficiency in service and unfair trade practice.

5. The complainant has further stated that thereafter she approached the office of the Deputy Registrar, Co-operative Societies and also made a complaint to the Reserve Bank of India on 01.08.2017, contending that refusal of premature withdrawal is contrary to the RBI circular dated 01.07.2014. According to her, she did not get relief and the Opposite Party continued to retain her money.

6. The complainant has further stated that after her retirement on 30.11.2017, the Opposite Party also did not release the amount of Rs.3,52,242/- standing to her credit and insisted upon further formalities and documentation. She has stated that withholding of the deposit and allied dues on the basis of unilateral and undisclosed conditions is unfair and arbitrary and amounts to deficiency in service and unfair trade practice. On these pleadings,

she has sought directions for refund of the amounts with interest, along with compensation and litigation costs.

7. Upon admission of the consumer complaint, notice was issued to the Opposite Party. The Opposite Party was duly served and it appeared through its authorised representative/advocate.

8. The Opposite Party appeared and filed its Written Version. It opposed the complaint on the grounds of maintainability as well as on merits and prayed for dismissal.

9. The Opposite Party contended that it is a multi-state co-operative credit society and the complainant is/was its member. It contended that the dispute is governed by the society's by-laws, resolutions and scheme conditions. It further contended that since the complainant had earlier approached the Deputy Registrar, she cannot invoke consumer jurisdiction for the same dispute.

10. On merits, the Opposite Party contended that the Monthly Income Scheme was introduced for the benefit of members, particularly retiring members, and that the complainant voluntarily invested Rs.9,00,000/- under the scheme to avail a higher assured return. It contended that the deposit was for a fixed period of three years and that premature withdrawal is not allowed under the scheme.

11. The Opposite Party relied upon its circular dated 24.12.2015 and contended that the condition of "no premature withdrawal" is an integral part of the scheme, except in limited exceptional situations. It contended that this circular was communicated to

members by email and that the complainant had knowledge of this condition before making the deposit.

12. The Opposite Party contended that having accepted the scheme and enjoyed its benefits for a substantial period, the complainant cannot seek premature payment contrary to the scheme terms and is estopped from alleging unfairness or deficiency.

13. The Opposite Party further contended that the complainant understood the difference between scheme deposits and regular deposits. It pointed out that the complainant had made a separate regular fixed deposit of Rs.2,00,000/- in August 2016 and withdrew it prematurely in September 2016, which was permitted as regular deposits did not carry the said restriction. It also contended that instead of breaking the MIS deposit, the complainant availed loans from the society in September 2016 and January 2017.

14. The Opposite Party denied applicability of the RBI circular relied upon by the complainant and contended that the complainant's plea of financial need is not a ground to alter the scheme conditions. It also contended that allowing premature withdrawal would disturb the scheme, create a precedent for other depositors and affect the society's liquidity.

15. The Opposite Party also disputed certain documents relied upon by the complainant and contended that the form produced with the complaint is not correct. It further contended that some amounts (Rs.3,52,242/-) were subject to completion of requisite

formalities and documentation as per the society's practice and by-laws. On these grounds, it prayed for dismissal of the complaint with costs.

16. We have carefully gone through the complaint, the Written Version, the affidavits and documents filed by both sides, and the written notes of arguments. We have considered the rival submissions on maintainability, jurisdiction and the merits of the dispute. On the basis of the record, the following Issues/points arise for our determination.

Sr. No.	**Issues/points for Determination**	**Answer**
1	Whether the complainant is a consumer and this Commission has jurisdiction to entertain and decide the complaint?	Yes
2	Whether the Opposite Party committed deficiency in service and adopted unfair and arbitrary practice by refusing to release the complainant's money on the basis of an undisclosed/unilateral condition and by withholding the amounts due?	Yes
3	What order?	As per final order

Issue No.1 - Whether the complainant is a consumer and this Commission has jurisdiction to entertain and decide the complaint?

17. The Opposite Party has objected that the complainant, having retired, ceased to be a member and therefore ceased to be a consumer. It is also contended that the complainant had approached the Deputy Registrar, Co-operative Societies and therefore the present complaint is not maintainable.

18. The relevant facts for deciding this issue are not in dispute. The complainant deposited Rs.9,00,000/- under the Monthly Income Scheme and the Opposite Party accepted the amount and issued Fixed Deposit Receipt dated 04.01.2016 with maturity on 04.01.2019. The dispute is about refusal of premature release and withholding of amounts. In the complaint, the complainant has claimed refund of the deposit and the amount of Rs.3,52,242/- with interest, and she has quantified her claim at Rs.23,52,242/- along with further reliefs.

