



2025:DHC:10102



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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Judgment reserved on: 31.05.2025

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Judgment delivered on: 17.11.2025

+ W.P.(C) 14908/2024

HAMDARD EDUCATION SOCIETY & ANR.Petitioners

Through: Mr. Maninder Singh, Senior Advocate with Mr. Saket Sikri, Mr. Vikalp Mudgal, Mr. Ajay Pal Singh Kuhar, Mr. Prakhar Khanna, Mr. M.H. Zahidi, Mr. Priyansh Choudhary, Mr. Naman Joshi and Mr. Verdaan Jain, Advocates.

versus

RESERVE BANK OF INDIA & ORS.Respondents

Through: Mr. Atul Sharma, Mr. Abhinav Sharma and Mr. Snehashish B., Advocates for R1.
Mr. Sarfaraz Khan, Mr. Mirza Amir Baig and Mr. Abdul Wahid Mashaal, Advocates for R2.
Mr. Santosh Kumar Rout, Standing Counsel with Ms. Dharna Veragi, Ms. Sakshi Raj, Ms. Shruti Tripathi and Mr. Aditya Kumar Jha, Advocates for PNB.
Mr. Rakesh Munjal, Senior Advocate with Dr. Swaroop George, Mr. Mobashshir Sarwar,



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Mr. Abhinandan Jain, Mr. Sunil Roy, Mr. Takrim Ashan Khan and Mr. Kartikey, Advocates for R4.
Mr. Shreyans Singhvi, Ms. Akanksha Agrawal and Ms. Tanuja Singh, Advocates for Intervenor.

CORAM:
HON'BLE MR. JUSTICE VIKAS MAHAJAN

JUDGMENT

VIKAS MAHAJAN, J

CM APPL. Nos. 62541/2024 & 75968/2024

1. The present petition has been filed by the petitioners seeking *inter alia* quashing of impugned order dated 09.10.2024 passed by the respondent no.2 bank / UCO Bank and impugned order dated 15.10.2024 passed by respondent no.3 / Punjab National Bank (PNB) whereby on the premise of the decision taken *vide* impugned order dated 10.10.2024 passed by the respondent no.1/RBI Ombudsman, the said two banks have debit freeze the bank accounts of petitioner no.2 / Hamdard Institute of Medical Sciences & Research [hereinafter, 'HIMSR'], which were opened using the PAN of petitioner no.1 / Hamdard Education Society [hereinafter, 'HES'].

2. When the writ petition was originally filed, the Jamia Hamdard (Deemed University) [hereinafter, 'the University'] was not arrayed as respondent. Subsequently, as noted in order dated 25.10.2024 of this Court, the University was impleaded as respondent no.4, by the petitioners.



3. In the applications under consideration petitioners are seeking an interim relief of de-freezing of bank accounts.
4. The brief facts as noted from the petition are that pursuant to order dated 09.07.2019 passed by the Hon'ble Supreme Court in Civil Appeal No. 3382-83 of 2019, a Deed of Family Settlement [hereinafter, '**FSD**'] dated 22.10.2019 was executed *inter-se* the Hamdard Trustees / Family Members.
5. The FSD deals with various businesses, properties, and institutions run by the family including a charitable society called the Hamdard National Foundation (India) [hereinafter, '**HNF**'] which is the sponsoring body of the University.
6. The family also runs a medical college by the name of HIMSR. The FSD contemplates setting up of two committees for the management of HNF and its institutions, which are Hamdard Education and Cultural Aid Committee [hereinafter, '**HECA**'] and Medical Relief and Education Committee [hereinafter '**MREC**'].
7. Broadly, the University was to be run as an autonomous institution funded by HECA, whereas HIMSR was to be run as an institution under the MREC. As required by the FSD, the University *inter alia* resolved to transfer HIMSR to HES, which is under the control of MREC subject to HES obtaining necessary approvals for transfer from the Delhi Development Authority and other concerned authorities.
8. It is stated in the petition that as per Annexure VI of the FSD, various resolutions were to be passed by the University in respect of segregation of HIMSR from University and transfer of HIMSR to the HES as a going concern. An amendment to FSD dated 21.02.2020 was



also entered into *inter-se* the Hamdard Trustees / Family Members for facilitating the implementation of Annexure VI of FSD.

9. It is stated that on 06.03.2020 Governing Body of HES passed resolutions with regard to opening of bank accounts for HIMSR and its associated hospital with J&K Bank as well as UCO Bank. Though the accounts were opened in March, 2020, the same were not operated by HIMSR till the passing of the resolutions by the affiliating University in this regard.

