

**DISTRICT CONSUMER DISPUTES REDRESSAL COMMISSION,
ERNAKULAM**

Dated this the 28th day of February 2025

Filed on: 15/06/2023

PRESENT

Shri. D.B. Binu
Shri. V. Ramachandran
Smt. Sreevidhia T.N

Hon'ble President
Hon'ble Member
Hon'ble Member

CC. 382 of 2023

Complainant:

Jolly Mathew, Moonjanattu House, Malayattoor.P.O, Ernakulam Dist.-683587.
(Adv. Tom Joseph, Court Road, Muvattupuzha)

VS

OPPOSITE PARTY:

M/s Federal Bank, Branch Office, PB No. 10 Near KSRTC Bus Stand Angamaly-
683572. Rep by its Senior Manager.
(Adv. Raju Augustine,& Siraj R Krishnan Aluva)

FINAL ORDER

D.B. Binu, President

1. A brief statement of facts of this complaint is as stated below:

The complaint was filed under Section 35 of the Consumer Protection Act, 2019. The complainant, having availed a housing loan from the opposite party, mortgaged 2.23 Ares of land situated in New Survey No. 236/2 of Malayattoor village. As part of the loan process, he deposited various documents, including the original title deed (Sale Deed No. 2198/2007 of Sreemolangaram SRO). The loan was subsequently closed on 07.12.2021 under a one-time settlement scheme, as confirmed by the opposite party's letter dated 21.12.2021.

Despite the loan closure, the opposite party failed to return the complainant's original title deed. Later, the complainant was informed that the

document had been destroyed by the Sub Court, N. Paravur, where it was submitted in connection with a suit filed against him. The complainant contends that the opposite party was responsible for retrieving the document after the court proceedings. The failure to do so amounts to a deficiency in service.

Due to the loss of the title deed, the complainant has suffered financial loss and mental agony, as he is unable to sell his property or secure a loan. He seeks compensation of ₹10,00,000/- for the hardships faced and requests the commission to grant relief accordingly.

2. NOTICE:

The commission issued a notice to the opposite party, who subsequently filed their version.

3. THE VERSION OF THE OPPOSITE PARTY:

The complainant had availed both a Federal Housing Loan and an Educational Loan but defaulted on payments, leading the bank to file recovery suits (OS 546/2011 and OS 547/2011) before the Sub Court, Parur. The complainant's title deed was submitted as a suit document in these cases. Following the decree, execution petitions were filed. Later, upon the complainant's request, the bank agreed to settle the accounts by waiving interest and expenses, despite incurring financial losses.

Meanwhile, the Sub Court, Parur, destroyed the title deed. Upon the complainant's request, the bank obtained a certificate from the court confirming this and issued a letter along with a certified copy of the title deed. The bank asserts that it has taken all necessary steps to resolve the issue and denies any deficiency in service.

The opposite party contends that the complainant has not suffered financial loss or mental agony, as a certified copy of the title deed can be used for

transactions. It rejects the demand for compensation and requests the dismissal of the complaint.

4. **Evidence:**

The complainant submitted a proof affidavit along with two documents, which are marked as **Exhibits A1 and A2.**

- **Exhibit A1** – Copy of Sale Deed No. 2198/2007 of Sreemoolanagaram SRO.
- **Exhibit A2** – Copy of the letter dated 21.12.2021 received from the opposite party.

The opposite party submitted two documents, which are marked as **Exhibits B1 and B2.**

- **Exhibit B1** – Copy of the certificate issued stating that the title deed was destroyed by the Sub-Court.
- **Exhibit B2** – Copy of Sale Deed No. 2198/2007.

5. **Points for Consideration:**

- i) Whether there is any deficiency in service or unfair trade practice by the opposite parties?
- ii) If so, whether the complainant is entitled to any relief?
- iii) Costs of the proceedings, if any?

6. **Summary of Written Argument Of the Complainant:**

The complainant alleges the loss of the title deed of a mortgaged property and disputes the opposite party's claim that the Sub Court, Parur, destroyed it. The complainant argues that the opposite party had a duty to retrieve the title deed

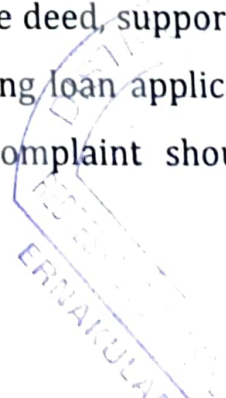
immediately after the court's judgment. The loss of the deed has caused significant financial loss, mental agony, and hardships. The complainant cites the **Hon'ble National Commission's ruling in *Mayyanad Regional Co-operative Bank Vs. Ebrahimkutty*** as relevant to this case. Based on these grounds, the complainant requests that the complaint be allowed.