19. A person becomes a consumer when she hires or avails any service for consideration. Accepting deposits, issuing fixed deposit receipts, maintaining accounts, paying interest and releasing maturity amounts are financial services rendered for consideration. The complainant entrusted her money to the Opposite Party and the Opposite Party undertook to pay agreed returns and to return the money as per its representation. Therefore, the complainant is clearly a consumer in respect of such services. The contention that she ceased to be a consumer merely because she retired or because the Opposite Party labels her status differently in its by-laws cannot be accepted. The relationship of service continues so long as the Opposite Party holds her deposit and is obliged to deal with it.

20. As regards maintainability, the fact that the complainant approached the Deputy Registrar does not take away the jurisdiction of the Consumer Commission. The remedy under the Consumer Protection Act is an additional remedy. It is settled that existence of another remedy under a special statute, including co-operative laws, does not bar a consumer complaint when deficiency in service is alleged. The objection that the matter involves complicated questions is also not a bar when the dispute can be decided on pleadings, documents and evidence led by the parties.

21. On pecuniary jurisdiction, the complaint is filed under the Consumer Protection Act, 1986 and the value of claim pleaded is above Rs.20,00,000/-, hence it falls within the pecuniary limits of the State Commission. On territorial jurisdiction, the Opposite Party has its registered office at Mumbai and the cause of action arises from its acts of accepting the deposit, issuing the receipt and refusing release; therefore, this Commission has territorial jurisdiction as well.

22. For these reasons, we answer Issue No.1 in the affirmative and hold that the complainant is a consumer and this Commission has jurisdiction to entertain and decide the complaint.

Issue No.2 – Whether the Opposite Party committed deficiency in service and adopted unfair and arbitrary practice by refusing to release the complainant's money on the basis of an undisclosed/unilateral condition and by withholding the amounts due?

23. The complainant's case is simple. She deposited Rs.9,00,000/- under the Monthly Income Scheme. The Opposite Party accepted the money and issued Fixed Deposit Receipt No.002/3491 dated 04.01.2016 showing maturity on 04.01.2019. In February 2017 she requested premature release. The Opposite Party refused by relying upon its circular dated 24.12.2015 stating that premature withdrawal is not permissible. The complainant has specifically pleaded that the deposit form and the deposit receipt did not contain any clause prohibiting premature withdrawal and that she was informed of such prohibition only when the request was refused.

24. The Opposite Party's defence is that the scheme condition of "no premature withdrawal" was part of the MIS itself; that the circular dated 24.12.2015 was circulated by email to members; that the complainant chose MIS to get higher fixed return; and therefore she is bound by the scheme terms. The Opposite Party further contended that allowing premature release would affect the society's liquidity and create a precedent. It also contended that certain amounts/interest were not released after retirement because the complainant did not complete nominal membership/formalities and did not submit the original certificate.

25. On these pleadings, the real question is whether the Opposite Party has shown that the "no premature withdrawal" condition was clearly disclosed to, and accepted by, the complainant at the time of taking her money.

26. When a financial institution receives money from a consumer, it must disclose the material terms in clear writing at the inception. A restriction like “no premature withdrawal” is a material and onerous condition. If such a restriction is intended, it must be expressly mentioned in the deposit application/receipt or in a document acknowledged by the depositor. The consumer parts with her money on the faith of the written instrument issued by the service provider.

27. In the present case, the complainant has pleaded that the form and the receipt were silent about such restriction. The Opposite Party has mainly relied upon an internal circular and a claimed email circulation. However, the Opposite Party has not placed such material on record in a manner that categorically proves that the complainant, at the time of deposit, received and accepted the restrictive term as a binding part of the contract. When a service provider relies on a restrictive term to deny payment, the burden is on the service provider to prove clear disclosure and acceptance. That burden is not discharged merely by stating that a circular was issued or that an email was sent.

28. Further, if the formal deposit documents given to the consumer do not carry the restriction, the service provider cannot defeat the consumer’s request by referring to an internal policy which was not shown to be incorporated in the consumer’s contract papers. Such an approach is unfair and arbitrary as it allows the service provider to retain consumer money by invoking terms that are not transparently recorded in instrument.

29. The Opposite Party argued estoppel because the complainant enjoyed the scheme benefits for some time. We are unable to accept this. Estoppel presupposes a proved and conscious acceptance of the specific condition. Where the condition itself is not proved to have been disclosed and accepted in the deposit documents, the consumer cannot be non-suited merely because interest was credited for some period.

30. The Opposite Party also relied on the complainant's conduct of withdrawing a separate regular deposit and taking loans instead of breaking MIS. This conduct does not prove prior acceptance of an undisclosed restriction. A consumer may take loans for many reasons, including the institution's refusal to release her own money. Such conduct cannot substitute proof of contractual disclosure.