10. It is further stated that pursuant to amended FSD, the Board of Management (hereinafter '**BoM**') of University in its 13th meeting held on 23.03.2021 and Emergent Meeting held on 03.07.2021, passed the resolutions in terms of Annexure VI of the FSD. Subsequently, HIMSR started the process of segregation from University to HES.

11. However, it is the case of the petitioners that the University has been impeding the implementation of FSD by trying to usurp the control of HIMSR. In the past also, with regard to disputes arising out of FSD, a section 9 petition under Arbitration and Conciliation Act, 1996 [hereinafter, '**the Act**'] was filed before this Court, which was disposed vide order dated 20.09.2022 and the disputes pertaining to FSD were referred to arbitration.

12. It is stated that *vide* same order dated 20.09.2022, this Court had directed the parties therein to comply with FSD as well as to maintain legal status of HIMSR as a 'constituent institution'. Even the learned Sole Arbitrator had ordered *status quo* as on 20.09.2022, *vide* his order dated 12.10.2022.



13. It is the case of the petitioners that since disputes *qua* implementation of FSD are pending adjudication before the learned sole arbitrator and also since the complaint before the RBI ombudsman was filed by a third party, which is the University, the RBI Ombudsman ought not to have adjudicated upon the complaint related to disputes involving FSD. Thus, the impugned order dated 10.10.2024 passed by the RBI Ombudsman, as well as orders passed by the aforesaid two banks defreezing the subject bank accounts are not sustainable in the eyes of law.

14. Mr. Maninder Singh, learned senior counsel appearing on behalf of the petitioners at the outset submits that all four bank accounts of HIMSR i.e. two maintained with UCO Bank and two with PNB Bank are fully KYC compliant. He submits that KYC norms for the above-mentioned bank accounts for the purpose of running the medical college and the hospital have been fulfilled by the petitioners and this fact has been acknowledged in the impugned order dated 10.10.2024 passed by RBI Ombudsman.

15. He submits that KYC norms is a matter purely between the account holder i.e. the petitioners, and the respondent nos.2 and 3 banks and no third party has any *locus standi* in this regard. Once it is admitted that the accounts are fully KYC compliant, it is not permissible for any third party to create any obstruction in smooth operation of bank accounts and the RBI Ombudsman shall have no jurisdiction in this regard.

16. He submits that in a similar case involving another bank account with PNB at Batra Hospital branch, a coordinate bench of this Court in



W.P.(C) No. 1461/2025 *vide* order dated 06.02.2025 has stayed the order of debit freeze.

17. He invites attention of the Court to letter dated 18.01.2024 sent by the UCO bank to the University, to contend that the bank had categorically stated that the accounts of HIMSR are fully KYC compliant, and also that issue is pending before the learned sole arbitrator.

18. He further invites attention of the Court to the letter dated 12.03.2025 sent by another Bank i.e. SBI to the University to contend that *vide* said order the SBI had made it clear to the University that operation of the bank account of HIMSR maintained with it will be made fully operational as the same is KYC compliant. Moreover, this Court in a writ petition W.P.(C) No. 3403/2025 filed by the University, had declined to interfere with the decision of the SBI, *vide* order dated 19.03.2025.

19. He submits that it is a settled position of law that the opening, maintenance and operation of any bank account which is fully compliant can never be stopped by the RBI Ombudsman who has no jurisdiction in this regard. Elaborating further, Mr Singh submits that it is only upon police investigation or any order passed by a court of competent jurisdiction, that an operation of any bank account could be ceased.

20. He submits that in terms of the relevant provisions i.e. Clause 3, Clause 8 and Clause 9 of the '*Reserve Bank-Integrated Ombudsman Scheme, 2021*' [hereinafter, '**the Scheme**'], an account holder of any bank account is a '*Customer*'. It is only an account holder, who can approach the Ombudsman for making a complaint in relation to any



grievance regarding deficiency in providing banking facilities / services by the Bank where he / she operates / maintains a bank account.

21. He submits that an Ombudsman has a very limited jurisdiction under the Scheme. The jurisdiction of Ombudsman other than entertaining a complaint of a customer against his/her bank for not providing efficient banking services cannot be expanded. He submits that Ombudsman cannot entertain a complaint filed by any other entity or third party against a customer of a bank regarding his banking facility.

22. Mr. Singh submits that in the present case, neither the University nor any other person has any authority to approach Ombudsman for making any complaint against HIMSR in relation to operation of its bank accounts, which are admittedly fully KYC compliant.

23. He submits that this Court has, *inter alia*, observed *vide* order dated 20.09.2022 in OMP(I) No. 7/2022 and order dated 14.02.2023 in OMP(I) No. 1/2023 that University has undertaken to fully cooperate in the implementation of FSD and also in the smooth functioning of the Hospital and the Medical College.

