IN THE HIGH COURT OF JUDICATURE FOR THE STATE OF TELANGANA
HON'BLE SRI JUSTICE NAGESH BHEEMAPAKA

WRIT PETITION No. 38841 OF 2025

06.05.2026

Between:

Kanakati Naresh
..... Petitioner

And

Union of India,
Rep. by its Secretary,
Department of Post Office, New Delhi
& others

..... Respondents

O R D E R:

Petitioner is stated to have opened savings account with the 5th respondent - Post Office bearing A/c No.051810432605; since the date of opening, he never deposited amount into the account except the initial opening amount, and all other transactions reflected in the account statement were deposits made by strangers not known to him. It is stated, petitioner was cultivating paddy and cotton crops and after completion of cultivation, he sold cotton to Cotton Corporation of India (CCI) at Thirumalagiri Market Yard, Suryapet District for Rs.1,50,228/- and Tak Patti No.305102000590 dated 23-12-2023 was issued; he was also informed that sale proceeds would be directly transferred to his account after one month.

1.1. Petitioner contends that Thirumalagiri Market Yard transferred Rs.1,50,228/- on 23-01-2024 into petitioner's account bearing No.051810432605 maintained with the 5th respondent Post Office. After transfer of the said amount, petitioner went to Post Office on 13-02-2024 to withdraw the amount. However, the officials of the Post Office refused permission to withdraw and informed that his account was freezed on the instructions of Cyber Crime. Petitioner was shocked by the said action and requested the officials to permit withdrawal of the amount. However, they refused and directed him to get the criminal case closed or obtain directions from the concerned Court for de-freezing of the account.

1.2. It is stated, petitioner did not receive any notice, order or communication from the respondent Post Office before freezing the account. respondents, being public servants, ought to have assigned reasons for freezing or holding the account. It was alleged that without assigning any reasons and without giving an opportunity of hearing, they straightaway freezed petitioner's account. Due to freezing of account, petitioner was unable to deposit or withdraw any amount from the said account. It is further stated when petitioner requested respondents to furnish a copy of the e-mail or document on the basis of which the account was freezed, they did not furnish any such copy. Hence the Writ Petition.

2. In the counter filed by Respondent No.6, it is stated that India Post Payments Bank Limited is a public limited company wholly owned by the Government of India; freezing of petitioner's account was undertaken strictly in compliance with Law Enforcement Agency (LEA) policies and prevalent practices followed by the respondent bank in public interest. It is further stated, petitioner maintains account No.051810432605 at Hyderabad Branch of India Post Payments Bank Ltd. and a separate legal entity from the Department of Posts. Petitioner's Account No.051810432605 was marked as Debit Freeze on 18-01-2024 pursuant to complaints received on National Cyber Crime Reporting Portal (NCCRP) from Law Enforcement Agencies of multiple States.

2.1. It is further stated that e-mail communication was received from ADAJAN POLICE STATION CYBER CRIME on 26-01-2024 from e-mail ID polstn-adajan-sur@gujarat.gov.in instructing the bank to freeze the account. E-mail communication was received from ICICI Bank on 18-01-2025 from INVTGTXNMT/CARTMG/IBANK/HYD through e-mail ID invtgtxnmtg@icicibank.com requesting to hold the disputed transactions in petitioner's account.

2.2. It is admitted that Rs.1,50,228/- was credited into petitioner's account on 23-01-2024. It was reiterated that debit freeze was marked pursuant to complaints received on NCCRP, e-mail communications received from Law Enforcement Agencies, and in accordance with the bank's internal policy, in good faith, to prevent further fraudulent transactions in the suspected account and to safeguard the hard-earned money of customers.

2.3. The 6th respondent contends that the following complaints were received on NCCRP against petitioner's account:

a) Complaint No.31101240009692 dated 18-01-2024 from Police Station, Adajan, Surat City, Gujarat.
b) Complaint No.31501240001693 dated 19-01-2024 from Police Station, Vengara, Malappuram, Kerala.
c) Complaint No.31901240009971 dated 20-01-2024 from Police Station, Bandra-Kurla Complex, Brihan Mumbai City, Maharashtra.

