Fair Order

IN THE DEBTS RECOVERY TRIBUNAL AT MADURAI
DATED THIS 30TH DAY OF SEPTEMBER 2026
PRESENT: SEEMA SINHA
[PR. DISTRICT & SESSIONS JUDGE - Retd]
PRESIDING OFFICER

SA No. 370/2019

1. J. Jessie Hannah
W/o Jayachandran
A-7, Mangammal Salai
Ayyappa Nagar
Tiruchirappalli – 620 021 ..... **Applicant**

Vs

1. The Authorised Officer / Chief Manager
Bank of Baroda
Trichy Main Branch
Mehar Plaza, No. 5
North Andal Street
Tiruchirappalli – 620 002 ..... **Defendant**

Appearance of Advocates:
Mr. R.S. Sivaram ---- Counsel for the Applicant
Mr. M. Prakash ---- Counsel for the Defendant Bank

This Application was heard in the presence of Mr. R.S. Sivaram, Counsel for the Applicant and Mr. M. Prakash, Counsel for the Defendant Bank in the aforesaid case and upon hearing the arguments of both sides Counsels and having stood over for consideration till this day, this Tribunal delivered the following:

ORDER

1. This Application has been filed under Section 17(1) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 with a prayer to set aside the Possession Notice dated 15.05.2019 issued by the Defendant Bank under section 13(4) of the SARFAESI Act, 2002.

2. The brief averments of the Application filed by the Applicant are as follows:-

A. The Applicant submitted that she is the owner of the Schedule Property. The said property was purchased by her under Sale Deed No.1058 dated 22.04.2003, registered in the office of the Sub-Registrar, K. Sathanur, Tiruchirappalli, and she has been in possession and enjoyment of the same.

B. The Applicant availed a housing loan of Rs.11,26,000/- (Rupees Eleven Lakhs Twenty-Six Thousand only) from the Respondent Bank on 13.04.2006 vide Loan Account No.05390600012477. The monthly EMI for the said loan was initially Rs.15,000/- and subsequently Rs.13,174/-. The Applicant submits that she had been regular and prompt in payment of the monthly EMIs for several years. It is further contended that, at the time of entering into the loan agreement, the Respondent Bank did not properly explain to the Applicant the terms and conditions of the loan, the rate of interest and other relevant particulars. According to the Applicant, the Bank officials obtained her signature on blank pro forma documents without explaining their contents.

C. In October 2018, the Applicant received a message from the Respondent Bank stating that an overdue amount of Rs.48,738/- was outstanding as on 13.06.2018 and calling upon her to settle the same immediately. On the same day, the Applicant approached the Respondent Bank's branch at Thillainagar seeking clarification

regarding the said message, where she was informed by the Bank officials that her loan account had been classified as a Non-Performing Asset (NPA). As the Applicant was not provided with a proper explanation for such classification, she submitted a letter dated 25.10.2018 to the Respondent Bank and also to the Banking Ombudsman under the Reserve Bank of India by registered post, seeking details as to the reasons for classification of her loan account as NPA despite her alleged regular payment of dues. Though the Respondent received the said communication, according to the Applicant, no proper accounting details were furnished to her. The Applicant further submits that the complaint made before the Banking Ombudsman was transferred to the concerned Bank under Clause 9(1) of the Banking Ombudsman Scheme, 2006, but no effective action was taken thereafter.

D. The Applicant submitted that, despite the above circumstances, she continued to pay the EMI amounts. However, on 13.03.2019, a Bank official contacted her over the telephone and demanded payment of approximately Rs.4,00,000/-, failing which the Applicant was allegedly threatened with the sale of the Schedule Property. When the Applicant sought details regarding the said demand, the Bank official forwarded an e-mail enclosing the Demand Notice dated 16.10.2018 issued under Section 13(2) of the SARFAESI Act, 2002.

E. On perusal of the said notice, the Applicant came to know that the Respondent Bank had classified her housing loan account as NPA on 29.09.2018, stating that she had failed to pay the EMIs from June 2018 to September 2018. The Applicant contends that the classification of her loan account as NPA was not intimated to her prior to the issuance of the Demand Notice dated 16.10.2018 under Section 13(2) of the SARFAESI Act, 2002.

F. The Applicant submitted that she had made payments towards the loan account during the relevant period, namely, Rs.13,506/- on 06.06.2018, Rs.13,506/- on 10.07.2018, Rs.26,000/- and Rs.13,506/- on 20.08.2018, Rs.20,000/- on 07.09.2018, Rs.24,000/- on 05.10.2018 and Rs.13,506/- on 19.11.2018. On the basis of the aforesaid payments, the Applicant contends that the classification of her loan account as NPA on 29.09.2018, on the ground of non-payment of EMIs from June 2018 to September 2018, was erroneous and illegal.

