

BEFORE THE ADJUDICATING OFFICER,

SECRETARY, ELECTRONICS,
INFORMATION TECHNOLOGY &
ARTIFICIAL INTELLIGENCE DEPARTMENT,
MANTRALAYA, MUMBAI, MAHARASHTRA.

UNDER THE INFORMATION TECHNOLOGY ACT, 2000

IN

COMPLAINT CASE NUMBER 04 OF 2015

Reserved on: 02.07.2026

Pronounced on: (Date of Digital Signature)

IN THE MATTER OF,

M/s. Sudeep Enterprises

(through its Proprietor,
Mrs. Susmita Subodh Phatak)

) ...Complainant

Versus

Union Bank of India & Others

) ...Respondent

Appearance:

Ms. Janhavi Jadhav, i/b. Abhay Nevagi & associates for the Complainant;

Mr. Prasad Mhamunkar, i/b NDB Law for Respondent Nos. 1 to 3, Union
Bank of India;

Ms. Janhavi Sakalkar and Ms. Asha Anandkumar, i/b Bharucha &
Partners for Respondent Nos. 4 to 6, Vodafone Idea Ltd.;

Mr. Viswanath Mannadiar, for Respondent Nos. 7 & 8, ICICI Bank Ltd.,
were present.

[This document presents the proceedings of a complaint filed by the Complainant for adjudication under Section 46 of The Information Technology Act, 2000 (as amended in 2008) (referred to as the "Act"). Complainant and the Respondent accordance with the principles of natural justice and reasonable opportunity, ensuring that both parties, namely the Complainant and the Respondents, were given equal and sufficient opportunities to

present and defend their respective cases. After the conclusion of the hearings and the receipt of responses from all parties involved, a decision has been reached, and this judgment is now being delivered.]

I. The brief facts of the case, as stated by the Complainant, are as follows:

1. The Complainant, M/s Sudeep Enterprises, is a proprietary concern engaged in the commercial trading of electronic equipment and appliances, owned by Mr. Subodh Phatak and actively managed by his spouse, Mrs. Susmita Subodh Phatak. To support its operational working capital requirements, the Complainant maintained an Overdraft-General Account (No. 378104010031053) with Respondent No. 1 to 3 (Union Bank of India, Madhavnagar Branch), secured against a fixed collateral deposit of Rs. 20,00,000/-, yielding an approved credit line of Rs. 15,00,000/-. For electronic banking and corporate fund transfers, the Complainant utilized corporate internet banking secured by a system-allocated User ID, Login Password, and a designated Transaction Password. Crucially, the account was digitally mapped to Registered Mobile Number (RMN) +91 9372128002 (issued by Respondent Vodafone) and email ID subodh.phatak@rediffmail.com to receive mandatory transactional SMS alerts, Tracker IDs, and One-Time Passwords (OTPs) essential for validating third-party beneficiary payments.
2. The learned Counsel for the Complainant further submitted that on the night of September 11, 2014, the Complainant's mobile handset abruptly lost network connectivity following a system-generated alert indicating a registration query for a duplicate SIM card process neither initiated nor authorized by the Complainant. It is contended that while the Complainant was plunged into a "digital blackout," the security credentials of the online banking portal were compromised by unknown cyber-fraudsters.
3. Adv. Jadhav argued that during this period of network deactivation on September 12, 2014, Respondent No. 4 to 6 (Vodafone Idea Ltd.), through gross negligence and in flagrant violation of the subscriber verification guidelines mandated by the Department of

Telecommunications (DoT), they systematically issued an unauthorized duplicate SIM card to an impersonator at an outlet in Pune. By exploiting this rogue SIM card, the perpetrators intercepted the OTPs and Tracker IDs generated by Respondent No. 1 to 3's banking system.

