HC-KAR

NC: 2026:KHC:35179
WP No. 39144 of 2025

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 10TH DAY OF JULY, 2026

BEFORE

THE HON'BLE MR. JUSTICE SURAJ GOVINDARAJ

WRIT PETITION NO. 39144 OF 2025 (GM-RES)

BETWEEN:

NANDAN NAGESH SHET
S/O NAGESH SHET,
AGED ABOUT 63 YEARS
R/AT NO 139, 4TH CROSS,
VIDYAGIRI LAYOUT, NAGARBHAVI,
BANGALORE-560072

...PETITIONER

(BY SRI. HARISH SHIRALAKOPPA.,ADVOCATE)

AND:

1. UNION OF INDIA
   REP BY DEPARTMENT OF FINANCIAL SERVICES
   MINISTRY OF FINANCE
   JEEVAN DEEP BUILDING
   SANSAD MARG
   NEW DELHI-110001

2. RESERVE BANK OF INDIA
   REP BY REGIONAL MANAGER
   POST BOX NO. 5467, 10/3/8,
   NRUPATHUNGA ROAD,
   BENGALURU – 560001

3. UNION BANK OF INDIA
   REP BY BRANCH MANAGER
   CHANDRALAYOUT BRANCH,
   BANGALORE- 560040

4. UNION BANK OF INDIA
   REP BY BRANCH MANAGER
   DODAKKANAHALLI BRANCH,

SHIVUS PLAZA, SARJAPUR ROAD,
BANGALORE-560035

5. UNION BANK OF INDIA
BANKING OMBUDSMAN
5467, 10/3/8, NRUPATHUNGA ROAD,
BENGALURU - 560001

...RESPONDENTS

(BY SRI. BHEEMAIAH.K.S., ADVOCATE FOR R1;
SRI. RAJESH VELLAKKAT., ADVOCATE FOR R2;
SMT. DIVYA PURANDAR., ADVOCATE FOR R3 TO R5)

THIS WRIT PETITION IS FILED UNDER ARTICLE 226 OF THE CONSTITUTION OF INDIA PRAYING TO ISSUE DIRECTION TO THE R-3 AND 4 BANK TO REVOKE THE UNLAWFUL LIEN MARKED ON FD ACCOUNT NOS. 338423030001775 TO 338423030001778 AND TO DE-FREEZE THE S.B. ACCOUNT BEARING NO. 338422010002472 OF THE PETITIONER AND ETC.

THIS WRIT PETITION, COMING ON FOR ORDERS, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE SURAJ GOVINDARAJ

ORAL ORDER

1. The petitioner is before this Court seeking for the following reliefs:

   a. *To issue direction to the 3rd and 4th respondent bank to revoke the unlawful lien marked on FD Account 338423030001775 TO 338423030001778 and to de-freeze the S.B. Account bearing No. 338422010002472 of the petitioner.*

   b. *Issue a writ of mandamus and direct the 2nd respondent to take action pertaining to the complaint filed by the petitioner in complaint No. RBI/CMS/N202526002021706/2025-26 as per Annexure-H.*

   c. *And issue such other reliefs as deemed fit in the interest of justice.*

2. The petitioner is aggrieved by respondent No.3-Bank freezing the account of the petitioner. On notice having been issued, Ms.Divya Purandar., learned counsel has entered appearance for respondent No.3 to 5-Bank.

3. On instructions from Mr.Anupam Das, Branch Manager, Union Bank of India, Doddakannalli Branch, Bangalore South, who is present before this Court, and on the basis of the counter affidavit, learned counsel submits that the petitioner's accounts were marked with a lien solely with the intention of protecting public funds. She further submits that, pursuant to an internal enquiry conducted by the Bank, certain suspicious transactions were noticed in the home loan account of one Mr. Akbar Bin Mohammed, maintained at respondent No.4-Branch. The said loan had been sanctioned by the Bank for the purchase of Plot No.51 situated at Vaddarapalya, Valagerehalli, Kengeri Hobli, which had been sold by the petitioner to Mr.Akbar Bin Mohammed under financing extended by the Union Bank of India.

