HC-KAR

NC: 2026:KHC:57436
CRL.P No. 8395 of 2025

CNR: KAHC010392262025

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 12TH DAY OF OCTOBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE SURAJ GOVINDARAJ

CRIMINAL PETITION NO. 8395 OF 2025 (482(Cr.PC) /528(BNSS)-)

BETWEEN:

HDFC BANK
HDFC HOUSE
REGIONAL OFFICE NO 51
KASTURBA ROAD
BENGALURU 560001
REPRESENTED BY ITS ASST VICE PRESIDENT
AND CLUSTER HEAD AND INCHARGE MANAGER
SRI S M RADHAYYA
S/O SRI S K MADAN KUMAR
AGED ABOUT 35 YEARS

...PETITIONER

(BY SRI. GANAPATI BHAT VAJRALLI &
SRI. BHAT GANAPATHI NARAYANA., ADVOCATES)

AND:

1. STATE OF KARNATAKA
CUBBON PARK POLICE STATION
BENGALURU-560001
REPRESENTED BY ITS PUBLIC PROSECUTOR
HIGH COURT OF KARNATAKA
HIGH COURT BUILDING
BENGALURU 560001

2. SMT LATHA JACOB
W/O SRI JACOB CHACKO
AGED ABOUT 50 YEARS
R/T FLAT NO 009
S V HERITAGE
HENNUR MAIN ROAD

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NEARJYOTHI SCHOOL
KACHARAKANAHALLI
LINGARAJAPURA
ST THOMAS TOWN
BENGALURU 560084

…RESPONDENTS

(BY SMT. RASHMI PATEL., HCGP FOR R1;
SMT. SHREYA S. KUMAR., ADVOCATE FOR R2)

THIS CRIMINAL PETITION IS FILED U/S 482 CR.PC (FILED U/S 528 BNSS) PRAYING TO QUASH THE FIR DATED 12.03.2024 IN CR.NO.37/2024 REGISTERED BY THE RESPONDENT NO.1 I.E, CUBBON PARK P.S, AS AGAINST THE PETITIONER FOR THE O/P/U/S 34 AND 420 OF IPC ON THE FILE OF PENDING BEFORE THE VIII ACMM, AT BENGALURU CITY, AS PER ANNEXURE-A AND ETC.

THIS CRIMINAL PETITION, COMING ON FOR ADMISSION, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE SURAJ GOVINDARAJ

ORAL ORDER

1. The petitioners are before this Court seeking for the following reliefs:

(i) Quash the FIR dated 12.03.2024 in Cr.No.37/2024 registered by the respondent no.1 i.e, Cubbon Park P.S, as against the petitioner for the o/p/u/s 34 and 420 of IPC on the file of pending before the VIII ACMM, at Bengaluru City, as per Annexure-A;

(ii) Grant such other and further relief's as this Hon'ble Court may be deem fit to grant in the facts and circumstances of the case in the interest of justice and equity.

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2. Respondent No.2 filed a private complaint in P.C.R. No.3401/2024 under Section 200 of the Code of Criminal Procedure, 1973, on the basis of which Crime No.37/2024 came to be registered by Cubbon Park Police Station on 12.05.2024 for the offences punishable under Sections 34 and 420 of the IPC. The petitioner, who is arrayed as an accused in the said proceedings, is before this Court seeking quashing of the same.

3. The allegations in the complaint are that respondent No.2 entered into an agreement of sale on 07.08.2017 with Mrs. Eveline Patricia Santhini Maxime for purchase of Flat No.8, situated on the second floor of the building known as S.V. Heritage, measuring 926 square feet, constructed on immovable property bearing BMP Khata No.2/1, PID No.89-71-2/1, situated on Hennur Main Road, Bengaluru.

4. After entering into the agreement of sale, respondent No.2 approached HDFC Bank for sanction of a housing loan. The loan was sanctioned on 12.09.2017. The complaint further alleges that, prior to the execution of the agreement of sale, Mrs.

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Eveline Patricia Santhini Maxime had obtained a housing loan from the State Bank of India (SBI).