G. The Applicant contends that the Respondent Bank, despite the payments allegedly made by her, proceeded with the SARFAESI proceedings by issuing the Demand Notice dated 16.10.2018 under Section 13(2) of the SARFAESI Act, 2002. According to the Applicant, such action was contrary to the applicable banking procedure and principles of natural justice.

H. The Applicant submitted that, due to the alleged illegal classification of her loan account as NPA and the subsequent SARFAESI proceedings, she suffered mental agony, harassment and loss of reputation.

I. The Applicant states that she is a retired Government employee and desired to lead a peaceful retired life. According to her, despite having made payments towards the loan account, the Respondent Bank wrongly classified the account as NPA and failed to properly intimate her regarding such classification.

J. The Applicant, through her Advocate, issued a legal notice dated 14.03.2019 calling upon the Respondent Bank to rectify the alleged mistake, take into account all the payments made by her and restructure the loan account.

K. The Respondent Bank received the said legal notice and issued a reply thereto, wherein it acknowledged the payment of Rs.1,30,400/- made by the Applicant. However, according to the Applicant, the Respondent Bank failed to rectify the alleged erroneous classification of the loan account as NPA and did not withdraw or drop the SARFAESI proceedings.

L. The Applicant further submitted that she had filed a complaint under the Consumer Protection Act before the District Consumer Disputes Redressal Forum, Tiruchirappalli, in C.C. No.46 of 2019. When the said case was posted for hearing on 22.05.2019, the Respondent Bank allegedly issued proceedings under Section 13(4) of the SARFAESI Act against the Applicant as a counterblast to the said proceedings. The Applicant further contends that, though the Possession Notice was stated to have been issued, the mandatory procedure for service of the said notice by registered post was not complied with.

GROUNDS

a. The Applicant submitted that the Respondent Bank failed to furnish her with a copy of the loan agreement executed between the parties and did not explain the contents, terms and conditions thereof to her at the time of availing the loan.

b. The Applicant submitted that the Respondent Bank failed to furnish a proper schedule of repayment indicating the instalments payable, the rate of interest and other charges applicable to the loan account.

c. The Applicant contends that the Respondent Bank failed to comply with the applicable RBI guidelines relating to the execution of the loan agreement, disclosure of the terms and conditions of the loan and levy of interest and other charges.

d. The Applicant further submitted that the Respondent Bank altered the rate of interest applicable to the loan account without properly intimating the Applicant about such revision, allegedly in violation of the applicable RBI guidelines.

e. The Applicant submitted that the Respondent Bank has not furnished a proper and complete statement of account reflecting all the payments made by her, the interest charged and other debits and credits in the loan account, despite her request for the same.

f. The Applicant contends that the Respondent Bank failed to properly intimate her regarding the classification of her loan account as NPA in accordance with the applicable provisions and procedure.

g. The Applicant submitted that the classification of her loan account as NPA on 29.09.2018 was erroneous, since, according to her, payments had been made towards the loan account during the relevant period and the alleged arrears were not correctly reflected in the account. Consequently, the Demand Notice issued under Section 13(2) of the SARFAESI Act, 2002, is also liable to be set aside.

h. The Applicant contends that the statutory Demand Notice under Section 13(2) of the SARFAESI Act, 2002, was not duly served upon her in accordance with the prescribed procedure and that she came to know of the said notice only subsequently.

i. The Applicant submitted that the Respondent Bank failed to comply with the mandatory procedural requirements governing the measures taken under Section 13(4) of the SARFAESI Act, 2002, including proper issuance and service of the requisite Possession Notice upon the Applicant.

j. The Applicant submitted that, since the initial action of the Respondent Bank in classifying the loan account as NPA and

initiating proceedings under Section 13(2) is disputed on the aforesaid grounds, the subsequent measures taken under Section 13(4), including the alleged taking of symbolic possession of the Schedule Property, are consequential and are liable to be set aside.

k. The Applicant further submitted that the description of the Schedule Property mentioned in the notice issued under Section 13(4) does not tally with the description of the property contained in the Applicant's Sale Deed. Therefore, the description of the secured asset in the notice is incorrect and insufficient to constitute a valid and proper notice in respect of the Applicant's property.

SCHEDULE OF PROPERTY

All the part and parcel of property consisting in S.F. No. 12/5, Acre 2.30 out of this Plot No. A/7, measuring an extent of 2400 Sq.Ft. the site and the terraced House plinth are 1294.26 Sq.Ft., village K. Sathanur and District Tiruchirappalli.