4. It is further submitted by the Complainant's Counsel that on September 13, 2014, the Complainant discovered to her utter shock that a total sum of Rs. 11,15,000/- had been systematically siphoned out of the Overdraft Account via three distinct Real Time Gross Settlement (RTGS) transactions. The siphoned funds were unlawfully routed into fraudulent beneficiary accounts maintained with Respondent No. 7 & 8 (ICICI Bank) and Axis Bank at their respective branches in Kolkata.
5. The learned Counsel for the Complainant brought to the attention of this Authority that out of the total siphoned sum of Rs. 11,15,000/-, partial recoveries were successfully materialised at various intervals during the pendency of these proceedings. Specifically, a sum of Rs. 4,41,000/- was reversed from Axis Bank, Kolkata, on October 15, 2014, and a further sum of Rs. 2,51,906.90 was recovered from ICICI Bank, Kolkata, on October 18, 2017. Consequently, after adjusting for these subsequent legal reversions, the actual, outstanding principal loss sustained by the Complainant stands at Rs. 4,22,093/-.
6. Adv. Janhavi Jadhav clarified in the final hearing that the sum of Rs. 2,23,266/- originally mentioned in prayer clause 22.2 was purely an ad-interim relief measure sought against ICICI Bank during the initial stages of the hearing. In light of the final accounting, the Complainant has filed a formal computation on July 2, 2026, asserting that under the mandate of Section 43A of the Information Technology Act, 2000, the Complainant is entitled to the unrecovered principal loss of Rs. 4,22,093/- plus statutory damages and compensation, culminating in a final consolidated claim of Rs. 5,48,093/- along with interest.
7. Adv. Jadhav concluded her arguments by asserting that Respondent No. 1 to 3 (Union Bank of India) failed to implement robust fraud-detection mechanisms, velocity checks, and geolocation parameters required under the Reserve Bank of India (RBI) circulars on cyber-security, while

Respondent No. 4 to 6 (Vodafone Idea Ltd.) failed to maintain the data security protocols expected of a telecom service provider. It is argued that these systemic deficiencies constitute a clear actionable claim under Sections 43 and 43A of the Information Technology Act, 2000, making the Respondents jointly and severally liable to compensate the Complainant for the principal loss, alongside the escalating commercial interest unfairly levied on the overdraft account.

II. SUBMISSIONS AND DEFENSES ADVANCED BY THE RESPONDENTS

2.1 Submissions on behalf of Respondent Nos. 1 to 3 (Union Bank of India)

1. Mr. Prasad Mhamunkar, the learned Counsel appearing for Respondent No. 1 to 3, vehemently resisted the claims of the Complainant, submitting that no statutory liability under Section 43 or Section 43A of the Information Technology Act, 2000 can be imputed against the banking institution.

2. It is submitted that the internet banking platform, infrastructure, and core banking servers of Respondent No. 1 to 3, adhere to the highest international security standards and are fully compliant with the stringent cyber-security mandates issued by the Reserve Bank of India (RBI). The transaction logs conclusively demonstrate that the electronic system performed precisely as programmed, without any internal security breach, malware intrusion, or operational compromise.

3. The learned Counsel argued that an electronic fund transfer via Net-Banking requires a cascade of highly confidential user credentials, including the unique User ID, Login Password, and a separate, confidential Transaction Password. It is argued that these elements reside exclusively within the personal knowledge and custody of the account holder. Respondent No. 1 to 3, pleads that the unauthorized transactions could not

have materialized unless the Complainant, or her authorized representatives, inadvertently or through gross negligence, compromised, leaked, or exposed these sensitive credentials via a phishing exploit or social engineering mechanism entirely outside the bank's control.

4. Adv. Mhamunkar further emphasized that the bank meticulously executed its security protocols by dispatching the mandatory unique Tracker IDs, transaction notifications, and One-Time Passwords (OTPs) to the Complainant's Registered Mobile Number (RMN). If the telecom network infrastructure allowed these critical data payloads to be intercepted by unauthorized third parties via an illicit SIM-swap, such an event constitutes an external systemic failure attributable solely to the telecom service provider and the fraudsters, thereby absolving the banking institution of any tortious or statutory liability.

2.2 Submissions on behalf of Respondent Nos. 4 to 6 (Vodafone Idea Ltd.)

1. Ms. Janhavi Sakalkar, the learned Counsel appearing on behalf of Respondent No. 4 to 6, entered a strong denial against the allegations of statutory negligence, raising crucial technical and structural defenses to distance the telecom service provider from the financial fraud.

