

Bank liable for fraudulent ATM withdrawal



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There are instances of unscrupulous bank officials defrauding depositors. Here is a case of how Bank of India officials violated all banking norms, resulting in a customer's account being wiped clean through illegal ATM withdrawals.

Bilquis Bano had opened a savings account with Bank of India's Satna Branch in Madhya Pradesh. She had another account with the same bank where her salary used to be credited.

When Bano attempted to withdraw some cash from her account on June 22, 2009, she was informed by the bank that there was no balance in it. On checking the bank statement, she found over ₹4 lakh had been withdrawn from the account on several dates between April 20 and June 18, 2009. The matter was reported to the police but no one was arrested.

The bank claimed the ATM-cum-debit card had been collected by Bano's representative, while the PIN had been mailed to her on March 22, 2007. She denied having

collected the card or having authorised anyone else to do so on her behalf. She also stated she had never received the PIN.

Bano filed a complaint before the District Forum to direct the bank to credit her account with the amount fraudulently withdrawn. She also sought compensation of ₹2.50 lakh. The bank contested, alleging Bano's companion had covered his face with a cloth while withdrawing money from the ATM, leaving a balance of only ₹925. The forum directed the bank to credit her account with around ₹4.30 lakh along with nine per cent interest and pay a compensation of ₹50,000.

The bank challenged this order before the Madhya Pradesh State Commission. Bano also appealed for enhancement of compensation. The

State Commission found the actual amount siphoned off from the account was ₹4.55 lakh. The bank was ordered to credit this amount to Bano's account but the Commission set aside the compensation of ₹50,000.

The bank filed a revision petition in the National Commission, which observed the crux of the dispute was whether or not the ATM card had been received by Bano or her representative. The bank had admittedly not handed over the card to Bano but could not produce any letter from her authorising someone to collect the card on her behalf. The bank could not produce any acknowledgment to show Bano had received the card. It could not even produce the acknowledgment for receipt of the PIN which it claimed had been

mailed to Bano. Hence, the Commission concluded the ATM card had been handed over by the bank to some unauthorised person, which constituted a deficiency in service.

The Commission indicted the bank for having permitted the fraud to take place due to its own negligence on two counts. First, by handing over the card to an unknown person whose identity could not be established. Second, there was no proof whatsoever of the PIN having been delivered to any person at all.

Accordingly, by an order dated November 25, 2014 Justice V K Jain dismissed the bank's revision, holding it devoid of merit.

The author is a consumer activist