HC-KAR

NC: 2026:KHC:43919
WP No. 11205 of 2022

CNR: KAHC010248032022

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 17TH DAY OF AUGUST, 2026

BEFORE

THE HON'BLE MR. JUSTICE M.G.S. KAMAL

WRIT PETITION NO. 11205 OF 2022 (GM-RES)

BETWEEN:

SMT NAGINA C.,
W/O SRI LATE IMRAN PASHA
AGED ABOUT 30 YEARS
OCCUPATION-HOUSEWIFE
R/A DOOR NO.3447
NEAR MUBARAK SHADI MAHAL
C. RAHIM COMPOUND (NAGAR)
BANGARPET - 563 114.

...PETITIONER

(BY SRI. MASKOOR HASHMI M.D., A/W
SRI. SHAHIDA KHANAM J.,ADVOCATE)

AND:

1. M/S DEEWAN HOUSING FINANCE
CORPORATION LTD.,
KALPALATHIKA TOWERS
NO.36, OLD NO.24
ASHOK NAGAR MAIN ROAD
KODAMBAKAM, CHENNAI-600 024
REP BY ITS MANAGING DIRECTOR.

2. M/S DHFCL-PRAMERICA LIFE
INSURANCE COMPANY LTD
4TH FLOOR, BUILDING NO.9
TOWER-B, CYBER CITY
DLF PHASE III, GURGAON-122002
REP BY ITS MANAGING DIRECTOR.

3. INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA
3RD FLOOR, PARISRAMA BHAVAN
BASHEER BAGH,
HYDERABAD-500 004
REP BY ITS AUTHORISED OFFICER.

...RESPONDENTS

(BY SRI. JAI M. PATIL.,ADVOCATE FOR R1;
SRI. V. SAI TEJAS SWAROOP., ADVOCATE FOR R2;
SMT. SUMANA NAGANAND., ADVOCATE FOR R3)(VC)

THIS WP FILED UNDER ARTICLE 226 & 227 OF THE CONSTITUTION OF INDIA PRAYING TO-DIRECT THE R2 HEREIN TO HONOUR THE CLAIM OF RS.40,04,253/- CLAIMED BY THE PETITIONER IN RESPECT OF HOUSING LOAN INSURANCE COVERED UNDER INSURANCE POLICY NO.GC0000333067500 WITH ACCRUED INTEREST TILL THE DATE OF ITS REALIZATION WITHOUT INSISTING FOR NY FURTHER DOCUMENTATIONS OR PARTICULARS

THIS PETITION, COMING ON FOR PRELIMINARY HEARING IN 'B' GROUP, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE M.G.S. KAMAL

ORAL ORDER

1. Husband of the petitioner, namely, one Mr. Imran Pasha had availed the housing loan of Rs.36,27,014/- from the respondent No.1-Corporation/Bank under loan account No.12700003781. He had also obtained an insurance policy bearing No.GC0000333067500 covering the total loan amount with interest for securing the outstanding

amount from respondent No.2-Insurance Company and Respondent No.2 had issued a certificate of insurance in favour of the husband of the petitioner. Husband of the petitioner passed away due to illness on 04.08.2020.

2. Upon his demise, petitioner had requested the respondent No.2-Insurance Company to make good the payment, which was not considered. Petitioner had caused issue of a legal notice, to which a reply was issued on 24.07.2021. Respondent No.2-Insurance Company failed to repay the outstanding loan amount. Respondent No.1-Corporation in the meanwhile initiated the proceedings under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ('SARFAESI Act' for short) by issuing a notice dated 30.04.2021. It is under these circumstances the petitioner approached this Court seeking following reliefs;

> "(a) Issue the Writ of Mandamus by directing the Respondent No.2 herein to honour the claim of Rs.40,04,253/- claimed by the Petitioner in respect of housing loan insurance covered under Insurance policy No. GC0000333067500 with accrued interest till the date of its realization without insisting for any further documentations or particulars.

> (b) grant such other relief or reliefs as the situation demands to meet the ends of justice."

3. This Court by Order dated 14.09.2022 had granted interim relief to the petitioner subject to petitioner depositing a sum of Rs.6,00,000/- with an interval of 2 weeks each from the date of the order. Petitioner stated to have deposit the said amount.

4. On 15.06.2026, this Court after hearing the parties passed the following Order;

> "1. One of the duties and functions obligated on the part of respondent No.3 is to ensure and facilitate settlement of insurance claims. In instant case, husband of the petitioner who had availed the housing loan insurance, was denied timely payment resulting in petitioner who is a widow being burdened with additional payment of interest in a sum of Rs.11,00,000/-.
>
> 2. Learned counsel for the petitioner submits that if the respondent No.2 had made the payment in time, petitioner was not required to undergo the financial hardship. He submits that a sum of Rs.34,23,118/- has been paid by respondent No.2 to respondent No.1
>
> 3. Learned counsel for the respondent No.3 drawing attention of this Court to the paragraph No.12 of the statement of objections submits that as per the information uploaded in the portal provided by the respondent No.3, respondent No.2 has alleged that the deceased-insured was suffering from pre-existing medical illness. Therefore, there is a dispute between the insured/his legal representatives and the insurer, which requires to be sorted out in a different forum.