2. The learned Counsel argued that Respondent No. 4 to 6, is a telecommunications service provider operating strictly under a cellular license and is not an auxiliary custodian, guarantor, or insurer of the Complainant's financial or commercial banking relationships. It is urged that cellular networks are designed for vocal and digital communication, and if banking entities choose to deploy standard cellular SMS networks as a primary, singular authentication layer for high-value financial clearances like RTGS, they do so entirely at their own commercial risk.

3. It is submitted that the issuance of the duplicate SIM card at the Pune outlet was executed following what appeared to be prima facie valid documentation presented by an applicant mimicking the identity of the subscriber. Respondent No. 4 to 6, contends that it possesses neither the judicial machinery nor the forensic infrastructure required to unmask sophisticated corporate identity theft or masterfully forged physical credentials at the retail desk level.

4. Adv. Sakalkar further asserted that there is no direct, proximate, or causal nexus between the deactivation of a SIM card and the siphoning of funds from a secure bank account. A SIM-swap, by itself, cannot open an online banking portal; the perpetrators must have independently acquired the Complainant's secure transaction passwords beforehand. Consequently, the financial injury complained of is entirely remote, and no claim for damages can legally lie against the telecom intermediary under Section 43A of the Information Technology Act.

2.3 Submissions on behalf of Respondent Nos. 7 & 8 (ICICI Bank Ltd.)

1. Mr. Viswanath Mannadiar, the learned Representative/Counsel appearing on behalf of Respondent No. 7 & 8, submitted that the beneficiary bank has acted with absolute commercial bona fides and has proactively assisted both the victim and the law enforcement apparatus.

2. It is submitted that Respondent No. 7 & 8, had no prior knowledge or tracking capability to identify that the inward RTGS remittances originating from Union Bank of India were contaminated by cyber-fraud. The automated clearing systems process high-velocity RTGS transactions solely based on the beneficiary account numbers provided by the originating bank, leaving no room for manual profile verification during the automated settlement process.

3. The learned Representative highlighted that the moment the Complainant raised a fraudulent transaction alert and law enforcement intervened, Respondent No. 7 & 8, acted swiftly to place an immediate administrative freeze on the beneficiary account (Account No. 284301500530 belonging to "Ramnarayan Bangur").

4. It is brought to the notice of this Authority that out of the siphoned funds routed into its branch, a residual balance of Rs. 2,23,266/- was successfully intercepted and remains safely secured and frozen under lien within the said account. Respondent No. 7 & 8, clarifies that it claims no right or title over the said frozen amount and stands ready to abide by any formal directive issued by this Hon'ble Authority regarding its lawful restitution to the rightful owner.

III. ISSUES & FINDINGS OF THE AUTHORITY:

1. Reasonable opportunities were given to all the parties to present their case and the matter was heard at length. Having carefully examined the pleadings, analyzed the evidentiary metrics on record, and considered the oral and written submissions advanced by learned councils representing complainant and respondents.
2. The Complainant has categorically stated, and it is placed on record, that no dispute, suit, or legal proceeding concerning the subject matter of the instant complaint is currently pending before any other court of law or judicial/quasi-judicial forum. This Authority, therefore, exercises unhindered jurisdiction to adjudicate upon the controversy under Section 46 of the Information Technology Act, 2000.

3. During the course of the oral arguments, Mr. Viswanath Mannadiar the representative for Respondent Nos. 7 & 8 (ICICI Bank Ltd.) placed on record that while the initial high-velocity inward remittances were processed automatically, immediate administrative freezes were subsequently executed on the beneficiary account. It is explicitly recorded that out of the funds safely secured under lien, a sum of Rs. 2,51,906.90 was formally remitted back to the Complainant on October 18, 2017, while the remaining balance in that account has been disbursed out by the fraudster prior to the lien.
4. Mr. Prasad Mhamunkar the representative for Respondent No. 1 to 3 (Union Bank of India), has formally and orally acknowledged before this Authority that the impugned, high-value Real Time Gross Settlement (RTGS) transactions totaling Rs. 11,15,000/-, which form the core of this dispute, were initiated and executed strictly through the online internet-banking channel and not via physical, over-the-counter banking instruments.
5. Upon a strict examination of the primary onboarding and operational documents produced on record, the representative of Respondent No. 4 to 6 (Vodafone Idea Ltd.), failed to offer any legally sustainable or satisfactory explanation regarding structural discrepancies in the execution of the SIM-swap protocol:
 - a) The SIM replacement application form utilized by the retail desk completely lacked the mandatory passport-sized photograph of the applicant and the essential corresponding cross-signatures across the document template.

