

## **Payment of matured deposit to 'either' or 'surviving' joint account holder constitutes a valid discharge of the bank's liability**

The **Jammu & Kashmir & Ladakh High Court** in the case of **Shabeena Ibrahim vs Usman Disooki [CRM(M) No.485/2023]** dated **November 26, 2025**, has held that if the operating instructions in a joint account is 'either or survivor' and one of the account holders expires before the maturity, no pre-payment of the fixed/term deposit can be allowed without the concurrence of the legal heirs of the deceased joint holder. It is further clear that once the fixed/term deposit matures, the payment can be made to the survivor on maturity.

The Court observed that unless the bank is restrained by an order of a competent court, the bank would be within its rights to make payment to the survivor named in the account. Thus, in a case where a joint account is opened with a survivorship clause, the payment of the balance lying in the deposit account to the survivor of the deceased deposit account holder would be a valid discharge of a bank's liability. However, the payment made to a survivor would not affect the right or claim which any person may have in respect of the amount released in favour of the survivor.

The Court referred to the RBI's Master Circular on Customer Service in Banks (DBOD.No.Leg.BC.95/09.07.005/2004-05, dated June 9, 2005), which mandates that banks incorporate survivorship clauses in account opening forms and publicise their benefits. The Circular clarifies that in the case of deposit accounts where the depositor had utilized the nomination facility and made a valid nomination or where the account was opened with the survivorship clause ('either or survivor', or 'anyone or survivor', or 'former or survivor' or 'latter or survivor'), the payment of the balance in the deposit account to the survivor(s)/nominee of a deceased deposit account holder represents a valid discharge of the bank's liability. This discharge holds provided the bank verifies the survivor's identity and death certificate, and no court order restrains payment, conditions fully met here.

The Court also referred to the RBI's Master Circular on Maintenance of Deposit Accounts (RBI/2014-15/17,DBR.No.Dir.BC.10/13.03.00/2014-15, dated July 1, 2014), to observe that for term deposits with survivorship, premature withdrawals require joint consent if both are alive, but post-death payments to the survivor are routine and liability-free. Thus, once the petitioner bank transfers the amount from the joint account to the survivor, the petitioner bank is discharged from its liability towards all claims. The Account number changes were deemed administrative, not manipulative, and the pending civil suit did not bind the bank absent an injunction.

**This case has been handled by Mr Sanjay Gupta (Managing Partner- Dispute Resolution) and Mr Rajnish Gaur (Partner- Head of Criminal Law Practice)**

[You can access the original judgment on this link](#)