2.4. It is further stated, respondent bank had not received any communication from the Law Enforcement Agencies concerned regarding closure or withdrawal of complaints or instructions to remove the lien/freeze marked on petitioner's account. Therefore, the respondent bank was not at liberty to remove the freeze/debit restriction on the account. It is denied that petitioner was unable to deposit any money and the account was only marked as Debit Freeze, while credit services in the account remained active and could be availed. It is finally stated, Respondent No.6 acted strictly in good faith upon receipt of three fraud complaints and Law Enforcement Agency e-mail communications; the allegations of illegality or arbitrariness were misconceived and unfounded. It is further stated, petitioner is at liberty to approach the investigating authorities for any further information.

3. Heard Sri B. Nageshwar Rao, learned counsel for petitioner and Sri B. Jithender, learned Standing Counsel for Central Government.

4. From the averments stated above, the issue that arises for consideration is whether freezing of petitioner's account without notice, without furnishing reasons, and without disclosing any order of competent authority is sustained in law.

5. The admitted facts are: petitioner is holder of Account No. 051810432605 and Rs.1,50,228/- representing agricultural sale proceeds was credited on 23-01-2024. It is also admitted that debit freeze was imposed and petitioner was denied withdrawal. The stand of Respondent No.6 is that the account was frozen based on the complaints received through NCCRP and certain e-mail communications. However, no formal order of attachment, seizure, prohibition or freezing passed by any competent statutory authority under any specific enactment has been placed before this Court.

6. A citizen's bank account cannot be frozen indefinitely merely on internal correspondence, portal alerts or informal electronic communications unless such action is traceable to authority of law. Money lying in a bank account is property of the account holder. Restriction upon operation of such account affects right to livelihood, right to property in accordance with law, and access to one's legitimate funds. Even where investigative agencies seek protective measures, the action must satisfy minimum legal safeguards. There must be authority of law, communication of reasons where permissible, and a fair procedure.

7. In the present case, petitioner specifically pleaded that no notice, no order and no reasons were furnished. Respondent No.6 has not shown that any intimation was given to petitioner prior or subsequent to freezing. Even assuming prior notice could be dispensed with in emergent circumstances, post-decisional notice or disclosure of basic reasons is necessary.

8. Petitioner approached the bank seeking the basis of freezing and copies of the communications. The counter itself shows that such copies were not furnished to him. Respondent bank has relied upon three NCCRP complaints. However, mere existence of complaints does not automatically justify continued denial of access to the entire account balance without examination of the nature of transactions, source of funds or whether the credited amount represented agricultural sale proceeds from Cotton Corporation of India through Thirumalagiri Market Yard. Petitioner specifically pleaded that the amount represented proceeds of cotton sold under Tak Patti No.305102000590 dated 23-12-2023. This factual assertion has not been specifically denied. Credit of Rs.1,50,228/- on 23-01-2024 is admitted. Thus, there exists *prima facie* material

that at least the amount sought to be withdrawn was linked to agricultural sale proceeds.

9. Respondents also contend that the petitioner may approach investigating authorities. That submission cannot answer the grievance that the freezing was imposed by the bank without supplying particulars sufficient to enable the petitioner to seek effective remedy. This Court is conscious that cyber fraud is a serious matter and financial institutions must cooperate with investigating agencies. At the same time, anti-fraud measures must operate within the bounds of law and fairness. Innocent account holders cannot be left remediless by indefinite opaque freezing measures.

10. In the facts of the present case, this Court finds that continuation of debit freeze without furnishing material particulars, without production of a competent freezing order, and without periodic review is arbitrary and violative of principles of natural justice.

11. Accordingly, the Writ Petition is allowed. The action of the respondents in continuing the freeze/debit freeze on Savings Account No.051810432605 without furnishing notice, reasons or authority of law is declared unsustainable. Respondent No.6 is directed to defreeze Savings Account

No.051810432605 and permit normal debit operations within a period of two (02) weeks from the date of receipt of a copy of this order. However, it is made clear, if any competent investigating agency passes a fresh order in accordance with law under the relevant statutory provisions and communicates the same to Respondent No.6, it shall be open to them to act strictly in accordance with law.

11.1. It is further made clear that this Court has not expressed any opinion on the merits of Complaints dated 18-01-2024, 19-01-2024 and 20-01-2024 or any investigation arising therefrom. No costs.

12. Consequently, the miscellaneous petitions pending, if any, shall stand closed.

NAGESH BHEEMAPAKA, J

06th May 2026

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