24. He submits that thereafter, learned Sole Arbitrator had passed an order on 02.03.2023 directing *status quo* as on 20.09.2022 to be maintained. Therefore, University has been prohibited from filing repeated *mala fide* and impermissible complaints with different banks or with the RBI Ombudsman against operation and maintenance of bank accounts by the petitioners.

25. Lastly, he submits that even in terms of Clause 10 of the Scheme, the Ombudsman had no jurisdiction to pass the impugned order, when



disputes pertaining to implementation of FDS were pending adjudication before the learned Sole Arbitrator.

26. On the other hand, Mr. Atul Sharma, learned counsel appearing on behalf of respondent no.1 / RBI submits that on a complaint filed by the University, Ombudsman on the basis of available records, observed that UCO bank had opened the bank account of HIMSR using PAN of HES based on FSD entered into between two family groups.

27. However, it was noted that the FSD had not been implemented and HIMSR had not been officially transferred from University to HES. Thus, HES had no title over HIMSR, which continues to be a 'constituent institute' of the University. It was further noted that the Memorandum of Association of HES had not been amended to include HIMSR, and claim of HES that HIMSR belongs to it has no legal standing. On above basis, it was observed that UCO Bank erred in allowing opening of bank accounts in the name of HIMSR with PAN of HES and thus, UCO Bank was deficient in opening bank accounts without obtaining proper 'Officially Valid Documents' [hereinafter, 'OVD'] for KYC purposes and was accordingly advised to carry out Re-KYC.

28. He submits that the subject matter of Ombudsman complaint was KYC compliance which is not a subject matter of any pending dispute before any court or arbitrator. It is an undisputed position that the subject matter of the Ombudsman complaint was deficiency in relation to KYC compliance and not the disputes between family members or pertaining to implementation of FSD, which dispute is stated to be subject matter of disputes pending in arbitral proceedings between family members.



29. He submits that order dated 20.09.2022 passed by this Court on which reliance has been placed by the petitioners, clearly records that University has not been made a party to arbitral proceedings. Even today, University has not been impleaded in the arbitral proceedings.

30. He submits that disputes pertaining to FSD are amongst family members of Hamdard Family, and institutions including petitioners and University are not parties to such disputes. He further submits that *status quo* order is only in relation to *inter se* disputes between the family members. Thus, disputes do not, in any manner, pertain to the cause of action in the Ombudsman Complaint.

31. He submits that RBI being a regulatory body of banking sector is duty bound to ensure compliance of law and no status quo order or pendency of any dispute, assuming without admitting, can give regulatory provisions a go-bye.

32. Whereas learned counsels appearing on behalf of respondent no.2 / UCO Bank as well as respondent no.3 / PNB submit that both the Banks acted on the advisory of RBI given in the impugned order dated 10.10.2024. Thus, as an interim measure, had issued notice to HIMSR and blocked the debit operations in all the accounts w.e.f. 09.10.2024.

33. Mr. Rakesh Munjal, learned Senior Counsel appearing on behalf of the respondent no.4/University submits that the impugned order dated 10.10.2024 passed by the RBI Ombudsman, as well as, subsequent orders passed by the UCO Bank and PNB defreezing the subject bank accounts are valid in law.

34. He submits that the HIMSR is not a juristic person but a part and parcel of the University, therefore, it can neither sue as a petitioner nor



can operate any bank account except in the name of the University. He further submits that in light of the fact that HIMSR and Hakeem Abdul Hameed Centenary Hospital [hereinafter referred to as ‘HAHCH’] are still part/constituents of the University, no bank accounts could have been opened up in the name of HIMSR or HAHCH without the University’s consent.

35. He submits that the impugned order passed by the RBI Ombudsman is not contrary to the Scheme, as sought to be contended by the petitioners. Elaborating on this submission, he submits that there was no bar on the RBI Ombudsman to decide the complaint of the University as there was no litigation or arbitration proceedings pending between the HES and the University or HIMSR.

36. He submits that the cause of action *qua* KYC compliance or defreezing of the bank accounts in question has also not been raised or dealt with in any other legal proceedings.

37. He submits that illegal bank accounts have been opened by the petitioners to siphon off the monies. He further contends that if an order is passed removing debit freeze at an interim stage, all funds in the accounts will be withdrawn and siphoned off by the petitioners.

38. Lastly, he submits that granting of any interim relief at this stage, shall tantamount to allowing the writ petition itself. He, therefore, urges the Court to not grant any interim relief, rendering the relief prayed in the main writ otiose.

39. I have given my thoughtful consideration to the submissions made by the learned counsel for the parties.



40. At the outset it may be noted that after the order was reserved an impression was given to the Court that the parties were at an advance stage of talks and trying to explore the possibility of settlement, accordingly, on being queried by the Court during the proceedings of other writ petitions between the parties, it was requested that pronouncement of order may be deferred. However, it seems that nothing positive came out of the talks.

