IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION
WRIT PETITION NO.10241 OF 2025

M/s. In Vogue Creations]
A Partnership Firm registered under]
the provisions of Indian Partnership]
Act, 1932 which was initially, a]
Propriety Firm, through its partner]
Mrs. Achala Sudhakar Joshi, Age-78]
years and having its office at C-11,]
Asavari, 214,Veer Savarkar Marg,]
Mahim – 400 016] …. Petitioner.

Vs.

State Bank of India,]
having its office at Commercial]
Branch, Bullet Building, Napoo]
Road, Opp. Raja Shivaji Vidyalaya,]
Hindu Colony, Dadar (East),]
Mumbai – 400 014] ….. Respondent.

Mr. A. M. Saraogi a/w Mr. Prajot H. Jaggi, Mr. Prashant J. Rai and Ms. Amrita Singh, Advocates for the Petitioner.

Mr. Bidan Chandran (through VC) a/w Ms. Nukshinaro i/b M.V. Kini and Co., Advocates for the Respondent.

CORAM : RAVINDRA V. GHUGE, ACJ &
GAUTAM A. ANKHAD, J.

RESERVED ON : 28TH AUGUST, 2026.

PRONOUNCED ON: 2ND SEPTEMBER, 2026.

<u>JUDGMENT:</u> **(Per Gautam A. Ankhad, J.)**

1. The Petitioner has filed the present Petition seeking, *inter alia*, directions against the Respondent-Bank to compensate it for the loss of the original title deeds deposited with the Respondent and for the consequent failure to furnish legally valid certified copies of the lost documents, together with all necessary endorsements.

2. The facts relevant for the adjudication of the present Petition are, briefly, as follows :

(i) By Agreements dated 4th December, 1973 and 3rd August, 1978, the Petitioner purchased Units/Gala Nos. 317 and 318 situated at Bussa Industrial Premises Co-operative Society, Century Bazar Lane, Prabhadevi, Mumbai – 400025 ("**First Property"**).

(ii) On 26th July, 1979, the aforesaid Agreements, along with the share certificates, were deposited by the Petitioner with the Respondent at its Commercial Branch, Dadar, Mumbai –

400014, as security for loan facilities extended to the Petitioner.

(iii) On 22nd March, 1979, the Petitioner executed a registered Lease Agreement and obtained an allotment letter from M.I.D.C. in respect of the plot situated at W-154, Taloja, M.I.D.C., Panvel – 410208 (“**Second Property”**). The Lease Deed was also deposited with the same Branch of the Respondent-Bank as security for the credit facilities.

(iv) The loan facilities were disbursed by the Respondent in 1979 and were repaid in full by the Petitioner on 28th August, 2003. This is confirmed by a No Dues/No Claims Certificate issued by the Respondent on 27th July, 2023. The Respondent also confirmed that it does not have any claim or mortgage over the properties. However their original title documents were not returned to the Petitioner.

(v) By their letters dated 5th and 7th December, 2023, the Respondent acknowledged to Bussa Industrial Premises Co-operative Society and M.I.D.C, that it was unable to locate the title documents of the respective properties. The Respondent called upon the Society and M.I.D.C. to issue certified/true copies of the title documents to the Petitioner.

(vi) On 14th January, 2024, the Petitioner published a newspaper advertisement and lodged a complaint with the Dadar Police Station regarding the loss of the original documents. The Petitioner also filed a complaint before the Banking Ombudsman-Reserve Bank of India. On 21st November, 2024 the Banking Ombudsman by an Advisory advised the Respondent to pay compensation of Rs.1 lakh to the Petitioner. The Petitioner declined to accept the said amount. Nevertheless, the Respondent deposited the amount in the Petitioner's account on 22nd November, 2024.

(vii) On 15th March, 2024, the Respondent once again acknowledged that it had been unable to trace the original title documents. The Respondent thereafter lodged an FIR with the local Police Station and published advertisements in two newspapers notifying the loss of the original title documents. Insofar as the Second Property is concerned, the Respondent stated that the Regional Office of M.I.D.C., Khanda Colony, Panvel, had issued true copies/photocopies of certain documents, which were thereafter handed over to the Petitioner. The documents furnished were as follows:

Sl.No	*Title of the documents*	*Nature*
1	*Allotment of Shed in Plot No.W-154(E), vide letterNo-MIDC/Sheds/TIJ/154 (E)/4054 dated 29.03.1979*	*True Copy*
2	*Lease Agreement dated 22.03.1979*	*True Copy*
3	*Possession Receipt dated 30.12.1981*	*True Copy*
4	*Challan Receipt No.DV00218011162 dated 27.02.2024, for True copy charges*	*Photo Copy*
5	*Letter of MIDC Panvel vide No.I/46882 dated 13.03.2024 regarding issuance of True Copy wrt Plot No-W-154(E).*	*Photo Copy*
6	*On Line FIR dated 14.01.2024.*	*Photo Copy*
7	*News paper clipping dated 19.01.2024 of Business Standard and Mumbai Lakshya Deeps*	*Photo Copy*
8	*No claim certificate dated 03.02.2024 by Adv Rajan Pillai*	*Photo Copy*

(viii) The Petitioner contends that the aforesaid documents constituted an incomplete set and that the Respondent had failed to disclose or address the fact that stamp duty had been paid by the Petitioner in respect of the properties. In 2024-25, the correspondence continued between the parties and the Petitioner repeatedly continued to call upon the Respondent to trace and return the original title documents, particularly since the Petitioner intended to sell both the properties.

(ix) Aggrieved by the failure of the Respondent to locate the original title deeds and pay compensation under Circular dated 13th September, 2023 on “Responsible Lending Conduct – Release of Movable/Immovable Property Documents on Repayment/Settlement of Personal Loans” issued by the Reserve Bank of India (**“Circular”**) the present Petition has been filed.

3. Mr. Saraogi, learned counsel for the Petitioner, submits that the loan facilities are fully repaid and no dues certificate has been issued to the Petitioner. The loss of original title documents is admitted by the Respondent in correspondence and also in its affidavit dated 23rd September, 2025 filed in these proceedings. He submits that the loss of the original title documents has caused and continues to cause, serious prejudice to the Petitioner, since the Petitioner is unable to sell or otherwise effectively deal with the two properties. The Petitioner cannot be

made to suffer the consequences of the Respondent’s failure to preserve and return original documents entrusted to it.

4. Mr. Saraogi further submits that the compensation payable to the Petitioner is required to be considered in light of the RBI Circular dated 13th September, 2023, which provides for compensation at the rate of Rs.5,000/- per day for delay from 2003 in returning original property documents after repayment of the loan. The Respondent ought to be directed to also furnish legally valid certified copies of all the lost documents, together with such endorsements, declarations and other supporting documents as may be necessary to enable the Petitioner to establish clear title and facilitate the sale of the properties.

5. On the other hand, Mr. Chandran, learned counsel appearing for the Respondent, submits that the present Petition is not maintainable since the Petitioner had already approached the Banking Ombudsman and the complaint had been disposed of by directing payment of compensation of Rs.1 lakh. The compensation has already been paid to the Petitioner.

6. On merits, Mr. Chandran admits that the Respondent is unable to trace the original title documents relating to both properties. He submits that the Petitioner did not request for return of the original documents after repaying the loan and the request for return of documents was made after a gap of more than 15 years. During this period, the Respondent had shifted its Branch premises. Despite making efforts to locate the documents, the Respondent was unable to trace them. Insofar as the First Property is concerned, the process of obtaining substitute documentation is on-going and certain formalities are to be completed by the Petitioner. As regards the Second Property, Mr. Chandran submits that M.I.D.C. issued true copies of the relevant documents on 27th February, 2024 and that the same were forwarded to the Petitioner on 15th March, 2024.

7. Mr. Chandran denies the Petitioner's claim of approximately Rs.3.93 crores and submits that the Circular cannot operate retrospectively and will apply only when the loan is closed after the date of issuance of the Circular. Consequently, no compensation can be awarded to the Petitioner on the basis of the

Circular.

8. The Respondent further relies upon the steps taken by it after the loss of the documents. It is contended that the Respondent has (i) issued a No Dues/No Claims Certificate to the Petitioner on 27th July, 2023; (ii) lodged an FIR on 14th January, 2024; (iii) published advertisements in two local newspapers on 19th January, 2024 and also furnished the same to the Bussa Industrial Premises Co-operative Society; (iv) submitted an affidavit and indemnity on 20th March, 2024, as required by the Society; and (v) held meetings through its representatives with the officials of the Society including on 4th June, 2026. Thus, the Respondent has taken all reasonable measures within its control to assist the Petitioner in reconstructing the title documents and facilitating the Petitioner's dealing with the properties. It is, therefore, contended that no further compensation is warranted and that the Petition ought to be dismissed.

Reasons and Conclusion

9. We have perused the record and have heard the learned counsel for the parties. There is no dispute on facts. The

Petitioner deposited the original title documents of both properties with the Respondent in 1979 as security for the credit facilities extended to it. The facilities were fully repaid on 28th August, 2003. Upon such repayment, the Respondent had no subsisting right or justification to retain the original title documents. The Respondent has admitted, in its correspondence including dated 5th December, 2023, 7th December, 2023 and 15th March, 2024, as also in its affidavit in reply dated 23rd September, 2025, that the original title documents are no longer traceable. The loss of the documents while in the custody of the Bank therefore stands established.