4. The respondent-Bank and its retail loan point having sanction an amount of Rs.1,78,00,000/- out of which a sum of Rs.1,11,00,000/- was for the purchase of the aforesaid plot No.51 and the remaining amount

being for the construction of the house on the said property. The borrower has created a mortgage in respect to the said plot bearing No.51 and the sale deed indicates that the plot bearing No.51 has been sold for a sum of Rs.1,70,000,000/-, wherein the petitioner is claimed to have received a sum of Rs.59,00,000/-. The loan amount of Rs.1,11,00,000/- was disbursed by way of a demand draft to the petitioner, as acknowledged by the petitioner.

5. It is submitted that, during the post-sanction inspection and follow-up, the Bank noticed certain suspicious and allegedly collusive fraudulent acts intended to defraud respondent-Bank. It is further submitted that, after disbursement of the loan, the borrower did not maintain regular repayments, the loan account became irregular, and was classified as a Non-Performing Asset (NPA) within a short period. It is on this basis that the Bank apprehends that the transaction is a sham transaction intended to swindle the Bank.

6. It is submitted that, as no construction had been put up on the property and the transaction raised serious doubts regarding its genuineness, the Bank marked a debit lien on the petitioner's accounts as a preventive

measure. It is further stated that the KYC documents furnished by the borrower revealed that no such person could be traced at the address provided, and the borrower is presently untraceable. In these circumstances, the Bank resorted to marking the debit lien as a preventive measure.

7. All the submissions made in the counter affidavit as well as across the Bar would only indicate that the Bank claims certain amounts from the borrower, viz., Mr.Akbar Bin Mohammed, in respect of the loan disbursed to him. The petitioner is merely the seller/vendor of Plot No.51, which was conveyed in favour of the borrower under a duly registered sale deed.

8. If at all the borrower has not made payment of the money due to the Bank, it is for the Bank to recover the said money from the said borrower in accordance with law. The Banker's general lien, if at all applicable, can extend only to the borrower's account and not to any other account. In the present case, the petitioner is merely the vendor who sold the property and received the sale consideration under a duly registered sale deed. It is outrageous on part of the respondent-Bank to have marked a lien and debit freeze the account of the petitioner-vendor, when the

petitioner-vendor has nothing to do with the repayment of the loan account. This apparently has been done merely because the petitioner's bank account is also with the respondent-Bank. If at all the petitioner's bank account was not in the respondent-bank, respondent could not have done so. This kind of action on the part of the respondent-Bank is completely misconceived, *mala fide* and illegal.

9. Though it is sought to be contented that there is public money which is sought to be protected, there is no public money element in the aspect inasmuch as though Union Bank of India though Nationalized Bank, the monies which are involved are for commercial purpose and not money vested with the government.

10. This action on part of respondent-Bank, being wholly illegal and unacceptable, shocks the conscience of this Court. In view thereof, the Reserve Bank of India is directed to conduct an appropriate investigation into the matter and to take such action against the respondent-Bank as available in terms of the applicable norms of the Reserve Bank of India. Reserve Bank of India is also directed to issue

necessary instructions to all the banks regarding the same.

11. In the above circumstances, this Court passes the following;

ORDER

i. The Writ petition is ***allowed***.

ii. Respondents No.3 and 4-Bank are directed to revoke the unlawful and illegal lien marked on the FD account of the petitioner as also the SB account of the petitioner forthwith at any rate within 24 hours from now, the order having been passed at 05.15 p.m.

iii. The respondent-Bank and its officers are also put on notice not to resort to such kind of action in future.

iv. Respondents shall act on the printout of the operative portion of the order without insisting the entire order.

v. Though the above matter is disposed, in order to enable respondent No.2 to file its action taken report, re-list on ***17.08.2026 at 02.30 p.m.***

Sd/-
(SURAJ GOVINDARAJ)
JUDGE

SR/List No.: 4 Sl No.: 2