

NON-REFUND OF FULL DEPOSIT IS DEFICIENCY IN SERVICE

BANKS, Co-operative societies and other financial institutions are efficient in collecting deposits. They give a rosy picture about the future and almost promise the moon on earth, to woo the consumer.

But the problem arises at the time of maturity. You may be familiar with doubling of the deposit amount. Banks promise that the amount you invest will double in five years. If you believe this, you will be disappointed, as you are bound by certain rules, which were not explained to you while parting with your money.

Take the case of Kailash Prasad Tiwari who deposited Rs1,50,000 with a co-operative bank in Madhya Pradesh. While depositing the money he was told that it would double in 63 months. But in 1998 when the depositor received his cheque towards refund of deposit he was shocked. The bank had paid him Rs2,85,000 instead of Rs 3 lakhs and did not attend to his grievance.

Tiwari filed a complaint in the Consumer Forum. Though the judgment was in favour of Tiwari, with the court directing the bank to repay Rs 15,000 with interest at 12.5 per cent along with other costs, the bank did not pay up.

Instead, it filed an appeal in the State Commission on two grounds. Firstly, it said that a depositor of a co-operative bank is not a consumer as defined in the Consumer Protection Act. It said that all disputes should be referred to the Registrar of Co-operative Societies and not the consumer forum.

Secondly, the bank argued that interest on deposits are governed by directive of the Reserve Bank of India. Since the interest rate was reduced during the tenure of the deposit, it cannot pay the full amount. It even quoted a decision of the Supreme Court to substantiate their case.

However the State Commission refused to accept the arguments and delivered a judgment in favour of the depositor. As the bank had not notified Tiwari about the interest rate differences, the court ensured that the bank does not deny the consumer the full amount. The State Commission also said that the consumer deposited the amount on the basis that he would get Rs 3 lakh at the end of 63 months.

It is true that transactions relating to deposits are governed by the directives of RBI. But unless these regulations and directives are brought to the notice of consumers, it has no validity.

If the depositor is assured of a fixed sum, the same should be honoured. Else the consumers should be explained the terms and conditions in clear terms. This is more relevant in case of rural depositors.
