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In a judgment passed by the Supreme Court, delivered by a Bench presided by the Hon'ble Justice Pamidighantam Sri Narasimha and Justice Aravind Kumar. The Hon'ble Bench dismissed appeals filed by Shriram Chits (India) Private Limited, upholding a previous ruling that the company must refund a substantial sum to a subscriber due to deficiency in service. The ruling brings closure to a prolonged dispute between the chit fund operator and its subscriber, Raghachand Associates.

The dispute arose from the termination of a chit fund scheme and the subsequent non-refund of the subscription amount. Initially, Raghachand Associates filed a complaint with the District Consumer Disputes Redressal Forum in Bangalore, alleging that the abrupt termination and non-refund constituted a deficiency in service. The forum ruled in favour of the complainant, ordering Shriram Chits to refund Rs. 18,750 along with 18% annual interest. Shriram Chits contested the decision, asserting that the subscriber did not qualify as a "consumer" under the Consumer Protection Act, 1986, because the service was availed for commercial purposes. This argument was dismissed by both the State Consumer Disputes Redressal Commission and the National Consumer Disputes Redressal Commission (NCDRC), which upheld the District Forum's decision. Being aggrieved, Shriram Chits carried the decision of the NCDRC in appeal before the Hon'ble Supreme Court.

The Hon'ble Bench, while focusing on the maintainability of the complaint, examined the definition of 'consumer' under section 2(7) of the Consumer Protection Act 1986. The Hon'ble Bench emphasized that the onus was on the service provider, Shriram Chits, to prove that the service was availed for commercial purposes. The Hon'ble Bench found that Shriram Chits failed to provide sufficient evidence to support their claim, thereby invalidating their argument that the complaint was not maintainable under the Consumer Protection Act. In their detailed judgment, the justices reinforced the principle that consumer protection laws are intended to be consumer-friendly and beneficial, designed to address grievances of consumers. They reiterated that a service provider must substantiate any claim that a service was availed for commercial purposes to exclude a complainant from consumer protection benefits. The Hon'ble Bench noted, "*A plea without proof and proof without plea is no evidence in the eyes of law*".

The ruling not only mandated the service provider to refund the complainant but also set a precedent reinforcing the consumer rights framework in the country. It underscores the judiciary's observations in regards to protecting consumer interests against corporate malpractices. This decision marks a significant victory for consumers and highlights the judiciary's role in upholding consumer rights in financial transactions. The Supreme Court's ruling will likely influence future disputes involving consumer rights, ensuring stricter adherence to consumer protection laws by service providers.