

# Credit card: Unauthorized transactions are the responsibility of the bank | रसरंग में आपके अधिकार: क्रेडिट कार्ड: अनधिकृत लेन-देन बैंक की जिम्मेदारी

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## Your rights in Rasrang: Credit Card: Unauthorized transactions are the responsibility of the bank



Credit cards have become an integral part of modern life, but disputes such as unauthorized transactions, unfair charges and penalties have also become common. Although this area is regulated by the Reserve Bank of India and internal policies of banks, consumer laws can also intervene.

**What is the legal framework?** Under Section 2(7) of the Consumer Protection Act, 2019, credit card holders are considered consumers and can approach the Consumer Commission for any complaint. Section 2(11) defines any kind of poor or improper service as a "deficiency". This law applies equally to both online and offline transactions, thereby protecting credit card users across all modes of transactions.

**Unauthorized transactions** In *HDFC Bank Ltd vs Jesna Jose (2021)*, international transactions took place despite the customer having the card in his possession. The National Consumer Commission held that unless there is any evidence of the card being stolen, the bank will be held responsible for such unauthorized transactions. The Commission upheld the decision of the District and State Commissions to direct the bank to refund the customer's amount and pay a compensation of Rs 45,000, applying the RBI's Zero Liability Circular.

**Is the card really free?** This issue came up in *Hardeep Singh Dhaliwal vs HDFC Bank (2023)*. The credit card application form stated that there would be “no annual/one-time/monthly charges”. But another document, called the “Most Important Document” (MID), had a condition that if the customer did not spend Rs 3 lakh in a year, he would have to pay a fee. The customer was unable to spend this amount and due to this the fee was deducted from his bank account. On this, the customer complained to the consumer forum. The National Commission said that if a condition is written in any other document, then it is the responsibility of the bank to clarify it. However, since the customer had signed that MID, his complaint was rejected.

**Timely Payment** In *Venkat Anjaneyalu Burale vs Standard Chartered Bank (2022)*, the Telangana State Commission held that the bank should credit the payments received from the customers on time. If the bank itself delays it and the customer has to pay additional interest or charges, it would be considered a deficiency in service.

**Deactivating the card** If the bank deactivates the credit card without a valid reason, it will be considered a deficiency in service. For this, the case of *Dr. B. Premkumar vs State Bank of India (2023)* can be taken. A customer's credit card was suddenly deactivated during an international trip. Later the bank cited security reasons for this, but the Tamil Nadu State Commission termed it as a deficiency in service on the part of the bank. The Commission said that the bank should adopt a strong monitoring system and should not deactivate the card without any solid reason.

**CIBIL reporting** Consumer forums have also resolved disputes over CIBIL reporting. In the case of *Deven Rasik Dagli vs Standard Chartered Bank (2021)*, the Gujarat State Commission found that if the bank makes incorrect reporting to CIBIL (Credit Information Bureau) without proper investigation, it would be deficiency in service. In this case, the Commission ordered the bank to pay compensation of Rs 50 thousand.

**Jurisdiction** The jurisdiction of consumer laws has been widened in view of the growing influence of digital banking. In the *Venkat Anjaneyalu* case, the State Commission clarified that in cases of online transactions, a consumer can file a complaint only where he resides or where he received the relevant communication from the bank or where the transaction took place. **(The author is also Secretary, CASC.)**