Boundaries:

On the North by Edamalipattipudur – Sembattu Road
On the South by Plot No. A8
On the East by Plot No. A9
On the West by Plot No. A5

Documents filed by the Applicants:

Sl.No.	Date	Documents particulars
1.	22.04.2003	Sale deed of applicant
2.	16.10.2018	Sec. 13(2) Notice of Respondent
3.	25.10.2018	Notice sent by applicant to respondent and banking ombudsman
4.	31.10.2018	Letter from banking ombudsman
5.	14.03.2019	Legal notice to respondent
6.	20.03.2019	Reply notice by respondent

7.		Bank statement of applicant
8.		EMI payment Chalan
9.	18.05.2019	S. 13(4) notice issued by respondent in news paper

3. On the other hand, the Defendant bank appeared and filed Vakalath, Reply Statement along with type set of papers wherein it has been submitted that the allegations contained in the Securitisation Application, except those specifically admitted herein, are false, incorrect, and therefore denied. The Defendant Bank submits as follows:

- At the outset, the Defendant Bank denies all the allegations, averments and contentions raised by the Applicant in the present Securitisation Application, except those specifically admitted herein. The Application is false, vexatious, misleading and not maintainable either in law or on facts. The Applicant has approached this Hon'ble Tribunal with an intention to avoid repayment of the outstanding loan dues payable to the Defendant Bank.

- It is submitted that the Applicant has filed the present S.A. No.370 of 2019 challenging the Possession Notice dated 15.05.2019 issued by the Authorized Officer of the Defendant Bank, Trichy Main Branch, Tiruchirappalli, along with I.A. No.1328 of 2019 seeking stay of the SARFAESI proceedings. The said I.A. was allowed subject to certain conditions, which were complied with by the Applicant. However, thereafter, according to the Defendant Bank, no further payment was made towards the loan account. The statement of account produced by the Defendant Bank evidences the outstanding liability.

- The averments made by the Applicant regarding the availing of the housing loan are admitted to the extent that the Applicant and her husband, Mr. Javachandran, jointly availed a housing loan of Rs.11,26,000/- from the Defendant Bank, Trichy Main Branch. The

repayment tenure was 144 months and the EMI was fixed at Rs.12,189/- per month, as agreed by the borrowers. The borrowers executed the necessary loan and security documents, including the DPN, undertaking letters, letter of authority, general form of guarantee and letter of instalment, in accordance with the sanction terms.

- The allegation that the Defendant Bank obtained the Applicant's signatures on blank pro forma documents without explaining the terms and conditions of the loan is specifically denied. The Defendant Bank submits that the loan documents were duly filled in and the contents and relevant terms were explained to the borrowers before obtaining their signatures. The Applicant and her husband voluntarily executed the documents in favour of the Defendant Bank.

- The Defendant Bank denies the allegation that the Applicant had been regular and prompt in repayment of the loan dues. From the date of availing the loan facility, the Applicant was irregular in repayment and failed to adhere to the repayment schedule and the terms of the sanction. The Bank had issued reminders to the Applicant regarding the outstanding dues. As the default continued, the loan account was classified as NPA on 29.09.2018 in accordance with the applicable Reserve Bank of India guidelines.

- The allegation that the Bank officials threatened the Applicant with sale of the property is denied. Since the loan account had already been classified as NPA on 29.09.2018, the Defendant Bank initiated measures under the SARFAESI Act, 2002. The Demand Notice dated 16.10.2018 issued under Section 13(2) of the SARFAESI Act was duly sent to the borrowers and was acknowledged by them. A copy of the said notice was also subsequently forwarded by e-mail at the request of the Applicant.

- It is further submitted that the Applicant's communication dated 25.10.2018 addressed to the Defendant Bank and the Banking Ombudsman was duly dealt with. The Banking Ombudsman, Chennai, informed the Applicant that the complaint had been treated as non-maintainable and closed under Clause 9(1) of the Banking Ombudsman Scheme, 2006. The Applicant, however, has not properly disclosed the said development in the present proceedings.

- The Defendant Bank denies the allegations contained in the Applicant's legal notice dated 14.03.2019. The Bank issued a reply dated 20.03.2019, informing the Applicant that her request for restructuring/rescheduling of the housing loan account was not viable and could not be considered.

- It is admitted that the Applicant filed a complaint under the Consumer Protection Act before the District Consumer Disputes Redressal Forum, Tiruchirappalli, in C.C. No.46 of 2019, and the said proceedings were contested by the Defendant Bank.