> 4. In the light of the provision noted above, learned counsel for the respondent No.3, however seeks a week's accommodation to seek instruction as to the actual role, duty and obligation of the respondent No.3 in the case of this nature.
>
> 5. List this matter on 24.06.2026."

5. In furtherance to the same, respondent No.2-Insurance Company filed a memo on 16.07.2026 informing this Court that the respondent No.2-Insurance Company has settled the amount payable for and on behalf of the petitioner and has repaid the entire amount due and payable to the respondent No.1-Corporation. That the respondent No.1-Corporation had issued no objection certificate confirming settlement of the account.

6. Taking note of the said memo, this Court on 16.07.2026 passed the following order;

> "1. Learned counsel for the respondent No.1 is absent.
>
> 2. Learned counsel for the respondent No.2 has filed a memo, which reads as under:
>
> ***<u>MEMO ON BEHALF OF DEFENDANT NO.1</u>***
>
> *'' The Advocate for Respondent No.2 submits as follows:*
>
> *The Respondent No.2 Company has settled the interest amount and made payment to the Respondent No.1 Company. The NOC issued by the respondent No.1 Company with respect of settlement of the interest is filed along with this memo.''*

3. The said memo is also accompanied by a letter purportedly addressed to the petitioner, indicating the loan account of the petitioner has been completely repaid and there are no dues payable by the petitioner. It further states that the petitioner could go and collect the original title deeds within 10 days.

4. Learned counsel for the petitioner, on the other hand furnishes a printout of WhatsApp message stated to have received by the petitioner from respondent No.1, calling upon him to submit an One Time Settlement proposal and to pay sum of Rs.7,13,932/-.

5. Learned counsel for the petitioner further submits that this Court by order dated 14.09.2022 had directed the petitioner to deposit a sum of Rs.6,00,000/- before the respondent No.1, which he has complied with and which amount is due and liable to be paid by respondent No.2-Insurance Company. Therefore, he vehemently urges that the memo filed along with the letter is misleading.

6. In view of the above, respondent No.2 shall furnish details of the calculation with regard to the amount due and payable to the petitioner. Respondent No.2 shall also furnish the details of the amount paid to the respondent No.1

7. Since the respondent No.2 has claimed the entire loan amount has been cleared, respondent No.1 is directed to produce the original documents of the property deposited by the petitioner by the next date of hearing before this Court.

8. Any laxity in the matter on the part of respondent Nos.1 and 2 in compliance with the directions issued as above, would be viewed seriously.

9. List this matter on ***21.07.2026*** at 2:30 P.M.

7. In furtherance to the aforesaid order, counsel for respondent No.1-Corporation had submitted a memo along with the original documents as per the list.

8. Respondent No.2-Insurance Company also filed memo of calculation.

9. However, counsel of the petitioner raised dispute with regard to the amount of Rs.6,00,000/- paid by the petitioner in terms of the interim order dated 14.09.2022 and contented the said amount of Rs.6,00,000/- which was paid by the petitioner should also be covered under the insurance and the amount so paid shall be returned to the petitioner.

10. In that view of the matter, this Court on 21.07.2026 passed the following Order;

> "1. Pursuant to order dated 16.07.2026 learned counsel appearing for respondent No.1-Corporation has submitted a memo along with list of documents which were submitted by petitioner for availing the financial assistance. The memo indicate said documents to be original.
>
> 2. Learned counsel for petitioner in the presence of petitioner accepts the original documents.
>
> 3. Learned counsel for respondent No.2 has filed a memo of calculation along with the statement of account.
>
> 4. Learned counsel for petitioner submits account statement furnished by respondent No.2 does not give justification of amount of Rs.6,00,000/- paid by the petitioner and same requires to be refunded to the petitioner.

5. To hear on memo of calculation, list this matter on 04.08.2026 at 2.30 P.M."

11. Thereafter, on 04.08.2026 this Court had directed the respondent No.1-Corporation to furnish calculation of the outstanding amount that was payable in respect of the aforesaid housing loan at the time of demise of the husband of the petitioner.

12. In response thereof, today, learned counsel for the respondent No.1-Corporation has filed statement of account with a Loan Pre-Closure Statement dated 15.07.2026, which indicate amount due and payable as on 15.07.2026 to be at Rs.25,58,635/-.

13. Referring to the same, counsel for the respondent No.1-Corporation submits that respondent No.2-Insurance company has settled outstanding sum of Rs.10,00,000/- and for the remaining amount, respondent No.1-Corporation has given a waiver.