5. It is alleged that, as on 11.01.2017, an amount of ₹11,89,028/- remained outstanding in respect of the said loan. SBI had also issued a certificate dated 02.08.2017 stating that it was holding the original sale deed dated 10.03.2008 executed in favour of Mrs. Eveline Patricia Santhini Maxime, along with the original Encumbrance Certificates for the periods from 01.04.2009 to 04.09.2012 and from 01.03.2006 to 07.05.2014.

6. Thereafter, a discharge deed is stated to have been executed by SBI. Subsequently, an absolute sale deed came to be executed by Mrs. Eveline Patricia Santhini Maxime in favour of respondent No.2 on 27.09.2017.

7. After execution of the sale deed, SBI is stated to have initiated proceedings under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereinafter referred to as the 'SARFAESI Act'). Officials of SBI are alleged to have visited the property and asserted that a loan remained

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outstanding in respect of the said property and that recovery proceedings had been initiated against it.

8. It is on the basis of these circumstances that respondent No.2 alleges that HDFC Bank, before sanctioning the housing loan, was required to verify the title to the property. According to respondent No.2, the legal department of HDFC Bank scrutinised the documents and approved the loan, thereby giving respondent No.2 confidence that the title to the property was clear. It is alleged that HDFC Bank failed to undertake proper verification of the title and that such failure resulted in loss to respondent No.2.

9. The complaint, therefore, attributes criminal liability to the seller, Mrs. Eveline Patricia Santhini Maxime, SBI and HDFC Bank, alleging that the circumstances surrounding the earlier loan, the documents issued by SBI and the subsequent sale transaction disclose the commission of the offences invoked.

10. Sri Ganapathi Bhat Vajralli, learned counsel for the petitioner, submits that the petitioner had merely sanctioned a housing loan to respondent No.2. The responsibility of verifying the title to the property proposed to be purchased rested with respondent No.2. The mere fact that HDFC Bank sanctioned the

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loan after scrutinising the documents furnished would not amount to certification or guarantee of title in favour of respondent No.2.

11. Learned counsel further submits that, if any fraud has been committed in relation to the property, the allegations would have to be examined against the seller and SBI. No act of deception or dishonest inducement is attributed to HDFC Bank. The petitioner, having only processed and sanctioned the loan on the basis of the documents furnished, cannot be implicated in criminal proceedings arising out of the dispute between respondent No.2, the seller and SBI.

12. Learned counsel further submits that the documents furnished by respondent No.2 were examined for the purpose of processing the loan application and the loan was sanctioned in accordance with the Bank's procedure. The petitioner cannot be made criminally liable merely because the title to the property subsequently came under dispute or because SBI initiated proceedings in respect of the property.

13. On the above grounds, learned counsel submits that the complaint does not disclose the ingredients of the offences alleged against the petitioner and that the

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proceedings, insofar as the petitioner is concerned, are liable to be quashed.

14. The learned Counsel for Respondent No.2 opposes the petition. It is submitted that respondent No.2 had approached HDFC Bank for sanction of the loan and that the legal department of the Bank had scrutinised the documents and approved the loan.

15. It is further submitted that the scrutiny and approval of the documents by the legal department of HDFC Bank gave respondent No.2 confidence to proceed with the purchase of the property. According to the learned Counsel, if HDFC Bank failed to discharge its responsibility properly while examining the title documents, it would be liable for the offences alleged.

16. Heard Sri Ganapathi Bhat Vajralli, learned counsel for the petitioner, Smt. Shreya S. Kumar, learned counsel for respondent No.2 and Smt. Rashmi Patel, learned High Court Government Pleader for respondent No.1. Perused the papers.

17. The short question that arises for consideration is whether the sanction of a housing loan by a bank, even after scrutiny of the title documents for the

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purpose of the loan transaction, would by itself amount to certification or assurance of title in favour of the purchaser, so as to make the bank criminally liable if the title subsequently turns out to be defective.

18. Respondent No.2 is the purchaser of the property from Mrs. Eveline Patricia Santhini Maxime. The principle of caveat emptor, or buyer beware, is relevant to a transaction of purchase of immovable property. A purchaser is expected to undertake appropriate due diligence and satisfy himself or herself regarding the title of the vendor before proceeding with the transaction.

