**IN THE HIGH COURT OF KARNATAKA AT BENGALURU**

[SRI SANTHOSH KUMAR H V AND ANOTHER VS. RESERVE BANK OF INDIA AND ANOTHER]

04.06.2026
(VIDEO CONFERENCING / PHYSICAL HEARING)

CORAM: HON'BLE MR. JUSTICE SURAJ GOVINDARAJ

Digitally signed by SHWETHA RAGHAVENDRA
Location: HIGH COURT OF KARNATAKA

## ORAL ORDER

1. The present matter is yet another instance where a debit-freeze order has been issued by a police authority functioning outside the State of Karnataka. In the instant case, the order has been issued by the Police Inspector, Nalasopara Police Station, falling under the Mira-Bhayander, Vasai-Virar Police Commissionerate, State of Maharashtra.

2. The said debit-freeze order was communicated to Axis Bank by e-mail dated 09.01.2026, directing the Bank to freeze the petitioner's account. Pursuant thereto, Axis Bank has frozen the petitioner's account in its entirety, thereby disabling all debit operations.

3. The petitioner contends that he is neither an accused nor a suspect in any criminal case and is not involved in any unlawful activity. It is his specific contention that the credits reflected in the subject account have been received from known and identifiable sources in the ordinary course of his business and personal dealings. According to the petitioner, none of the

funds lying in the account constitute proceeds of crime or bear any nexus to the commission of any offence. It is in these circumstances that the petitioner has approached this Court seeking, inter alia, quashing of the debit-freeze order and consequential reliefs.

4. The petitioner carries on business in Bengaluru, is a resident of Bengaluru, and the subject bank account is maintained within the territorial jurisdiction of this Court. The debit-freeze order, however, has been issued by a police officer functioning in the State of Maharashtra. Thus, while the consequences of the freezing order operate within the State of Karnataka, the authority issuing the order is situated outside the territorial jurisdiction of this Court. Before any effective orders are passed on the reliefs sought for, the concerned police authority would necessarily be required to be heard.

5. This Court has, of late, noticed a significant increase in petitions challenging debit-freeze orders issued by police authorities situated outside the State of Karnataka. In several such matters, despite service of notice, the concerned police authorities do not enter appearance or place the necessary material before the Court. The result is that adjudication is delayed, hardship continues to be caused to account

holders, and the Court is constrained to address recurring procedural and jurisdictional difficulties in the absence of any uniform national framework.

6. In the present case, the Maharashtra Police has not been arrayed as a party, the petitioner having initially been unaware of the identity of the authority that had issued the impugned debit-freeze order. The particulars of the issuing authority have become available only upon production of the communication addressed to the Bank.

7. Learned Additional Government Advocate, upon instructions, submits that he is unable to represent or obtain instructions on behalf of police authorities of another State and can represent only the authorities of the State of Karnataka. The submission is accepted, since the police authorities of different States function under distinct administrative and legal hierarchies.

8. The recurring nature of such disputes and the absence of a uniform procedural mechanism indicate the need for a comprehensive national-level policy, protocol, or regulatory framework governing the issuance, communication, implementation, review, and challenge of debit-freeze orders affecting bank

accounts maintained outside the territorial jurisdiction of the authority issuing such orders.

9. The issue assumes significance in the present digital banking ecosystem where bank accounts are routinely frozen across State boundaries through electronic communications. While the objective of preventing dissipation of suspected proceeds of crime is undoubtedly legitimate, the procedure adopted must also satisfy the requirements of transparency, proportionality, accountability, and procedural fairness so as to balance investigative interests with the constitutional and proprietary rights of citizens.

10. It is in the aforesaid background that this Court requested the assistance of Sri Aravind Kamath, learned Additional Solicitor General of India, to obtain instructions from the concerned Ministries, Departments, agencies, and stakeholders of the Union Government regarding the manner in which such issues can be addressed uniformly throughout the country. The issues arising in the present matter are neither isolated nor confined to the facts of this case. They have repeatedly arisen before this Court in petitions challenging debit-freeze orders issued by investigating agencies situated in different States, affecting account holders, businesses, and commercial entities located elsewhere. The absence

of a uniform statutory, regulatory, procedural, or technological framework has resulted in considerable uncertainty both for citizens and for law-enforcement agencies, often compelling affected persons to approach constitutional courts for relief even at the preliminary stages of investigation.

11. The matter therefore requires consideration not merely from the standpoint of investigation of offences, but also from the perspective of banking regulation, inter-State coordination, access to justice, procedural fairness, digital governance, and protection of constitutional rights. The increasing use of electronic banking systems, instant fund transfers, online transactions, virtual banking platforms, and centralised banking infrastructure has rendered traditional territorial concepts increasingly complex. While law-enforcement agencies must necessarily possess adequate powers to secure suspected proceeds of crime and prevent dissipation of funds, the exercise of such powers must be accompanied by appropriate safeguards ensuring transparency, accountability, proportionality, and availability of effective remedies.

12. This Court is therefore of the considered view that a comprehensive examination of the entire ecosystem governing debit-freeze orders is warranted. Such

examination may involve the Ministry of Home Affairs, Ministry of Finance, Reserve Bank of India, National Crime Records Bureau (NCRB), Indian Cyber Crime Coordination Centre (I4C), financial intelligence agencies, banking institutions, and other stakeholders concerned with criminal investigations and financial regulation. The objective should be to evolve a standardised, technology-enabled, citizen-centric, and legally sustainable framework capable of balancing investigative necessities with the legitimate rights and interests of account holders.

13. Without prejudice to any other issue that may arise for consideration during such exercise, the following aspects, amongst others, would require examination:

13.1. Whether a police authority issuing a debit-freeze order in exercise of powers under the applicable criminal law is required to simultaneously furnish a copy of such order to the account holder, indicating the nature, scope, and extent of the freezing action.