10. The Respondent contends that there was a substantial delay of almost two decades by the Petitioner in demanding its title documents. During this period the Branch premises were shifted and, despite efforts made subsequently, the title documents could not be traced. We are unable to accept this contention. The fact that the Petitioner may not have immediately approached the Respondent after repayment of the loan seeking return of the original documents cannot absolve the Respondent of its

obligation to preserve the title documents. In our view, a borrower who has fully discharged the loan is entitled to proceed on the legitimate assumption that the Bank or a Financial Institution entrusted with the custody of valuable original title documents, will maintain proper custody of those documents and return them upon discharge of the secured liability. The burden of maintaining a proper system for preservation, identification, retrieval and return of documents is solely on the Respondent. It cannot be shifted to the borrower merely because the borrower did not immediately seek their return. The Petitioner has nothing to do with the change in Branch premises, internal transfer of records or change of personnel. These are all matters falling within the Respondent's exclusive internal administrative domain. The obligation to preserve title documents and to return them upon discharge of the underlying liability cannot depend upon the borrower reminding the Bank to perform that obligation. To hold otherwise would mean that a Bank could lose original title documents in its custody and thereafter seek to avoid responsibility merely because the borrower did not demand their return immediately upon repayment of the loan. Such a proposition cannot be accepted.

11. The Petitioner has specifically stated that it intends to deal with the properties and that the absence of the original documents has caused continuous prejudice. The Respondent's steps, of filing an FIR, issuing newspaper advertisements and procuring copies from M.I.D.C. etc, in assisting the Petitioner may assist in mitigating the consequences of the loss. They do not, however, erase the primary default of the Bank. The original title documents are important in the chain of title and are ordinarily required when the owner seeks to sell, mortgage, transfer or otherwise deal with the property. Hence, we direct the Respondent to take all steps in obtaining duplicate or certified copies of the documents which have been lost and in completing the reconstructed title record, including all necessary endorsements, declarations, affidavits, indemnities, certifications and other supporting documents required by the concerned statutory authorities, society or prospective transferee for confirming the Petitioner's title to the properties.

Liability to compensate the Petitioner

12. We now turn to the question of compensation. The Reserve Bank of India Circular dated 13th September, 2023, on "***Responsible Lending Conduct–Release of Movable/Immovable Property Documents on Repayment/Settlement of Personal Loans***" is extracted:

"RBI/2023-24/60
DoR.MCS.REC.38/01.01.001./2023-24

All Commercial Banks (including Small Finance Banks and Regional Rural Banks, excluding Payments Banks)
All Local Area Bank
All Primary Urban Co-operative Banks
All State Co-operative Banks and District Central Co-operative Banks
All NBFCs (including HFCs)
All Asset Reconstruction Companies
Madam/Dear Sir,

Responsible Lending Conduct – Release of Movable / Immovable Property Documents on Repayment/Settlement of Personal[1] Loans

In terms of the guidelines on Fair Practice Code issued to various Regulated Entities (REs) since 2003, REs are required to release all movable/immovable property documents upon receiving full repayment and closure of loan account. However, it has been observed that the REs follow divergent practices in release of such movable / immovable property

1 As defined in Annex to the Circular on 'XBRL Returns – Harmonization of Banking Statistics' dated January 04, 2018

documents leading to customer grievances and disputes. To address the issues faced by the borrowers and towards promoting responsible lending conduct among the REs, the following Directions are being issued:

Release of Movable / Immovable Property Documents

2. The REs shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment / settlement of the loan account.

3. The borrower shall be given the option of collecting the original movable / immovable property documents either from the banking outlet / branch where the loan account was serviced or any other office of the RE where the documents are available, as per her / his preference.

4. The timeline and place of return of original movable / immovable property documents will be mentioned in the loan sanction letters issued on or after the effective date.

5. In order to address the contingent event of demise of the sole borrower or joint borrowers, the REs shall have a well laid out procedure for return of original movable / immovable property documents to the legal heirs. Such procedure shall be displayed on the website of the REs along with other similar policies and procedures for customer information.

Compensation for delay in release of Movable / Immovable Property Documents

6. In case of delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/settlement of loan, the RE shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the RE, it shall compensate the borrower at the rate of Rs 5,000/- for each day of delay.