(Annexure-A6, pg. 149 of reply filled by Respondent No. 4 to 6, Vodafone Idea Ltd.)

b) The SIM replacement form was fundamentally deficient, as it failed to record, state, or reference the original subscriber's unique previous (old) SIM card identification number.

(**Annexure-A6**, pg. 149 of reply filled by Respondent No. 4 to 6, Vodafone Idea Ltd.)

c) The purported authority letter accepted by the telecom desk failed to specify, enumerate, or list the corresponding identity verification documents of the individual claiming authorization.

(**Annexure-A6**, pg. 150 of reply filled by Respondent No. 4 to 6, Vodafone Idea Ltd.)

d) The sole document annexed alongside the aforementioned authority letter was a photocopy of a passport which, conspicuously lacking self-attestation by the bearer, holds no legal admissibility or evidentiary value under standard verification frameworks.

(**Annexure-A6**, pg. 151-152 of reply filled by Respondent No. 4 to 6, Vodafone Idea Ltd.)

6. Consequently, Respondent No. 4 to 6 (Vodafone Idea Ltd.), has failed to produce any cogent evidence demonstrating the deployment of adequate, robust security measures sufficient to successfully rebut the allegations of a compromised, unauthorized SIM-swap operation.

7. **In light of the aforementioned findings, in my considered view**, the electronic transaction logs demonstrate that Respondent Nos. 4 to 6's telecommunications network served as the foundational authentication gateway for the multi-layered online RTGS transfers executed through Union Bank of India. When a telecom provider handles sensitive subscriber attributes negligently, it directly compromises the core

banking perimeter, triggering strict statutory liability under Section 43A of the Information Technology Act, 2000.

8. Accepting a non-self-attested passport photocopy and an anonymous third-party authority letter, completely lacking an applicant's photograph, cross-signatures, or historical SIM card data at the Pune outlet constitutes a flagrant, actionable breach of the statutory duty of care. As supported by the records in Annexure-A6, retail-desk convenience cannot be bought at the cost of subscriber identity verification and network security.
9. While partial recoveries were incrementally secured from the beneficiary bank accounts on October 15, 2014, and October 18, 2017, stated on record at the final hearing, the Complainant was still deprived of vital operational working capital for over a decade due to this initial data security vulnerability. To maintain public confidence in digital commerce, the corporate entity whose structural laxity directly caused this vulnerability must be held accountable to compensate the final net claim of Rs. 5,48,093/-.

ORDER

1. In view of the procedural lapses, systemic omissions, and the total failure of Respondent Nos. 4 to 6 (Vodafone Idea Ltd.) to implement secure subscriber verification protocols, which directly enabled the unauthorized SIM-swap and the subsequent interception of critical banking credentials. Respondent Nos. 4 to 6 are held liable under Section 43A of the Information Technology Act, 2000, for gross negligence in maintaining reasonable security practices while handling sensitive personal data.

2. In view of the structural organization of the telecom entity, wherein Respondent No. 4 is the Managing Director of Vodafone Cellular Limited, Respondent No. 5 is the Maharashtra Circle Head Office, and Respondent No. 6 is the designated retail store at Pune. The primary corporate and statutory responsibility rests upon Vodafone Cellular Limited which now known as Vodafone Idea Limited.
3. Accordingly, Vodafone Idea Limited are hereby directed to pay and compensate the Complainant the net unrecovered principal financial loss of Rs. 4,22,093/- along with interest at the rate of 12% per annum, calculated from the date of the breach (September 12, 2014) until the date of actual realization. In addition to the principal amount and interest, Vodafone Idea Limited shall pay a sum of Rs. 50,000/- towards statutory damages to complainant i.e. M/s. Sudeep Enterprises. This entire payment shall be executed within a period of 30 days from the date of this order.

The order is passed on the date of digital signature, at Mantralaya, Mumbai.

Digitally signed by
VIRENDRA SINGH
Date: 06-07-2026
10:56:06
(Virendra Singh, IAS)
Secretary, Electronics,
Information Technology &
Artificial Intelligence Department,
Mantralaya, Mumbai-400 032.