41. The main controversy in the petition revolves around the debit freezing of bank accounts by the UCO Bank and PNB maintained with them by the HIMSR.

42. As noted above, HIMSR is maintaining two bank accounts with the UCO Bank and two accounts with PNB.

43. The impugned order dated 09.10.2024 was passed by the UCO Bank seemingly on the instructions of RBI to do re-KYC of the subject bank accounts, after various meetings of the Bank with the RBI Ombudsman. The impugned order dated 15.10.2024 passed by the PNB refers to the impugned order dated 10.10.2024 passed by RBI Ombudsman, which was communicated to the PNB by the University vide letter dated 11.10.2024.

44. The relevant excerpts of the impugned order dated 09.10.2024 passed by UCO Bank reads as under:

*“Consequent to various meetings with the Banking Ombudsman, now RBI has pointed out deficiencies while opening of the account of M/s **Hamdard Institute of Medical Science & Research** in our bank using the PAN of Hamdard Education Society (HES) without obtaining proper OVDs for KYC and has strictly instructed do Re-KYC of the account as*



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per RBI Master Direction – Know Your Customer (KYC) latest updated as on 04.01.2024, for allowing any further operations.

As the matter is highly sensitive and is pending with our Regulatory Authority being Reserve Bank of India, we are suspending debit transaction of your account no. 2037011006872 in the name of M/s Hamdard Institute of Medical Science & Research till re-KYC is completed.

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Kindly note that, further debit operation will be allowed only upon completion of re-KYC in the above account. Bank will not be liable or responsible for any consequences of such freeze including any legal action thereof.”

(emphasis supplied)

45. Likewise, the relevant part of the impugned order dated 15.10.2024 passed by the PNB reads thus:

“Reg: RBI Ombudsman Order Against Your Organisation(s)

Dear Sir,

Warm Greetings from Punjab National Bank!

We have received an Information/Complaint from Your Affiliating University i.e. "JAMIA HAMDARD - Deemed to be University" vide letter Dated 11th October 2024, informing us about an Order Passed by the RBI Ombudsman dated 10.10.2024 related to Operations of Bank Accounts in the Name of "Hamdard Institute of Medical Sciences & Research (HIMSR) & Hakeem Abdul Hameed Centenary Hospital Operated at UCO Bank, New Delhi in reference to complain No N202324014027087.

Order of RBI Ombudsman clearly stated that "Your Both accounts maintained at UCO Bank were not opened with proper KYC, It is also stating that neither HIMSR nor HAHCH had been officially transferred to Hamdard Education Society from Jamia Hamdard University. Additionally, the Memorandum of Association (MOA) of HES



had not been amended to include these institutions as part of HES at the time of opening of these two accounts. Therefore, the claim by HES that these institutions belong' to it has no legal standing."

In view of above we would like to clarify that RBI is our Regulatory Body and order passed by RBI is to be implemented to all Banks Operating in India, We also have two Same Fashioned Account with our Punjab National Bank Batra Hospital Branch, and Considering the Order of RBI Ombudsman we have Debit Freezed Your below mentioned accounts. Debit Operation can only be resume after the completion of the re-KYC process in accordance with RBI Guidelines"

(emphasis supplied)

46. It is also apposite to refer to the relevant part of the impugned order dated 10.10.2024 passed by the RBI Ombudsman.

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In this connection, UCO Bank had submitted that, according to Paragraph VII of Annexure VI of the Family Settlement Deed (FSD) dated 22.10.2019, HES would exercise full administrative, financial, and academic control over HIMSR and HAHCH. The bank also referred to a resolution passed by the Hamdard National Foundation, the sponsoring body of both Jamia Hamdard University (JH) and HIMSR, on 21.02.2020. This resolution clearly stated that all assets and obligations of HIMSR and HAHCH were transferred to HES. Consequently, on 30.05.2020, HES formally requested the bank to open accounts for HIMSR and HAHCH under its PAN. Based on this request and the necessary documents, UCO Bank opened the accounts on 01.06.2020 and 02.06.2020 of HIMSR and HAHCH respectively. Since then, changes in the authorized signatories have been made from time to time, as requested by HES. UCO bank has also stated that these two bank accounts were published in the prospectus of respective institutes and complainant has not raised any objection at that time. Bank



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has submitted that proper KYC was carried out before opening of accounts.

You have filed a Writ petition with Hon'ble High Court of Delhi having number 13017/2024. In the Writ you have prayed that this complaint shall be decided in a time bound manner and an opportunity of personal hearing shall be provided to you. Hon'ble High Court, Delhi in its order dated 17.09.2024 has directed this office to dispose the complaint with three weeks.