19. However, the application of that principle does not, by itself, determine the criminal liability of any other person involved in the transaction. The question in the present proceedings is whether the complaint attributes to HDFC Bank any act or omission which satisfies the ingredients of the offences alleged.

20. There is no material placed before this Court to indicate that HDFC Bank had undertaken, under any agreement or representation made to respondent No.2, to certify or guarantee the title of the property for the benefit of respondent No.2. Nor is there any

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specific allegation that the Bank made an independent representation to respondent No.2 that the title was free from encumbrances or that respondent No.2 should proceed with the purchase solely on the basis of the Bank's scrutiny. The matter would have been different if there was any agreement between respondent No.2 and the Bank relating thereto.

21. The scrutiny of title documents by HDFC Bank was undertaken in connection with the application for sanction of the housing loan. Such scrutiny is ordinarily undertaken by a lending institution to assess the property proposed to be offered as security and to protect its own financial interest. The fact that the legal department of the Bank examined the documents and thereafter sanctioned the loan does not, by itself, amount to a certification of title in favour of the purchaser.

22. The Bank's examination of the documents for its own lending purposes cannot automatically be treated as an assurance to respondent No.2 that the title of the vendor was free from all defects or encumbrances unless otherwise agreed. The opinion or scrutiny undertaken by the Bank cannot substitute the

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independent legal due diligence which a purchaser is expected to undertake to protect his or her own interest unless there being an agreement to the contrary.

23. The allegations in the complaint primarily concern the earlier housing loan obtained by Mrs. Eveline Patricia Santhini Maxime from SBI, the outstanding amount allegedly due under that loan, the documents stated to have been issued by SBI, the alleged execution of a discharge deed and the subsequent initiation of recovery proceedings in respect of the property.

24. The complaint does not disclose any specific act on the part of HDFC Bank by which it fraudulently or dishonestly induced respondent No.2 to purchase the property or part with money. Nor does it disclose material indicating that HDFC Bank had entered into any arrangement with the seller or SBI to deceive respondent No.2, or that the Bank had knowingly participated in any such alleged arrangement.

25. The mere fact that HDFC Bank sanctioned a loan after examining the documents furnished to it cannot, without further material, establish the dishonest intention or common intention required to

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sustain the allegation of cheating under Section 420 read with Section 34 of the IPC.

26. If respondent No.2 has any grievance arising out of the alleged outstanding loan, the discharge of the mortgage, the custody of the original title deeds or the subsequent recovery proceedings initiated by SBI, those circumstances would have to be examined with reference to the acts and responsibilities of the concerned parties. The mere sanction of the loan by HDFC Bank does not, by itself, make the Bank criminally liable for the alleged acts of the seller or SBI.

27. In the above circumstances, this Court does not find any material in the complaint or the papers placed before it to indicate that the petitioner, representing HDFC Bank, had committed any act of cheating or had shared a common intention with the other accused to deceive respondent No.2.

28. The proceedings against the petitioner, therefore, cannot be sustained merely on the ground that HDFC Bank had sanctioned a housing loan after scrutinising the documents relating to the property.

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29. Accordingly, this Court is of the considered opinion that the continuation of the criminal proceedings against the petitioner would amount to an abuse of the process of law.

30. In the result, the Criminal Petition deserves to be allowed insofar as the petitioner is concerned.

ORDER

i) The Criminal Petition is **allowed.**

ii) The proceedings in Crime No.37/2024 registered by Cubbon Park Police Station, and the consequential proceedings arising therefrom, are hereby quashed insofar as the petitioner, HDFC Bank, arrayed as accused No.3 in the private complaint, is concerned.

iii) It is made clear that the proceedings against the other accused shall continue in accordance with law.

iv) The observations made in this order are confined to the consideration of the allegations against the petitioner and shall not influence the investigation or proceedings against the other accused.

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(SURAJ GOVINDARAJ)
JUDGE

KTY, List No.: 1 Sl No.: 33