7. In case of loss/damage to original movable / immovable *property documents, either in part or in full, the REs shall assist the borrower in obtaining duplicate/certified copies of the movable / immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at paragraph 6 above. However, in such cases, an additional time of 30 days will be available to the REs to complete this procedure and the delayed period penalty will be calculated thereafter (i.e. after a total period of 60 days).*

8. The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

Applicability

9. These Directions shall be applicable to all cases where release of original movable / immovable property documents falls due on or after December 1, 2023.

10. The above Directions are issued under sections 21, 35A and 56 of the Banking Regulation Act, 1949, sections 45JA and 45L of the Reserve Bank of India Act, 1934, and section 30A of the National Housing Bank Act, 1987,

Yours faithfully,

(Santosh Kumar Panigrahy)
Chief General Manager"

13. The RBI Circular is issued under the Guidelines on Fair Practices & Code (**"FP&C"**) as a part of responsible lending conduct of Regulated Entities like banks and financial institutions. RBI issued this Circular since it was observed that the Regulated Entities followed divergent practices whilst releasing title

documents leading to customers' grievances and disputes. Clause 2 of the Circular specifically provides that the banks "shall" release all title documents within a period of thirty days after full repayment of the loan. Under Clause 3, the bank "shall" give the option to the borrower of collecting original title documents either from the Branch where the loan account was serviced or any other office where the documents are available as per the borrowers preference. Neither of these two conditions have been complied with by the Respondent in the present case. Clauses 6 to 8 of the Circular then provide for compensation for delay in releasing of title documents. It specifically provides that where delay in releasing of original title documents is of thirty days after full settlement of the loan, the borrower shall communicate the reasons for such delay. In case, where the delay is attributable to the bank, it shall compensate the borrower at the rate of Rs.5,000/- for each day of delay. In addition, the bank shall assist the borrower in procuring duplicate/certified copies of the title documents and bear all associated costs in addition to paying the compensation under Clause 6.

14. We agree with the Respondent to the limited extent that the Circular cannot be applied retrospectively for a period starting from 2003. The Circular itself specifies its applicability to cases where release of the original documents falls due on or after 1st December, 2023. Hence, having regard to the admitted loss of the documents and the continuing prejudice caused to the Petitioner, the rate prescribed by the Circular will have to be paid by the Respondent from 1st December, 2023 onwards.

15. The Circular is significant not merely because it prescribes a monetary consequence for delay. The Reserve Bank of India has expressly recognized that release of original title documents after repayment of a loan is an important aspect of responsible lending and has prescribed a quantified compensation of Rs.5,000/- per day where the delay is attributable to the bank. The prescription of Rs.5,000/- per day is not an arbitrary figure. It provides an objective and rational measure of the prejudice that RBI considered appropriate where a regulated entity fails in its obligation concerning original property documents.

16. We are also not persuaded by the submission that the payment of Rs.1 lakh pursuant to the proceedings before the Banking Ombudsman exhausts the Petitioner's remedy. The proceedings before the Ombudsman and the present Petition operate in different fields. The Ombudsman's advisory to pay Rs.1 lakh was made in the context of the complaint before it. The same does not, in the circumstances of the present case, prevent this Court from examining the admitted loss of the original title documents, the continuing prejudice suffered by the Petitioner and the adequacy of the remedial measures undertaken by the Respondent. The Circular itself expressly provides that the compensation contemplated thereunder is without prejudice to the borrower's right to seek any other compensation available to it under the applicable law.

17. The fact that the Respondent deposited Rs.1 lakh in the Petitioner's account, notwithstanding the Petitioner's refusal to accept the same, cannot alter the nature or extent of the Respondent's liability. If the said amount continues to remain with the Petitioner, the same shall be given due adjustment against the

compensation payable under this order.

18. For all the aforesaid reasons, **the Writ Petition is allowed** in the following terms:

(i) The Respondent-Bank shall pay to the Petitioner compensation calculated at the rate of Rs.5,000/- per day from 1st December, 2023, subject to adjustment of the sum of Rs.1 lakh already deposited/paid pursuant to the order of the Banking Ombudsman;

(ii) This amount shall be paid until it provides certified copies of the documents for both the properties and reconstructs the title record, including all necessary endorsements, affidavits, indemnities and other supporting documents reasonably required by the concerned statutory authorities, society or prospective transferee for establishing the Petitioner's title;

(iii) The Petitioner shall specifically address notices to the statutory authorities in charge of the income tax, stamp duty and registration relating to the reconstructed documents concerning both the properties;

(iv) The above exercise shall be completed within 12 weeks of this order.

19. Liberty to apply.

[GAUTAM A. ANKHAD, J.] **[ACTING CHIEF JUSTICE]**

BHARAT DASHARATH PANDIT

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