- The Defendant Bank submitted that the Applicant and her husband jointly executed the necessary loan documents and created security in favour of the Bank by depositing the title deeds. The Schedule Property constitutes the secured asset for the loan facility. The Applicant cannot dispute the security interest created in favour of the Defendant Bank after having availed the loan facility and executed the relevant documents.

- As the borrowers failed to regularise the loan account and discharge the outstanding dues, the Defendant Bank issued the Demand Notice dated 16.10.2018 under Section 13(2) of the SARFAESI Act, calling upon the borrowers to pay the outstanding amount within the statutory period of 60 days from the date of receipt of the notice. Since the borrowers failed to comply with the demand, the Defendant Bank issued the Possession Notice dated 15.05.2019 under Section

13(4) of the SARFAESI Act and took symbolic possession of the secured asset by affixing the Possession Notice on the outer door of the secured property in accordance with the applicable provisions and Rules.

- The Defendant Bank submitted that the outstanding amount in Loan Account No.05390600012477 was Rs.4,85,556/- as on 09.06.2024, together with interest at the applicable rate of 8.80% per annum plus penal interest at 2% per annum, not compounded, with monthly rests, from 10.06.2024 till realization, subject to the statement of account maintained by the Bank.

- The Defendant Bank reiterates that the loan account was classified as NPA on 29.09.2018 in accordance with the applicable RBI directions relating to asset classification, and the date of such classification was specifically mentioned in the Demand Notice issued under Section 13(2) of the SARFAESI Act.

- The allegation that the Defendant Bank failed to follow the prescribed procedure in issuing and serving the Demand Notice and Possession Notice is denied. The Demand Notice dated 16.10.2018 was duly sent to the borrowers and received by them. The Defendant Bank also submits that the Possession Notice was published in two newspapers and affixed on the outer portion of the secured property. The Defendant Bank is ready and willing to produce the relevant publication and other records before this Hon'ble Tribunal.

- The allegation that the interest was improperly levied is denied. The Defendant Bank submits that interest was charged in accordance with the terms and conditions of the loan documents and the applicable RBI guidelines. The borrowers accepted the applicable terms relating to interest and other charges at the time of sanction and execution of the loan documents.

- The Defendant Bank submitted that the Applicant's contention regarding non-furnishing of accounts is incorrect. The Bank maintains the loan account in the ordinary course of banking business and the statement of account reflects the transactions and outstanding dues. The Applicant's allegation that the Bank has created an incorrect account or suppressed the relevant transactions is denied.

- The Defendant Bank submitted that all measures taken under the SARFAESI Act, 2002 were initiated for recovery of the outstanding dues in accordance with the provisions of the Act and the applicable Rules. The Applicant was duly intimated about the proceedings and was afforded the statutory opportunity to discharge the liability.

- The Defendant Bank further submitted that the Applicant had obtained an interim order in I.A. No.1328 of 2019 in S.A. No.370 of 2019 subject to conditions. Although the conditions were complied with by the Applicant, the Defendant Bank submits that no further payment was made towards the loan account thereafter. The statement of account produced by the Bank evidences the outstanding liability.

- The Defendant Bank denies the allegation that the present SARFAESI proceedings were initiated as a counterblast to the complaint filed by the Applicant before the Consumer Forum. The SARFAESI proceedings were initiated on account of the borrower's default and the consequent classification of the loan account as NPA, and not for any extraneous reason.

- The Defendant Bank submitted that the Applicant has not established any violation of the SARFAESI Act, 2002 or the Security Interest (Enforcement) Rules, 2002. The allegations made in the Application are denied as false and untenable. The Applicant is attempting to avoid repayment of the outstanding loan dues by

raising allegations which are contrary to the records maintained by the Bank.

- The Defendant Bank submitted that the Applicant has not approached this Hon'ble Tribunal with complete and accurate disclosure of all material facts, including the proceedings before the Banking Ombudsman, the reply issued by the Bank to her legal notice, the execution of the loan and security documents, and the subsequent SARFAESI proceedings. The allegation of suppression of material facts is therefore specifically raised by the Defendant Bank.

- The Applicant and her husband having executed the relevant loan documents and created security in favour of the Defendant Bank, they are liable to discharge the outstanding loan dues in accordance with the contractual terms. The Defendant Bank is entitled to enforce its security interest in accordance with law upon the borrowers' failure to repay the dues.

- The Defendant Bank submitted that the Applicant has failed to establish any procedural irregularity, illegality or violation of the provisions of the SARFAESI Act in the measures challenged by her. The Possession Notice dated 15.05.2019 and the consequential measures taken by the Defendant Bank are therefore valid and sustainable in law.