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In view of these findings, it is observed that UCO Bank was deficient in opening the accounts of HIMSR and HAHC without obtaining proper Officially Valid Documents (OVDs) for KYC purposes. The bank was accordingly advised to carry out re-KYC for both accounts and obtain necessary OVDs as per RBI guidelines. It was emphasized that Family Settlement Deed cannot be considered an OVD for KYC purposes. UCO bank has accepted this advisory and, as an interim measure, has blocked the debit operations in both these bank accounts from 09.10.2024. The bank also confirmed that debit operations will only be resume after the completion of re-KYC process in accordance with RBI guidelines”

(emphasis supplied)

47. As noted above, PAN card of HES was furnished by HIMSR for the purpose of opening of the subject accounts. The reason for which PAN of HES was used for opening the bank accounts of HIMSR *prima facie* appears to be execution of FSD dated 22.10.2019 and its amendment dated 21.02.2020. The FSD was executed *inter-se* Hamdard Trustees/Family Members. It deals with various businesses, properties, and institutions run by the family including a charitable society called HNF, which is stated to be sponsoring body of the University. The FSD



deals elaborately with the division of businesses and institutions amongst Hamdard Trustees/Family Members.

48. Differences appear to have arisen between the parties to FSD relating to the implementation of the various stipulations contained in the said FSD. The principal dispute relates to the segregation of HIMSR from the University and its transfer to HES. This dispute also led to filing of multiple cases between family members. It is an undisputed position that *vide* order dated 20.09.2022 passed by this Court in OMP(I) No. 7/2022 disputes between family members pertaining to implementation of FSD have been referred to arbitration and same is pending adjudication.

49. In the present petition, petitioners have challenged the impugned order dated 10.10.2024 passed by RBI Ombudsman broadly on the ground that Ombudsman has acted beyond its jurisdiction. Likewise, the impugned orders dated 09.09.2024 and 15.10.2024 have been challenged on the ground that Banks have acted unilaterally and without any intimation as regards freezing of the bank accounts of HIMSR.

50. In the present order, this Court is only dealing with two interim applications filed by the petitioners, one being CM 62541-2024 seeking interim relief of de-freezing of subject bank accounts, and another being CM 75968-2024 seeking interim de-freezing of subject bank accounts for limited purposes of distribution of salaries, purchase of drugs and reagents, day-to-day expenses of the hospital.

51. This Court is, therefore, concerned with two issues. *Firstly*, whether the RBI Ombudsman acted within its jurisdiction and, *secondly*,



the legality of orders passed by the banks putting petitioners' bank accounts on debit freeze.

52. For appreciating the first issue, the relevant Clauses of the Scheme need to be adverted to. The objective of the Scheme is stated in its preamble in the following terms:

“A Scheme for resolving customer grievances in relation to services provided by entities regulated by Reserve Bank of India in an expeditious and cost-effective manner under Section 35A of the Banking Regulation Act, 1949 (10 of 1949), Section 45L of the Reserve Bank of India Act, 1934 (2 of 1934) and Section 18 of the Payment and Settlement Systems Act, 2007 (51 of 2007).”

(emphasis supplied)

53. In the ‘Definitions’, the term ‘Complaint’ is defined as under :

“3(f) - “Complaint” means a representation in writing or through other modes alleging deficiency in service on the part of a Regulated Entity, and seeking relief under the Scheme”.

(emphasis supplied)

54. Whereas ‘Deficiency in service’ is defined as under:

(g) “Deficiency in service” means a shortcoming or an inadequacy in any financial service, which the Regulated Entity is required to provide statutorily or otherwise, which may or may not result in financial loss or damage to the customer;

(emphasis supplied)

55. The term Regulated Entity is defined as under :



(j) “**Regulated Entity**” means a bank or a Non-Banking Financial Company or a System Participant as defined in the Scheme, or any other entity as may be specified by the Reserve Bank from time to time; to the extent not excluded under the Scheme;

56. In Chapter III of the Scheme, ‘Powers and Functions of the Ombudsman’ is provided. Rule 8(1) provides ‘powers and functions’ as under :

“8(1) The Ombudsman/Deputy Ombudsman **shall consider the complaints of customers of Regulated Entities relating to deficiency in service.**”

(emphasis supplied)

57. Clearly, the Scheme is formulated for considering and resolving only customer’s grievances in relation to services provided by entities regulated by RBI. The term ‘Customer’ has though not been defined under the Scheme, the same can be borrowed¹ for interpretation from ‘Know Your Customer (KYC) Direction, 2016’ [hereinafter, ‘**KYC Master Direction-2016**’], which is a comprehensive document setting out certain customer identification procedures required to be followed by REs. The term ‘Customer’ is defined under Clause 3(b)(iii) of the said Master Directions in the following manner :-

