

**Consumer complaints involving highly disputed questions of fact or allegations of a criminal or tortious nature, such as fraud and forgery, cannot be adjudicated in the summary proceedings under the Consumer Protection Act, 1986**

The **Supreme Court** in the case of **Sant Rohidas Leather Industries and Charmakar Development Corporation vs Vijaya Bank [Civil Appeal No. 4841 of 2023]** dated **March 19, 2026**, has held that consumer complaints involving highly disputed questions of fact or allegations of a criminal or tortious nature, such as fraud and forgery, cannot be adjudicated in the summary proceedings under the Consumer Protection Act, 1986. Such matters are to be decided by a regular civil or criminal court which is equipped to handle complex factual determinations.

While the National Consumer Disputes Redressal Commission's (NCDRC) reasoning for dismissing the complaint (that earning interest on a deposit automatically makes it a 'commercial purpose') was not entirely correct, the ultimate dismissal of the complaint was justified because the dispute centred on allegations of fraud that were outside the scope of the consumer forum's summary jurisdiction. The Apex Court, however, clarified that this dismissal does not bar the appellant from seeking recourse in an appropriate court or forum.

The Court observed that to determine if a service is availed for a 'commercial purpose', one must look at the dominant object or purpose of the transaction. The identity of the person (whether an individual or a body corporate) is not the sole determining factor. The Court disagreed with the NCDRC's view that merely because a fixed deposit earns interest, the banking service is availed for a commercial purpose. Rather, it reasoned that there could be various non-commercial reasons for depositing money in a bank, such as statutory requirements or safe-keeping of funds.

However, the Court distinguished this from situations where a deposit is made specifically to leverage credit facilities for augmenting business. Such a transaction would have a direct nexus with revenue generation and could be considered a commercial purpose. In this case, the transaction was between two business entities (company and bank). The Bank's defence was that the FDR was pledged to avail a credit facility for business use. The Court noted that without first determining the truth behind the allegations of fraud and forgery concerning the pledge and loan, it was not possible to ascertain the true purpose of the deposit and, consequently, whether the services were availed for a commercial purpose.

Further, the Court observed that 'deficiency in service' under the 1986 Act must be distinguished from tortious or criminal acts like fraud or cheating. It reiterated that the burden of proving deficiency in service lies on the complainant. Since proceedings before the Consumer Commission are summary in nature, they are not meant to adjudicate complex factual issues, especially those involving criminality.

In the present case, the core of the dispute was the Bank's claim of a subsequent contract of pledge, which the appellant alleged was fraudulent. The Bank contended that the FDR held by the appellant was forged and that the original was with the Bank as security for the

overdraft facility. Thus, the Court concluded that these allegations of fraud and forgery could not be properly adjudicated in a summary proceeding under the 1986 Act and were more appropriate for a regular civil or criminal court. The complaint as framed was not maintainable before the Consumer Commission.