7. Summary of the Argument Note Submitted by the Opposite Party:

The opposite party argues that the complaint is without merit and was filed as an experimental claim. The complainant had availed a Federal Housing Loan and an Educational Loan but defaulted on both accounts, forcing the bank to file recovery suits (OS 546/2011 and OS 547/2011) before the Hon'ble Sub Court, Parur. The complainant's original title deed (No. 2198/2007 of Sreemoolanagaram SRO) was submitted as a suit document in these cases. After obtaining a decree, the bank initiated execution proceedings. Eventually, at the complainant's request, the bank agreed to a one-time settlement, waiving interest and expenses, leading to a financial loss of ₹2,09,465 for the bank.

Meanwhile, the Sub Court, Paravur, destroyed the title deed. At the complainant's request, the bank obtained a certificate from the court confirming the destruction and issued a letter along with a certified copy of the title deed. The bank asserts that it has taken all necessary steps and denies any deficiency in service.

The opposite party contends that the complainant has not suffered financial loss or mental agony, as a certified copy of the title deed, supported by a court certificate, is legally valid for transactions, including loan applications. The demand for compensation is baseless, and the complaint should be dismissed.



We have meticulously considered the detailed submissions of both parties, as well as thoroughly reviewed the entire record of evidence, including the argument notes.

8. Summary of Case Law on Loss of Title Deeds and Deficiency in Service

In III (2017) CPJ 156 (NC), First Appeal No. 288 of 2014, the Hon'ble National Consumer Disputes Redressal Commission (NCDRC) upheld the Hon'ble State Commission's order, holding the bank liable for deficiency in service due to the loss of the complainant's original title deed while in its custody. The complainant suffered financial and legal hardships, and the bank was directed to compensate ₹5 lakhs, along with ₹10,000 as litigation costs. The Hon'ble Commission observed that while a lost title deed does not necessarily prevent financial institutions from granting loans, it diminishes the property's value and marketability. This decision aligns with earlier rulings emphasizing a bank's duty to safeguard title deeds and its liability in case of loss.

- FA No. 226/2016, **Bank of India v. Mustafa Ibrahim Nadiadwala, I** (2017) CPJ 180 (NC), decided on 30.11.2016, where it was reaffirmed that a bank is liable for compensation if the loss of a title deed affects the property's value.
- RP No. 13800/2014, **Indian Overseas Bank, Hyderabad v. K. Bal Reddy & Ors.**, decided on 15.10.2014, and **C.L. Khanna v. Dena Bank, IV** (2005) CPJ (NC), which discussed the bank's liability in such cases.
- FA No. 624/2012, **LIC Housing Finance Company Ltd. v. Rajeev Kumar Jain**, decided on 8.12.2016, where LIC Housing Finance was ordered to pay ₹5 lakhs as compensation for the loss of a title deed.

These judgments confirm that banks are responsible for safeguarding title deeds, and their failure to do so constitutes a deficiency in service, warranting compensation.

i) The issue at hand is to determine whether the opposite party engaged in any deficiency in service or unfair trade practices.

The complainant availed a housing loan from the opposite party, mortgaging 2.23 Ares of land. Upon closure of the loan on **07.12.2021** under a one-time settlement scheme, the opposite party failed to return the complainant's original title deed. The complainant was later informed that the title deed had been destroyed by the Sub Court, N. Paravur, where it was submitted in connection with a suit filed against him. The opposite party, being the custodian of the title deed, had a legal duty to ensure its safekeeping and retrieval.

As per **Section 2(1)(g) of the Consumer Protection Act**, a deficiency in service includes any fault, imperfection, shortcoming, or inadequacy in the quality of service that is required to be maintained under any law. The loss of the original title deed due to negligence clearly falls within the ambit of **deficiency in service**. The bank's argument that a certified copy suffices for financial transactions is **not legally sustainable**, as a lost original title deed significantly impacts the property's marketability and financial worth.

ii) Deficiency in Service and Negligence:

The bank, as a financial institution, was **legally bound to safeguard** the complainant's title deed and return it after the closure of the loan. The opposite party failed to retrieve the title deed after the court proceedings, **demonstrating gross negligence and deficiency in service**. The destruction of the deed by the Sub Court does not absolve the opposite party of liability, as it was their **responsibility to reclaim and return** the document.