“**Customer means a person who is engaged in a financial transaction or activity with a Regulated Entity (RE) and**

¹ Clause 3(2) of the ‘Scheme’ - “**Words and expressions used and not defined in the Scheme, but defined in the Reserve Bank of India Act, 1934, or in the Banking Regulation Act, 1949, or in the Payment and Settlement Systems Act, 2007 or in the Regulations or guidelines or Directions issued by the Reserve Bank in exercise of its powers conferred by the Acts referred to herein above, shall have the meanings respectively assigned to them.**”

(emphasis supplied)



includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.”

(emphasis supplied)

58. The Clauses of the Scheme and KYC Master Directions-2016 have been reproduced hereinabove to highlight that the Scheme in unequivocal terms, limits the jurisdiction of the Ombudsman to examining and adjudicating only those complaints which originate from “customers” of a Regulated Entity. It is clear from perusal of Clause 8(1) of the Scheme that Ombudsman can only consider the complaints of customers of Regulated Entities relating to deficiency in service. Which means, any complaint filed by third party who is not a customer, cannot be entertained under the framework of the Scheme.

59. Ergo, the University, which was not a ‘Customer’ in terms of the Scheme, was not eligible to approach the RBI Ombudsman with any kind of grievance as it had not availed any financial services nor it was engaged in any financial transaction or activity, with the UCO Bank.

60. Undisputedly, the two accounts with the UCO Bank were opened in the name of HIMSR with PAN of HES on 01.06.2020 and 02.06.2020. Since bank accounts were opened in the name of HIMSR, it was HIMSR only, being the account holder, which could have made a complaint to the RBI Ombudsman alleging deficiency in service against the Regulated Entity i.e. the UCO Bank.

61. Also, University only articulated its grievance with regard to said bank accounts with the UCO Bank *vide* its letter dated 16.01.2024. So, for almost more than three years, University did not raise any grievance



with regard to the opening of bank accounts in the name of the petitioners.

62. In light of the above discussion, this Court is *prima facie* of the view that the University not being the customer of the UCO Bank, had no *locus standi* to file a complaint against UCO Bank alleging deficiency in service. As a corollary, since the complaint filed by University did not originate from the “customer” in terms of the Scheme, the RBI Ombudsman was not having jurisdiction to entertain such a complaint.

63. The exercise of jurisdiction by RBI Ombudsman can also be examined in light of Clause 10 of the Scheme which provides for ‘Grounds for non-maintainability of a complaint’.

64. The Clause 10 of the Scheme is reproduced as under:-

“10. Grounds for non-maintainability of a Complaint

(1) No complaint for deficiency in service shall lie under the Scheme in matters involving:

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(2) A complaint under the Scheme shall not lie unless:

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(b) the complaint is not in respect of the same cause of action which is already-

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(ii) pending before any Court, Tribunal or Arbitrator or any other Forum or Authority; or, settled or dealt with on merits, by any Court, Tribunal or Arbitrator or any other Forum or Authority, whether or not received from the same complainant or along with one or more of the complainants/parties concerned.”

65. A reading of the above quoted Clause provides that a complaint under the Scheme shall not lie unless the complaint is not in respect of



the same cause of action which is already pending before any Court, Tribunal or Arbitrator or any other Forum or Authority.

66. It is not in dispute that when impugned order dated 10.10.2024 was passed by RBI Ombudsman, disputes pertaining to implementation of FSD were pending adjudication before learned Sole Arbitrator appointed by this Court vide order dated 20.09.2022. Also, vide order dated 02.03.2023 the learned Sole Arbitrator directed that *status quo* as on 20.09.2022 with regard to status of HIMSR shall be maintained. The relevant extract from the learned Sole Arbitrator's order dated 02.03.2022 reads thus:

“After hearing the learned counsel for the parties at length it is decided as under:-

*(i) The Claimants' section 17 applications are disposed of by directing that the **parties shall maintain status quo as on 20.09.2022 with regard to the status of HIMSR;***

(ii) The Respondents' section 17 application shall be considered with the final arguments; and

(iii) The Claimants' section 27(5) applications shall also be considered with the Final arguments.”