13.2. Whether the Bank receiving such a communication is under a mandatory obligation to immediately notify the account holder of the freezing action, the identity of the issuing authority, the relevant crime number, and the remedies available to the account holder, along with copy of the communication received by the bank.

13.3. Whether there ought to be a uniform, standardised format for all debit-freeze communications issued by investigating agencies throughout the country., if so what are the mandataory details to be included in such communication.

13.4. Whether such communications should mandatorily disclose the particulars of the investigating agency, crime number, statutory provisions invoked, contact details of the responsible officer, duration of the freezing action, and the basis on which the account has been identified for freezing.

13.5. Whether service of judicial notices upon police authorities situated outside the territorial jurisdiction of the Court can be facilitated through a centralised electronic mechanism, including but not limited to the Crime and Criminal Tracking Network and Systems (CCTNS), National Crime Records Bureau (NCRB), Inter-Operable Criminal Justice System (ICJS), Indian Cyber Crime Coordination Centre

(I4C), or any other established technological platform.

13.6. Whether a dedicated nodal officer or nodal mechanism should be designated in every State and Union Territory for receipt of judicial notices, transmission of records, coordination of responses, and facilitation of inter-State proceedings concerning debit-freeze orders.

13.7. Whether a centralised national portal or dashboard can be developed through which all debit-freeze orders are generated, communicated, monitored, reviewed, and tracked, thereby ensuring authenticity, accountability, and ease of verification by Banks and competent authorities.

13.8. The appropriate forum and territorial jurisdiction for challenging a debit-freeze order, namely whether proceedings are required to be instituted where the account is maintained, where the account holder resides or carries on business, where the Bank branch is situated, where the cause of action substantially arises, or where the order has been issued.

13.9. Can an institutional framework be established for the aggrieved person to approach for the purpose of redressal of such grievance.

13.10. Whether any special procedural mechanism is required in cases where the account holder, the Bank, and the investigating agency are situated in different States, so as to ensure expeditious adjudication and effective participation by all stakeholders.

13.11. Whether a debit-freeze order can validly extend to the entirety of an account irrespective of the quantum allegedly linked to the offence under investigation, or whether the freezing action ought to be restricted only to the amount reasonably suspected to constitute proceeds of crime or to have a nexus with the alleged offence.

13.12. Whether principles of proportionality require investigating agencies to identify and quantify the allegedly tainted amount before directing freezing of an entire account.

13.13. Whether the communication issued to the Bank and/or the account holder should disclose, subject to legitimate investigative requirements, the money trail, transactional nexus, and basis of suspicion connecting the account with the alleged offence.

13.14. Whether any outer time limit should be prescribed for continuation of a debit-freeze order and whether periodic review by a supervisory officer or competent Court should be made mandatory.

13.15. Whether a mechanism should be devised enabling partial operation of accounts for bona fide purposes such as payment of salaries, statutory dues, taxes, loan repayments, educational expenses, medical expenses, and other essential requirements, pending investigation.

13.16. Whether Banks should be empowered or required to seek clarification from the issuing authority where a freezing direction is ambiguous, incomplete, disproportionate, or incapable of implementation.

13.17. Whether a central repository or tracking mechanism can be established enabling Banks, investigating agencies, Courts, and affected account holders to ascertain the status of freezing orders, subsequent modifications, withdrawals, and the authority responsible therefor.

13.18. Whether guidelines are required prescribing timelines within which investigating agencies must either justify continuation of the freezing action before the competent Court or release the account.

13.19. Whether any compensation, restitution, or remedial mechanism should be available in cases where freezing orders are ultimately found to be unjustified, excessive, or issued without adequate basis.

13.20. Whether standard operating procedures are required to govern inter-State requests for freezing of bank accounts, including accountability measures and supervisory oversight.

13.21. Whether legislative, regulatory, technological, or administrative measures are required to ensure a uniform national approach that minimises hardship to genuine account holders while preserving the efficacy of criminal investigations.

14. Apart from the aforesaid issues, there may be several other legal, technological, regulatory, constitutional, and administrative concerns which may require consideration. A comprehensive examination by all stakeholders would therefore be necessary to ensure that investigative objectives are achieved without causing disproportionate hardship to bona fide account holders.

15. The objective of such an exercise would be to evolve a uniform and transparent mechanism which protects the interests of law enforcement agencies while simultaneously safeguarding citizens against arbitrary, excessive, or indefinite freezing of bank accounts. Such a framework would also reduce avoidable litigation and promote certainty in the administration of criminal justice.

16. Learned Additional Solicitor General of India has graciously agreed to coordinate with the concerned Ministries, Departments, regulatory authorities, and agencies, obtain the necessary instructions, and assist this Court in the matter. At his request, four weeks' time is granted for placing the requisite material and submissions on record.

17. Sri Pradeep Savarkar, learned counsel, accepts notice on behalf of respondent No.1.

18. The Reserve Bank of India is also directed to examine the issues arising in the present matter from the perspective of banking regulation, customer protection, operational compliance, and inter-agency coordination, and to place on record, on or before the next date of hearing, an affidavit sworn by a responsible officer addressing, inter alia, the issues noticed hereinabove and any additional concerns which, in its opinion, require consideration.

19. The Director General of Police – Police Computer Wing is also directed to look into the above issues and submit his recommendations.

20. The Registry is directed to furnish a copy of this order to the learned Additional Solicitor General of India, the Reserve Bank of India and the learned Additional Government Advocate.

21. Re-list on **01.07.2026.**

**(SURAJ GOVINDARAJ)**
**JUDGE**

SR/List No.: 1 Sl No.: 25