14. This statement is seriously disputed by the counsel for the petitioner. He points out that the respondent No.1-Corporation/Bank and the respondent No.2-Insurance

company despite specific directions by this Court to provide the details of the outstanding as on the date of death of husband of the petitioner, have not furnished the details. He insists that unless and until the outstanding details as on the date of death of the husband of the petitioner are furnished, it would not be possible to come to conclusion with regard to the status of payment of Rs.6,00,000/- made by the petitioner.

15. In response, respondent No.1-Corporation/Bank submits that the only bank statement is available and they are not able to retrieve the other statements. The response of the respondent No.1-Corporation/Bank in this regard cannot be countenanced. Respondent No.1-Corporation/Bank is expected to maintain the bank account from the date of sanctioning of the loan till it is closed. It cannot be expected to erase and efface details from the records as sought to be done in the instant case.

16. Be that as it is. Learned counsel appearing for respondent No.3 on a query by this Court, submits that matter would have be considered by the Office of Insurance

Ombudsman in accordance with the provisions of the Insurance Regulatory and Development Authority of India (Protection of Policyholders' Interests) Regulations, 2017 (for short 'Regulations, 2017') and the matter will be looked at from the angle of disputed facts and the appropriate order in this regard will be passed.

17. Heard. Perused the records.

18. There is no dispute of the fact that the husband of the petitioner who had availed the financial assistance from the respondent No.1-Corporation/Bank had also obtained an insurance policy from the respondent No.2-Insurance company. There is also no dispute of the fact that it was the obligation on the part of respondent No.2-Insurance company to have honoured the terms of the insurance.

19. Though, initially respondent No.2- Insurance company had denied the claim, as seen above has subsequently paid the amount purportedly in terms of the insurance policy. The respondent No.1-Corporation/Bank having accepted the amount from respondent No.2-Insurance

Company for and on behalf of the deceased husband of the petitioner, has apparently pre-closed the loan account and has even handed over the original documents of title.

20. The question which remains unanswered is with regard to Rs.6,00,000/- paid by the petitioner as well as the interest amount which is payable to the petitioner from the date of the cause of action till repayment of the entire insurance amount.

21. Though this Court had repeatedly directed the respondent No.1-Corporation/Bank as well as the respondent No.2-Insurance company to furnish the bank account, with regard to the outstanding amount as on the date when the husband of the petitioner passed away, no such records are furnished. Non-furnishing details of accounts by the respondent Nos.1 and 2 in the circumstances may have to be read in favour of the petitioner.

22. Be that as it is. Verification of the records, payment of interest, entitlement of the policy holder are all governed under the Regulations, 2017 as referred to above and the

authority vested with the power to adjudicate upon this issue is the Office of Insurance Ombudsman under Clause 14 of the Regulations, 2017.

23. Counsel for the petitioner at this juncture submits that the jurisdiction of the Ombudsman to adjudicate the matter is restricted only to Rs.30,00,000/- and therefore there may be technical objections in this regard.

24. The said apprehension of the petitioner may not survive for consideration, inasmuch as, the issue now involved is only to the extent of Rs.6,00,000/- and the interest amount payable to the petitioner by the respondent No.2.

25. In that view of the matter, this Court without adverting to the merits or otherwise of the claims and contentions of the parties, deems it appropriate to dispose of the petition with the following;

ORDER

(i) Petition is ***disposed of.***

(ii) Matter is remitted to the Office of Insurance Ombudsman.

(iii) Parties are at liberty to submit their statements, written statements and documents justifying their claim if any.

(iv) Insurance Ombudsman shall after, affording opportunity to petitioner as well as the respondent No.1-Corporation/Bank and respondent No.2-Insurance company pass orders after considering the following points;

(a) what was the amount that was insured and promised by the respondent No.2-Insurance company to be paid to respondent No.1-Corporation/Bank against the housing loan amount borrowed by the deceased husband of the petitioner.

(b) What was the amount due and payable by the respondent No.2-Insurance company and what was the amount actually paid to respondent No.1-Corporation/Bank.

(c) Respondent No.1-Corporation/Bank to ascertain and furnish the actual amount due and outstanding as per the accounts maintained in its books of accounts as on the day on which the husband of the petitioner passed on.

(d) Whether the petitioner is entitled for repayment of Rs.6,00,000/- paid in terms of the interim order passed by this Court vide order dated 14.09.2022.

(e) Whether the petitioner is entitled for the interest as per clause 14 of the Regulations, 2017.

(v) Such orders shall be passed within an outer limit of 60 days from the date of receipt of certified copies of this order.

(vi) Though the respondent No.1-Corporation/Bank is also directed to participate in the proceedings before the Ombudsman, there shall not be any technical objection be raised, inasmuch as the substance of the dispute is with regard to the insurance claim between the petitioner and respondent No.2-Insurance Company and the actual payment made to Respondent No.1-Corporation/Bank. Therefore, respondent No.1-Corporation/Bank is directed to furnish the details of account before the Insurance Ombudsman to arrive at a just and effective determination.

(vii) All contentions are kept open.

SD/-
(M.G.S. KAMAL)
JUDGE

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List No.: 1 Sl No.: 40