(emphasis supplied)

67. Notwithstanding the pendency of dispute *qua* FSD before the learned Sole Arbitrator and the above order dated 02.03.2022 passed in the arbitration, the RBI Ombudsman in the impugned order dated 10.10.2024, appears to have observed on the merits of disputes pending before the learned Sole Arbitrator by stating that claim of HES that HIMSR belong to it has no legal standing as FSD has not been



implemented. The relevant part of the impugned order dated 10.10.2024 reads thus:

“As directed by the Hon'ble High Court of Delhi, a personal hearing was provided to you on 20.09.2024 and same attended by representatives of bank as well as account holder. After reviewing the submissions by all the parties and the available records, it was observed that UCO Bank opened these accounts using HES's PAN based on the Family Settlement Deed (FSD) and a resolution by HES Board. However, it was further noted that the FSD had not yet been implemented, and neither HIMSR nor HAHCH had been officially transferred from Jamia Hamdard University to HES. Additionally, the Memorandum of Association (MOA) of HES had not been amended to include these institutions as part of HES at the time of opening of these two accounts. Therefore, claim by HES that these institutions belong to it has no legal standing. Furthermore, there is no evidence of any legal proceedings involving HES or Jamia Hamdard University on this matter. Further, currently both these institutes are institutions of Jamia Hamdard University and not of Hamdard Education Society (HES).”

(emphasis supplied)

68. The submission of Mr Munjal that the cause of action *qua* KYC compliance or defreezing of the bank accounts has not been dealt with in any other legal proceedings appears to be attractive at the first blush but on closer scrutiny the Court *prima facie* finds that the RBI Ombudsman while deciding the issue pertaining to KYC compliance has stepped into the domain of the learned Sole Arbitrator by observing and returning a finding that FSD has not been implemented.

69. Thus, the aforesaid observation made by the RBI Ombudsman *prima facie* appears to be in the teeth of sub-clause (2)(b)(ii) of Clause 10 of the Scheme.



70. Insofar second issue of debit freezing of bank accounts is concerned, suffice it to note that RBI Ombudsman, as evident from the impugned order dated 10.10.2024, did not direct UCO Bank to debit freeze the bank accounts of HIMSR. The UCO Bank was only advised to carry out Re-KYC of said bank accounts and obtain necessary Officially Valid Documents [hereinafter ‘OVDs’] as per RBI guidelines. Likewise, the PNB had frozen the accounts seemingly based on impugned order dated 10.10.2024 which was communicated to the PNB by the University. Incidentally, the impugned order dated 10.10.2024 did not contain any direction to debit freeze the accounts. However, UCO Bank, as well as PNB, had *suo moto* frozen the bank accounts.

71. At this stage, it is apt to refer to Clause 39 of the KYC Master Direction-2016, which deals with a situation where an RE can temporarily cease operations in the account. Clause 39 reads as under: -

“39. In case of existing customers, RE shall obtain the Permanent Account Number or equivalent e-document thereof or Form No. 60, by such date as may be notified by the Central Government, failing which RE shall temporarily cease operations in the account till the time the Permanent Account Number or equivalent e-documents thereof or Form No. 60 is submitted by the customer.

Provided that before temporarily ceasing operations for an account, the RE shall give the customer an accessible notice and a reasonable opportunity to be heard. Further, RE shall include, in its internal policy, appropriate relaxation(s) for continued operation of accounts for customers who are unable to provide Permanent Account Number or equivalent e-document thereof or Form No. 60 owing to injury, illness or infirmity on account of old age or



otherwise, and such like causes. Such accounts shall, however, be subject to enhanced monitoring.

Provided further that if a customer having an existing account-based relationship with a RE gives in writing to the RE that he does not want to submit his Permanent Account Number or equivalent e-document thereof or Form No.60, RE shall close the account and all obligations due in relation to the account shall be appropriately settled after establishing the identity of the customer by obtaining the identification documents as applicable to the customer.”

(emphasis supplied)

72. Bare reading of aforesaid Clause shows that an RE can temporarily cease operations in a bank account of a customer, if it fails to obtain PAN or equivalent e-document thereof or Form No. 60 of a customer. The first proviso to said Clause further provides that before temporarily ceasing operations for an account, RE mandatorily has to give a customer a notice and a reasonable opportunity to be heard.

73. As noted above, the concerned REs i.e. the UCO Bank and the PNB acted *suo moto* and had debit frozen the bank accounts of HIMSR even when they were not directed by the RBI Ombudsman to do so. Even in the impugned order dated 09.10.2024, UCO bank has itself stated that the bank was strictly instructed to do re-KYC of the accounts. However, in the succeeding paragraph, acting contrary to advise given by the RBI ombudsman, it suspended the debit transactions of the bank accounts.

74. Likewise, *vide* impugned order dated 15.10.2024, the PNB despite not having been advised to do re-KYC, merely on the University



informing the Bank about the order dated 10.10.2024 passed by RBI Ombudsman, had debit frozen the bank accounts of HIMSR.