4. ***ON THE BASIS OF ABOVE PLEADINGSTHE POINT WHICH ARISES FOR CONSIDERATION IS:-***

I. ***Whether the Applicant has been able to prove his case in his own legs?***

II. ***Whether the Applicant is entitled to get the reliefs as prayed for?***

5. Having heard the parties and after going through the entire documents available on the records, this Tribunal find that there is no

dispute between the parties with regard to the availment of loan facilities. In this case, I find that the applicant availed a housing loan of Rs. 11,26,000/- (Rupees eleven lakhs twenty six thousand only) from the Defendant Bank. It is alleged that the applicant was regular in repayment loan dues, while so the Defendant Bank has classified his loan account as NPA on 29.09.2018 and, thereafter the Bank has issued Demand Notice dated 16.10.2018 u/s. 13(2) of SARFAESI Act., and then, a Possession Notice dated 15.05.2019 u/s. 13(4) of SARFAESI Act amounting to Rs. 3,52,804/- (Rupees three lakhs fifty two thousand eight hundred four only) was also issued by the Defendant Bank. Challenging the same, the Applicant has filed this SA No. 370 of 2019.

6. On the other hand, the Defendant Bank has denied the Applicant's contention that she was regular in repayment of the loan dues. It is stated by the Defendant Bank that, upon the Applicant's default in repayment of the EMIs, the Bank initiated proceedings under the SARFAESI Act. The Applicant, in **paragraph No.3 of page No.6** of her pleadings, has admitted that the officials of the Defendant Bank informed her that her loan account had been classified as an NPA. Further, in **paragraph No.4 of page No.6**, the Applicant has admitted that she received the Demand Notice dated **16.10.2018** issued under Section 13(2) of the SARFAESI Act through e-mail. Therefore, from the admissions contained in the Applicant's own pleadings, I find that the Applicant was aware of the classification of her loan account as NPA and had also received the Demand Notice issued under Section 13(2) of the SARFAESI Act. Hence, the contention of the Applicant regarding non-service of the Demand Notice cannot be accepted.

7. Further, on perusal of **Point No.4 at page No.4** of the Applicant's pleadings, it is found that the Applicant herself has admitted that she came to know about the Possession Notice issued by the Defendant Bank under Section 13(4) of the SARFAESI Act through newspaper publication dated **18.05.2019**. The original newspaper publication has also been annexed

by the Applicant in the list of documents filed by her at **page No.34**. Further, the Applicant has herself admitted in **paragraph No.12 of page No.7** that the Defendant Bank had affixed the Possession Notice on the secured asset. Thus, the said admission corroborates the compliance by the Defendant Bank with the requirement of affixture of the Possession Notice as contemplated under **Rule 8(1) of the Security Interest (Enforcement) Rules, 2002**. In view of the aforesaid admissions made by the Applicant herself, I find that the Defendant Bank has complied with the mandatory requirements relating to the issuance and publication of the Possession Notice in two leading newspapers and affixture of the Possession Notice on the secured asset, as contemplated under **Rule 8(1) and 8(2) of the Security Interest (Enforcement) Rules, 2002**. Accordingly, the contention of the Applicant regarding non-compliance with the statutory requirements for issuance and publication of the Possession Notice is not sustainable.

8. Further, the Applicant has not placed any material evidence before this Tribunal to substantiate her contention that the classification of the loan account as NPA was erroneous or that the rate of interest charged was contrary to the guidelines issued by the Reserve Bank of India. Further, the Applicant has not produced any document or proof to show that she had made any representation to the Defendant Bank seeking a copy of the statement of account.

9. I also find that during the pendency of the case, this Tribunal has granted a conditional stay order dated 16.07.2019 for a sum of Rs. 88,000/- (Rupees eighty eight thousand only) to be paid in two instalments by the Applicant, the Applicant has also complied with the conditional order and proved her bona-fide.

10. In view of the above facts and circumstances, this Tribunal finds that the Applicant has failed to establish any illegality or irregularities in the measures taken by the Bank. On the other hand, the Bank has followed

the procedure prescribed under the SARFAESI Act for recovery of its dues. Hence, the Securitisation Application is devoid of merit.

In the result, **SA No.370/2019 is dismissed** without costs. However, considering the Applicant's compliance with the conditional order and demonstrated bona fides, the Bank may consider an amicable settlement in accordance with law.

(Dictated to KKN taken down, transcribed, typed by him, corrected and pronounced by me in the Open Court in this the 30th September, 2026).

Sd/-
(SEEMA SINHA)
PRESIDING OFFICER

Uploaded on 06.10.2026