



CONSUMER

# No Automatic Consumer Liability For Brand Ambassadors: Kerala High Court On Unfair Trade Practices

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**PUBLISHED** 17 January 2026

## Introduction

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This article examines the recent judgement of the Hon'ble Kerala High Court in the case of Actor Mohanlal Vishwanath vs. State of Kerala and Anr.<sup>1</sup>, wherein the court considered whether a celebrity endorser can be impleaded in a consumer complaint alleging unfair trade practices. The decision reaffirms that liability under consumer law must be anchored to statutory mandate and transactional involvement, rather than mere association through advertisements.

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## Factual Matrix

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The petitioner is a well-known actor, who had acted as the brand ambassador for the company Manappuram Finance, a financial institution offering gold loan services. The private respondents had availed a gold loan from the institution after being attracted by their advertisements offering a lower interest rate. Upon closure of bank accounts the respondents allege that a higher rate of interest was charged than what was advertised.

Aggrieved the respondents filed a consumer complaint before the District Consumer Disputes Redressal Commission, Thiruvananthapuram, seeking refund of excess interest and compensation, arraying the petitioner as an opposite party solely on the basis that he appeared in the advertisements, as their brand ambassador.

The petitioner filed a written version and a preliminary application contending that the complaint was not maintainable against him, as he had no role in the transaction and was merely a brand ambassador of the company and did not deal with their day to day activities. The District Commission rejected the objection by relying on the definition of "endorsement" under the Consumer Protection Act, 2019. A revision petition before the State Consumer Disputes Redressal Commission was also dismissed, prompting the petitioner to approach the High Court under Article 226 of the Constitution.

## Issues

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1. Whether a celebrity endorser can be proceeded against in a consumer complaint alleging unfair trade practice or deficiency of service, solely on account of endorsement.
2. Whether liability of an endorser under the Consumer Protection Act, 2019, is confined to proceedings under Section 21 relating to misleading advertisements.

## Parties' Submissions

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The petitioner contended that that he had no privity of contract with

the complainants and was merely a brand ambassador with no role in the loan transactions. It was argued that liability of an endorser under the Consumer Protection Act, 2019, is confined to proceedings under Section 21 and cannot extend to allegations of unfair trade practice or deficiency of service.

The respondents argued that the petitioner's endorsement formed an integral part of the representation that induced them to avail the loan. Relying on the broad definition of "unfair trade practice," it was submitted that an endorser who lends credibility to misleading claims cannot escape accountability under consumer law.

## Court's Analysis

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The court undertook a detailed examination of the pleadings in the consumer complaint and found that the petitioner was only referred to as a brand ambassador and not as a party who induced or directly influenced the complainants to avail the loan. The assurance regarding the interest rate was attributed to the finance company and not to any independent representation by the petitioner. Arriving to the conclusion that consequences arising from the provisions in the Consumer Protection Act, in relation to deficiency of service or unfair trade practices are concerned, the liability can be imposed upon an endorser, only in cases in which, a direct link has been established between the person who is availing the service and the persons who are impleaded as the opposite parties in the complaint, as service providers or suppliers of equipments. In other words, merely because, a person falls within the definition “endorser” he cannot be mulcted with the liability for unfair trade practice or deficiency of service, unless the direct link between the relevant transaction and the endorser is established.

The Court held that liability for unfair trade practice arises from the failure of the service provider to deliver services as advertised. Merely featuring in an advertisement does not create a direct legal nexus between the endorser and the consumer. The Court emphasised that Section 21 of the Act constitutes a self-contained mechanism for addressing misleading advertisements and provides specific safeguards, including the defence of due diligence for endorsers. In the absence of a direct transactional link or active participation in the alleged unfair practice, fastening liability on a celebrity endorser in consumer proceedings was held to be legally untenable

## Decision and Directions

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The Hon'ble Kerala High Court quashed the orders of the District and State Consumer Commissions and held that the consumer complaint was not maintainable against the petitioner.

The Court clarified that its findings were limited to the liability of the endorser and would not prejudice the complainants' claims against the finance company. It was further observed that the complainants were at liberty to invoke remedies under Section 21 of the Consumer Protection Act, 2019, before the competent authority, if they had any grievance regarding misleading advertisements.

## Conclusion

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This judgment draws an important doctrinal boundary between consumer liability and regulatory oversight of advertisements. By holding that celebrity endorsers cannot be mechanically impleaded in consumer disputes absent a direct transactional nexus, the Kerala High Court has reinforced the legislative intent behind Section 21 of the Consumer Protection Act, 2019. The ruling provides much-needed clarity for advertisers, endorsers, and consumer fora, ensuring that liability for deficiency of service remains anchored to service providers, while misleading advertisements are addressed through a distinct statutory mechanism

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1. WP(C) NO. 31700 OF 2024 ??

## Related Practice Areas

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