Bank faces higher penalty for delayed card closure

CONSUMER PROTECTION

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V.V. Venkatesh had a credit card issued by Standard Chartered Bank. He made a payment of ₹15,500 on August 27, 2010 and instructed the bank to close the credit card, which the bank also confirmed.

After seven years, in 2018, the bank suddenly issued a notice claiming outstanding dues on the credit card. After a further lapse of three years, the bank issued another notice on December 25, 2020, demanding ₹33,83,173.12 as the pending amount. It followed this up with telephone calls and reminder notices dated June 15, 2022 and June 18, 2022. Venkatesh replied to all the legal notices, pointing out that the card had been closed after he had cleared all the dues. Yet the bank's recovery agents, Shaha Finlease, kept harassing him with telephone calls demanding payment. Aggrieved, Venkatesh filed a complaint before the Additional District Consumer Commission for Bengaluru against the bank as well as the recovery agent, alleging deficiency in service and unfair trade practice. He stated that the bank had wrongly termed him a defaulter and adversely affected his CIBIL rating, because of which financial institutions rejected his loan applications.

The bank as well as the recovery agent did not even bother to contest the case, so the commission decided it ex parte on the basis of the evidence produced by Venkatesh. The District Commission concluded that the bank had been deficient in service and had also engaged in unfair trade practice. It awarded ₹1 lakh as compensation along with 10 per cent interest from the date of the order and ₹3,000 as litigation cost.

Venkatesh was not satisfied with the compensation awarded, so he appealed to the Karnataka State Commission. He cited a decision of the Supreme Court in a similar matter in *Canara Bank v. S. Reghukumar & Anr.*, where the apex court had awarded ₹5 lakh as compensation. Similarly, in *Anil Milkhiram Goyel v. Hongkong and Shanghai Banking Corporation Ltd.*, the National Commission had awarded ₹15 lakh as compensation for mental agony and ₹1 lakh as litigation cost. Venkatesh argued for the enhancement of the compensation in conformity with the observations and compensation awarded in these precedents.

THE KARNATAKA STATE COMMISSION QUESTIONED WHY BANK HAD FAILED TO CLOSE THE CARD IN 2010, AND HAD RAISED A DEMAND AFTER SEVEN YEARS

The Karnataka State Commission considered the guidelines issued by the Reserve Bank of India relating to the closure of credit cards, which stipulated that once the outstanding dues were cleared, the bank had a duty to complete the closure formalities within seven days, and any delay would result in a penalty of ₹500 per day payable to the cardholder.

The Karnataka State Commission noted that the bank had failed to explain why it had not closed the credit card on August 27, 2010 and why it had issued a demand notice after a lapse of seven years. It indicted Standard Chartered Bank for engaging in unfair trade practices that had affected the customer for about 10 years because of an adverse CIBIL rating.

Accordingly, by its order dated February 12, 2026, delivered by Sri Ravi Shankar for the Bench along with Sunita Channabasappa Bagewadi, the Karnataka State Commission enhanced the compensation to ₹5 lakh. It also awarded ₹1 lakh as advocate's fees and a further ₹50,000 to cover litigation cost.

The writer is a consumer activist

TACKLING IRAN WAR'S IMPACT ON INVESTMENTS, HOUSEHOLD BUDGET

Avoid panic selling, keep SIPs going: Past wars caused transitory selloffs

Households should postpone major discretionary spending to ensure monthly budget can withstand potential higher inflation and EMIs

HIMALI PATEL

Most asset classes have remained fairly resilient amid the ongoing US-Israel versus Iran war. However, Brent crude has risen from $73.91 per barrel just before the conflict to $92.35 currently, a nearly 25 per cent increase. If the war persists and crude prices stay elevated, households could face higher inflation. Equity markets could also take a hit.

Crude prices may remain high

Geopolitical conflicts are typically inflationary. "If the conflict persists, oil prices could rise above $100 per barrel and remain elevated," says Alekh Yadav, head of investment products, Sanctum Wealth.

Higher global crude prices, however, do not translate immediately into higher petrol and diesel prices. "Oil companies sometimes absorb part of the increase for a period," says Feroze Azeez, joint chief executive officer (CEO), Anand Rathi Wealth.

Yadav adds that the government could lower excise duties to prevent the full impact from being passed on to consumers. If crude prices remain elevated for a prolonged period, however, absorbing costs becomes difficult.

Persistently high crude prices could widen the current account deficit and put pressure on the rupee. "A weaker rupee could push up imported inflation through higher fuel and commodity prices," says Arihant Bardia, chief investment officer (CIO) and founder, Valtrust.

