INDIALAW



CONSUMER

Rs1 Wallet Refund Diversion Leads to Rs 7,500 Liability: Consumer Commission Rules Against Reliance Retail

The Panchkula District Consumer Commission held Reliance Smart Superstore and Reliance Retail liable for diverting ?1 of a promised refund into a rewards wallet without consent, awarding ?2,500 compensation and ?5,000 punitive damages.

AUTHOR Tanvi Dalvi

PUBLISHED 25 November 2026

Table of contents

- Introduction
- Background: Two Orders and a Disputed Refund
- Grievance, Legal Notice and Consumer Proceedings
- Issues and Submissions Before the Commission
- Consumer Status and Deficiency in Service
- Dark Patterns and Manipulation of Consumer Choice
- Compensation, Punitive Damages and Final Directions

Introduction

The District Consumer Disputes Redressal Commission, Panchkula, in Nishtha Raghav v. Reliance Smart Superstore and Another (Consumer Complaint No. 45 of 2026), by its order dated 28 October 2026, examined whether an online retailer could redirect part of a promised refund into a digital rewards wallet without the consumer's informed consent. The Commission held the opposite parties liable for deficiency in service and unfair trade practice and awarded compensation and punitive damages totalling ?7,500.

The dispute concerned a diversion of merely ?1 in each of two transactions. Nevertheless, the order underscores that the legality of digital refund practices depends on transparent representations, consumer authorisation and meaningful grievance redressal, rather than solely on the value of the amount involved.

Background: Two Orders and a Disputed Refund

On 23 January 2026, Nishtha Raghav placed an order worth ?319 through the JioMart application for various household products, including Munch Max Chocolate. She paid ?316.81 through UPI, utilised ?1 from her Twid (Pay with Rewards) account and adjusted ?1.19 from cashback and wallet balances. On 25 January 2026, she placed another order worth ?116, paying ?115 through UPI and ?1 through Twid.

In both orders, Munch Max Chocolate was subsequently found unavailable. The retailer's communications indicated that ?19 for the unavailable item would be refunded to the original mode of payment in each instance. The complainant, however, received only ?18 in her bank account per transaction; the remaining ?1 was credited to the Twid rewards account.

The complainant maintained that she had neither authorised this adjustment nor been informed of a refund policy allowing it. According to her, placing money in a rewards wallet instead of returning it to the represented payment mode constrained her ability to use the refunded amount independently of the retail platform.

Grievance, Legal Notice and Consumer Proceedings

On 3 February 2026, the complainant raised a grievance through JioMart under Request ID 770063515208. Although the grievance was marked resolved, she asserted that the relief sought had not been granted. She subsequently issued a legal notice on 14 February 2026, served upon the two opposite parties on 16 and 17 February 2026 respectively. With the matter remaining unresolved, she instituted a complaint under Section 35 of the Consumer Protection Act, 2019, in March 2026.

The opposite parties appeared through counsel but failed to file a written statement despite repeated opportunities. The Commission struck off their defence on 26 June 2026. The complainant placed her affidavit and documents marked Annexures C-1 to C-14 on record, including order details, refund notifications, refund breakups, payment records and correspondence. The Commission expressly observed that a struck-off defence did not automatically establish the claim; the evidence still required examination on its merits.

Issues and Submissions Before the Commission

The Commission identified three questions: whether the complainant qualified as a "consumer" and her complaint was maintainable; whether the refund mechanism involved deficiency in service or unfair trade practice; and what relief, if any, should follow.

For the complainant, counsel argued that the retailer had accepted both orders and subsequently communicated a refund of ?19 to the original payment mode, yet transferred ?1 from each refund into Twid without consent. Reliance was placed on refund messages, transaction records and the unresolved grievance and legal notice. Compensation and litigation expenses were sought.

No substantive counter-submissions or explanation of the wallet adjustment were recorded on behalf of the opposite parties, since they had not filed a written defence. The judgment also does not cite any judicial precedents; its reasoning rests upon the statutory provisions, the 2023 dark-pattern guidelines and the evidence before the Commission.

Consumer Status and Deficiency in Service

The Commission first held that purchases made for personal and domestic consumption, supported by online payment of consideration, brought the complainant within Section 2(7) of the Consumer Protection Act, 2019. The complaint was therefore maintainable.

Importantly, the Commission drew a distinction between product unavailability and improper refund processing. Non-availability alone would not constitute a deficiency if the consumer were informed and properly refunded. The actionable shortcoming arose when a stated refund to the original payment mode was instead partly redirected to a rewards wallet.

Applying Section 2(11), the Commission reasoned that a bank account and a rewards wallet are materially different means of holding and using value. A retailer cannot unilaterally substitute wallet credit for the represented refund method without establishing informed consent or an accepted, disclosed policy permitting that arrangement. The documentary record substantiated the complainant's account and no authorisation for the adjustment was established.

Dark Patterns and Manipulation of Consumer Choice

The Commission additionally considered the implications of the practice under the Guidelines for Prevention and Regulation of Dark Patterns, 2023, issued by the Central Consumer Protection Authority. It observed that retaining part of a refund within a platform-linked rewards ecosystem could encourage a consumer to return and undertake another transaction to utilise the credit.

Where repeated without informed consent, such a mechanism raises concerns about manipulation of consumer autonomy. The Commission characterised the conduct as capable of constituting an unfair or deceptive trade practice within Section 2(47), and ultimately found unfair trade practice established. Its analysis focused on the effect and lack of authorisation of the wallet diversion rather than asserting that every rewards-wallet refund is inherently unlawful.

Compensation, Punitive Damages and Final Directions

The Commission noted that the complainant had been compelled to pursue platform grievance redressal and issue a legal notice over a small amount. It considered the resulting inconvenience and harassment compensable. Since the same adjustment occurred in two distinct transactions, it declined to treat the conduct as a mere inadvertent accounting error and invoked the proviso to Section 39(1)(d) to justify punitive damages.

By its order of 28 October 2026, the Commission allowed the complaint and held Reliance Smart Superstore and Reliance Retail Limited jointly and severally liable. It directed payment of ?2,500 as lump-sum compensation to the complainant and deposit of ?5,000 as punitive damages with the Free Legal Aid State Commission, Haryana. Compliance was required within 45 days of communication of the order, failing which the complainant could seek proceedings under Sections 71 and 72 of the Act. No separate quantified litigation-cost award appears in the operative directions.

Related Practice Areas

Consumer Dispute