75. It appears both the banks while passing the impugned orders of debit freezing the bank accounts of HIMSR did not follow the procedure prescribed under Clause 39 of KYC Master Direction-2016, inasmuch as petitioners were not given any reasonable opportunity to be heard before temporarily ceasing operation of their bank accounts.

76. Having regard to the above discussion, this Court is of the view that the petitioners have good *prima facie* case. But, in the given facts and circumstances whether that is enough to grant the interim relief as prayed, is a question to be addressed. Mr. Munjal has resisted grant of interim relief, *inter alia*, on the ground that granting of any interim relief, at this stage, shall tantamount to allowing the writ petition, rendering the relief prayed in the main writ otiose.

77. The law is well settled that at interlocutory stage a relief which is asked for and is available at the disposal of the matter is not granted.² It is equally settled that by an interim order the final relief should not be granted for no better reason than that of a *prima facie* case having been made out, without being concerned about the balance of convenience and other considerations. Reference in this regard may be had to the decision of the Hon'ble Supreme Court in ***State of U.P. & Ors. v. Ram Sukhi Devi, (2005) 9 SCC 733***. The relevant excerpts from the said decision reads thus:

² 1992 Supp (1) SCC 680 : U.P. Junior Doctors' Action Committee & Ors. v. Dr B. Sheetal Nandwani & Ors. [para 8].



“8. To say the least, approach of the learned Single Judge and the Division Bench is judicially unsustainable and indefensible. **The final relief sought for in this writ petition has been granted as an interim measure.** There was no reason indicated by learned Single Judge as to why the government order dated 26-10-1998 was to be ignored. **Whether the writ petitioner was entitled to any relief in the writ petition has to be adjudicated at the time of final disposal of the writ petition. This Court has on numerous occasions observed that the final relief sought for should not be granted at an interim stage.** The position is worsened if the interim direction has been passed with stipulation that the applicable government order has to be ignored. **Time and again this Court has deprecated the practice of granting interim orders which practically give the principal relief sought in the petition for no better reason than that of a prima facie case having been made out, without being concerned about the balance of convenience, the public interest and a host of other considerations.** [See CCE v. Dunlop India Ltd. (SCC at p.265), State of Rajasthan v. Swaika Properties (SCC at p.224), State of U.P. v. Visheshwar, Bharatbhushan Sonaji Kshirsagar (Dr.) v. Abdul Khalik Mohd., Shiv Shankar v. Board of Directors, U.P.SRTC and Commr./Secy. To Govt. Health and Medical Education Deptt. Civil Sectt. V. Dr. Ashok Kumar Kohli.] No basis has been indicated as to why learned Single Judge thought the course as directed was necessary to be adopted. **Even it was not indicated that a prima facie case was made out though as noted above, that itself is not sufficient. We, therefore, set aside the order passed by learned Single Judge as affirmed by the Division Bench and without expressing any opinion on the merits of the case we have interfered primarily on the ground that the final relief has been granted at an interim stage without justifiable reason.** Since the controversy lies within a very narrow compass, we request the High Court to dispose of the matter as early as practicable, preferably within six months from the date of receipt of this judgment.”

(emphasis supplied)



78. The main prayer in the present petition is essentially for setting aside the impugned orders and for de-freezing the bank accounts and the interim prayer is also for de-freezing the bank accounts. If at an interim stage a direction is given to de-freeze the subject bank accounts, it will have the effect of setting at naught the impugned orders passed by the Banks and shall tantamount to granting final relief by an interim order. That apart, the apprehension expressed by the University that if a direction to remove debit freeze at an interim stage is passed, all funds in the account will be withdrawn by the petitioners, is not wholly without basis.

79. If directions are given to debit-freeze the accounts, it will mean foreclosing the issue at an interim stage. The respondent no.4/University will be met with a *fait accompli*, if it eventually succeeds. The balance of convenience is thus, not in favour of the petitioners. Further, it has also come on record that the petitioners have other bank accounts as well, which are operational. Therefore, it is not a case where the petitioners cannot undertake banking transactions.

80. For the aforesaid reasons, the prayer of the petitioners for interim relief is liable to be rejected.

81. Before parting, it may also be noted that Mr. Munjal has also argued that HIMSR is not a juristic person but a part and parcel of the University. This submission has been buttressed by him by referring to the provisions of UGC Act and UGC (Institutions Deemed to be Universities) Regulations, 2023. Since this Court is not inclined to grant interim relief, the above submission of Mr. Munjal does not require



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consideration at this stage, though the same may be an argument to be considered at the stage of final arguments.

82. In light of the above discussion, the prayer of petitioners for interim relief is rejected and the applications are dismissed.

VIKAS MAHAJAN, J

NOVEMBER 17, 2025/dss/N.S. ASWAL