31. We also find substance in the complainant's grievance about the Opposite Party withholding other admitted amounts after retirement. An amount lying to the complainant's credit (Rs.3,52,242/- as stated by the parties) cannot be indefinitely withheld by linking release to internal documentation or nominal membership formalities. The Opposite Party may require procedural compliance, but it cannot retain an admitted balance as a pressure tactic. Similarly, surrender of the original receipt can be insisted at the time of payment with proper acknowledgment, but it cannot become a ground to deny payment altogether once liability is determined.

32. The complainant relied upon the RBI circular dated 01.07.2014 to contend that premature withdrawal policies must be fair. The Opposite Party disputes applicability. For our conclusion on deficiency and unfairness, we do not rest only on technical applicability of the RBI circular. Even otherwise, the Opposite Party, while providing financial services, is bound to act fairly, transparently and non-arbitrarily. The deficiency here lies in enforcing a restrictive condition not proved to be part of the complainant's deposit documents and in withholding admitted amounts on unilateral internal grounds.

33. The Opposite Party relied upon certain judgments, namely Navodaya Vidyalaya Samiti vs. Chief Manager, Allahabad Bank & Ors. (NCDRC), Custodian and Others vs. B.O.I. Finance Ltd. (1997) 10 SCC 488, Bank of India vs. Brindavan Agro Industries Pvt. Ltd. (2020) 19 SCC 392, andChief Engineer, Water Resources Department & Ors. vs. Rattan India Power Ltd. (2023 SCC OnLine SC 45).

34. We have considered them. These decisions arise on different factual and legal settings and do not govern the present issue where the primary question is of transparent disclosure of deposit terms and fairness in dealing with a consumer's money. Hence, they do not assist the Opposite Party on the facts of this case.

35. For these reasons, we hold that the Opposite Party committed deficiency in service and adopted unfair and arbitrary practice by refusing release of the complainant's money on the strength of an internal circular/condition not proved to be duly incorporated and

accepted in the complainant's deposit documents, and by withholding the complainant's admitted dues on unilateral internal grounds. Issue/Point No.2 is answered in the affirmative.

Issue No.3 - "What order?".

36. The complainant has prayed for return of the entire amounts with interest and also claimed compensation and costs. She has also alleged that the Opposite Party acted unfairly and arbitrarily and caused her mental agony by refusing to release her money and by withholding her dues even after retirement.

37. While considering monetary reliefs, we are required to award compensation which is just and reasonable on the basis of pleadings, conduct of parties, the period of deprivation, and the overall facts. The Consumer Fora do not grant windfall or punitive amounts merely because a demand is made. At the same time, where a consumer's money is wrongfully withheld and the service provider acts unfairly, reasonable compensation must follow so that the consumer is restituted and the wrong is suitably addressed.

38. In the present case, the Opposite Party retained the complainant's deposit of Rs.9,00,000/- despite her request, and also withheld the amount of Rs.3,52,242/- admittedly lying to her credit after retirement. The complainant, being a senior citizen/retired employee, was made to run from pillar to post. The conduct of the Opposite Party in enforcing an undisclosed restriction and in linking release of admitted amounts to internal

formalities cannot be approved. Therefore, directions for refund of the principal amounts with reasonable interest are necessary.

39. As regards interest, having regard to the nature of transaction, the period involved and the equities, interest at 10% per annum would be reasonable and would balance the complainant's loss of use of money with the nature of the scheme. Further, considering the harassment caused and the unfair conduct, compensation of Rs.5,00,000/- would be appropriate. The complainant is also entitled to litigation cost of Rs.50,000/-.

40. Further to ensure compliance and to discourage further delay, it is necessary to stipulate a time bound payment and a higher rate in default. Therefore, we direct the Opposite Party to comply order within 60 days, failing which interest at 12% per annum shall be payable on all amounts awarded, from the date of this order till realization.

41. Accordingly, Issue/Point No.3 is answered "As per final order".

Final Order

1. Consumer Complaint is partly allowed.

2. The Opposite Party is directed to pay to the complainant the amount of Rs.9,00,000/- with interest @ 10% per annum from 04.01.2016 till realization.

3. The Opposite Party is directed to pay to the complainant the amount of Rs.3,52,242/- with

interest @ 10% per annum from 01.12.2017 till realization.

4. The Opposite Party is directed to pay to the complainant compensation of Rs.5,00,000/-.

5. The Opposite Party is directed to pay to the complainant litigation cost of Rs.50,000/-.

6. The Opposite Party is directed to comply with the above directions within 60 days from the date of this order. Failing which, the Opposite Party shall pay interest @ 12% per annum on all the amounts payable under clauses (2) to (5) above, from the date of this order till realization.

7. Free copy of this order be furnished to the parties.

[Mukesh V. Sharma]
Presiding Member

[Poonam V. Maharshi]
Member