Inflationary pressures may rise

Geopolitical conflicts in energy-producing regions have historically triggered inflationary spirals. "Spiking crude oil and natural gas prices create broad-based cost-push inflation because energy is embedded across supply chains," says Nikhil Aggarwal, founder and group CEO, Grip Invest. "Higher crude prices tend to feed into inflation through fuel, transportation, and logistics costs, while also putting pressure on the currency. These factors may gradually raise the cost of living," says Sahil Kapoor, head of wealth products, 360 ONE Wealth.

Market impact

The hit taken by frontline indices during the first week of West Asia conflict

Indices	Chg (%)
Nifty 50	-2.9
NIFTY Midcap 100	-2.9
NIFTY Smallcap 100	-2.5

Some sectoral indices have declined more

Sectoral Indices	Chg %
Nifty PSU Bank	-6.5
Nifty Realty	-4.9
Nifty Bank	-4.5
Nifty Financial Services	-4.4
Nifty Media	-4.3

Silver has declined more than gold

	Chg %
Gold	-0.2
Silver	-2.2

Rupee: Under pressure	Chg %
Rupee	-0.8

Change calculated between Feb 27 and March 6, 2026; Sources: Bloomberg, IBJA, Compiled by BS Research Bureau

Cut discretionary spending, travel

Households should moderate large discretionary expenses for the time being. "They should prioritise essential spending," says Azeez. They should maintain an emergency fund covering 6-12 months of expenses. "Households should also review discretionary travel," says Azeez.

Risk of higher EMIs

If inflationary pressures rise, the central bank could hike interest rates. Equated monthly instalments (EMIs) of retail loans, whose rates are linked to benchmark rates, would rise. "Avoid taking on additional leverage until the macro environment stabilises," says Kapoor.

EMIs should not exceed 30-40 per cent of take-home salary. Households should maintain room in their monthly budget to absorb a possible rise in EMIs. Azeez says partial prepayments can help reduce the impact of higher rates.

Equity MFs: Avoid knee-jerk reactions

Experts say geopolitical shocks usually create only short-lived volatility. "Past wars or oil crises caused only temporary selloffs. Markets rebounded once earnings recovered," says Jiral Mehta, senior manager - research, FundsIndia. Mehta says that over five to 10 years and beyond, gross domestic product growth and corporate earnings drive returns.

Avoid panic selling if the markets correct. "Indian markets routinely see 10-20 per cent dips, yet they close higher in about 75 per cent of those years," says Mehta.

Rebalance if the current asset allocation has deviated from the original level. Investors should keep systematic investment plans (SIPs) running to accumulate more units at lower prices.

Staying invested allows compounding to continue. "Indian equities have doubled in about six to seven years around 73 per cent of the times and tripled in about 10-11 years around 80 per cent of the times, highlighting the power of multi-year compounding," says Mehta.

Investors should avoid placing large bets on volatile segments, such as small-cap stocks and niche themes. They should also consolidate funds with exposure to the same stocks or sectors.

Debt mutual funds: Reduce duration

According to Dhawal Dalal, president and CIO - fixed income, Edelweiss Mutual Fund, investors should reduce the duration of their fixed-income portfolios if they expect the Reserve Bank of India (RBI) to raise policy rates (though he expects the crisis to be resolved soon).

"Short-duration, ultra-short duration, money market and floating-rate funds tend to remain relatively insulated when rates are rising or are range-bound at elevated levels. As rates rise, these funds reprice quickly and can deliver better yields over 12-18 months," says Aggarwal.

Dalal says bond funds with an average maturity of two to three years make sense because of their relatively attractive credit spreads.

Hedge with precious metals

Gold and silver typically act as safe-haven assets during geopolitical conflicts. However, avoid excessive exposure. "Rising inflation concerns, mixed economic data and lower rate-cut expectations can weigh on gold prices," says Manav Modi, commodities analyst, Motilal Oswal Financial Services.

According to Harsh Vira, chief financial planner and founder, FinPro Wealth, investors should maintain a strategic allocation of around 10-15 per cent in precious metals for portfolio stability. Modi says the allocation to gold and silver should be 70-75 per cent and 30-35 per cent, respectively.

Manage the rupee impact

A falling rupee is not entirely negative from an investment perspective. "It typically benefits export-oriented sectors and enhances the value of global investments when converted back into rupees," says Bardia. Vira suggests investors take some exposure to global assets and export-oriented sectors.

The writer is a Mumbai-based independent journalist