The complainant has endured **significant financial loss, mental agony, and hardships** due to the loss of the original title deed of his property. The inability to produce the title deed has **prevented him from selling his**

property and securing loans, as multiple financial institutions and banks have rejected his applications solely for this reason. Given that the **current value of the property, including the house, is ₹50 lakhs**, the impact of this loss is substantial, warranting appropriate compensation.

The loss of title deeds by a bank amount to a **deficiency in service** and impacts the property's value. The Commission ruled that the bank must compensate the complainant due to the irreparable harm caused by the loss of the original title deed.

The argument that a **certified copy of the title deed** is an adequate substitute has been rejected in multiple precedents, as financial institutions often refuse to accept certified copies for loans, leading to **financial and mental hardship** for the complainant. The complainant's inability to **sell or mortgage the property** due to the absence of the original title deed constitutes a **substantial loss**.

Based on the pleadings, evidence, and legal precedents, the Commission finds that:

- The opposite party failed in its duty to safeguard the complainant's title deed.
- The bank's negligence directly caused financial and mental hardship to the complainant.
- The complainant has suffered **financial losses** due to the non-availability of the original title deed.
- The bank's contention that the complainant was aware of the court proceedings **does not negate** its duty to reclaim and return the title deed.
- The loss of the title deed directly affects the complainant's ability to deal with the property, thereby constituting a **serious deficiency in service**.

iii) Liability of the Opposite Party:

The opposite party, having failed to return the title deed, is **fully liable** for the loss suffered by the complainant. The bank had a **fiduciary duty** to ensure that the title deed was not lost and that it was returned to the rightful owner upon loan closure. Given the precedent set by the NCDRC and various High Courts, the opposite party is liable to compensate the complainant.

In the present case, the complainant's distress is not merely a legal issue but a deeply personal hardship. Losing an original title deed is not just about a piece of paper—it represents security, stability, and financial independence. The complainant's inability to sell or mortgage his property due to the bank's negligence has undoubtedly caused immense frustration and anxiety. A bank, as a trusted institution, has a fundamental duty to protect the interests of its customers, and its failure to do so has far-reaching consequences beyond just financial loss. The mental agony, uncertainty, and struggle faced by the complainant in seeking justice highlight the importance of holding financial institutions accountable. This judgment is not only about compensation but also about restoring faith in the system and ensuring that such negligence does not affect others in the future.

We determine that issue numbers (i) to (iii) are resolved in the complainants' favour due to the significant service deficiency on the part of the Opposite Party. Consequently, the complainant has endured considerable inconvenience, mental distress, hardships, and financial losses as a result of the negligence of the Opposite Party.

In view of the above facts and circumstances of the case, we are of the opinion that the Opposite Parties are liable to compensate the Complainant.

Hence, the prayer is partly allowed as follows:

- I. The Opposite Party shall pay ₹8,00,000/- (Rupees Eight Lakhs only) as compensation to the Complainant for the financial loss, mental agony, and hardships suffered due to the loss of the original title deed. This amount is

awarded for the deficiency in service and unfair trade practices, as well as for the mental agony and physical hardships endured by the complainant.

- II. The Opposite Party shall pay ₹10,000/- (Rupees Ten Thousand only) to the Complainant towards the cost of the proceedings.

The opposite party is liable for the fulfilment of the above orders. These orders must be executed within 45 days from the date of receiving this order. Failure to comply with the payment orders under Point I will result in an interest rate of 9% per annum from the date of filing the complaint (15.06.2023) until the date of full payment realization.

Pronounced in the Open Commission this the 28th day of February, 2025.

Sd/- D.B. Binu, President
Sd/-V. Ramachandran, Member
Sd/-Sreevidhia T.N, Member
Forwarded/By Order


Assistant Registrar

APPENDIX

Complainant's Evidence:

Exhibit A1 – Copy of Sale Deed No. 2198/2007 of Sreemoolanagaram SRO.

Exhibit A2 – Copy of the letter dated 21.12.2021 received from the opposite party.

Opposite Parties' Evidence:

Exhibit B1 – Copy of the certificate issued stating that the title deed was destroyed by the Sub-Court.

Exhibit B2 – Copy of Sale Deed No. 2198/2007.

Date of Despatch

By Hand::

By post::

BR/