Allotment of flats in lieu of legal fees, without any disbursement by the claimant to the corporate debtor, does not amount to a financial debt under Section 5(8) of the IBC

The **New Delhi Principal Bench of the National Company Law Appellate Tribunal (NCLAT)** in the case of **L & L Partners Litigation vs Jalesh Kumar Grover [Company Appeal (AT) (Insolvency) No. 1944 of 2025] dated April 23, 2026**, has held that a belated claim filed by a commercial entity after approval of the resolution plan by the CoC need not be condoned, particularly where admitting such claim would reopen the CIRP contrary to the time-bound scheme of the IBC. Further, where the claimant's name does not appear in the list of protected allottees forming part of the SARFAESI sale certificate, the corporate debtor cannot be held liable for such claim.

The Tribunal further held that allotment of flats in lieu of legal fees, without any disbursement by the claimant to the corporate debtor, does not amount to a financial debt under Section 5(8) of the IBC. The essential requirement of disbursal against consideration for time value of money remains mandatory, and in its absence the claimant cannot be treated as a financial creditor.

The Tribunal pointed out that the present appellant was not a homebuyer whose payments were reflected in the record of the corporate debtor. It observed that the appellant's claim was not reflected in the corporate debtor's records, and therefore the appellant could not claim the benefit of the principle that the RP must collate claims of homebuyers even if such claims are not formally filed.

On merits, the Tribunal found that the sale certificate in favour of the corporate debtor specifically preserved only those encumbrances relating to flats allotted to allottees listed in Annexure 1, and the appellant's name did not figure in that list. Hence, the corporate debtor could not be saddled with liability towards the appellant merely because the asset was sold on "as is where is" basis.

The Tribunal also observed that the appellant's claim, being based on allotment of flats in lieu of legal fees, did not involve any disbursement by the appellant to the corporate debtor. Therefore, the claim did not satisfy the essential element of "disbursal against the consideration for time value of money" required under Section 5(8) of the IBC, and could not be treated as a financial debt.