

Bank seizes money from personal account, settles debt

By SUSITHA R. FERNANDO

The Colombo District Court issued an order against Sampath Bank Limited for seizing the personal account of a customer to settle the debt of a private company without his consent or knowledge.

Additional District Judge, Priyantha Fernando, ruled that the bank by utilizing a letter of set off had seized nearly Rs. 800,000 of its account holder, Mahesh Delduwa of Seevali Road, Mt. Lavinia to recover dues owed by Furnifits Limited to the bank, which had its account in the same bank. The court held that the bank had acted negligently, in breach of its duty and had obtained monies from its customer's private account to set off debts due to

the bank from Furnifits Ltd.

According to the plaintiff, the plaintiff had maintained his personal accounts, a savings and a current account, at the Nugegoda branch of the Sampath Bank. In a letter issued on May 9, 2002 the bank had informed him that it had recovered the money from his accounts. The bank had taken the position that it had a document giving authorization to set off all dues of the company which the plaintiff denied.

The plaintiff has filed a civil suit, challenging the bank, while complaining that instead of instituting an action against the said company, the



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bank, relying on a so called letter, had debited his account. Mr. Delduwa sued the bank for the sum of Rs. three million. At the end of a lengthy trial, Additional District Judge, Priyantha Fernando, entered judgment in Delduwa's favour and held that the alleged act by the bank, to obtain money from the customer's personal account, to set off monies due from a company, was illegal.

The court held that a sum of Rs. 799, 201.34 has been illegally charged from the plaintiff's accounts and ruled that by setting it off from Mr. Delduwa's

account, without prior notice it had violated the principles of natural justice.

In his judgment the Additional judge Mr. Fernando has stated that the witnesses for the bank themselves had admitted that despite the request by the customer, the bank has failed to handover the legal documents, which the bank claimed it had. The court ordered that the plaintiff was entitled to a sum of Rs. 799, 201.34 together with legal interest, from the defendant bank and held that the plaintiff was not entitled to further damages, as he has not called evidence.

Attorney-at-law Hiran de Alwis instructed by Sudath Associates appeared for the plaintiff.