

1

**STATE CONSUMER DISPUTES REDRESSAL COMMISSION,  
U.T., CHANDIGARH**

90

Appeal No.	:	106 of 2025
Date of Institution	:	17.02.2025
Date of Decision	:	29.01.2026

Dheeraj Khanna, Son of Sh. Harish Khanna, Resident of H.No.351/1,  
Village Khuda Lohra, Khuda Lohra, Sector-14, Chandigarh-160014.

.....Appellant/complainant

**V e r s u s**

1. Aditya Birla Capital Limited, through its Director/Authorized Representative, Having its Registered Office at Indian Rayon Compound, Veraval, Gujarat-362266.
2. Aditya Birla Housing Finance Limited, through its Authorized Representative, having its Branch Office at Unit No.38A and 39, 1st Floor, CCC Chandigarh City Centre, VIP Road, Block B, Zirakpur, Chandigarh-140603.
3. Liberty General Insurance Limited, through its Authorized Representative, Having its Registered & Corporate Office at 10th Floor, Tower A, Peninsula Business Park, Garipatrao Kadam, Lower, Mumbai-Maharashtra-400013,
4. Liberty General Insurance Limited, through its Grievance Redressal Officer, Having its Office at: First Floor, Plot No. SCO.149-150, Sector 9-C, Madhya Marg, Chandigarh 160009.

.....Respondents/opposite parties

**BEFORE: JUSTICE RAJ SHEKHAR ATTRI, PRESIDENT.  
MR.PREETINDER SINGH, MEMBER**



**Present:-** Sh.Abhishek Malhotra, Advocate for the appellant-on VC.  
Sh.Karan Sirohi, Advocate proxy for Sh.Nakul Sharma,  
Advocate for the respondents no.1 and 2-on VC.  
Sh.Sachin Ohri, Advocate for respondents no.3 and 4.

**PER JUSTICE RAJ SHEKHAR ATTRI, PRESIDENT**

The complainant has assailed the order dated 02.12.2024 passed by the District Consumer Disputes Redressal Commission-I, U.T., Chandigarh (in short the District Commission), vide which the consumer complaint bearing no.603 of 2022 filed by him was dismissed by it.

2. Before the District Commission, it was the case of the complainant that on 26.06.2020, he approached Opposite Party No.2, Aditya Birla Housing Finance Limited, for sanction of a home loan of Rs.29,00,000/-, which was sanctioned on the same day and the first installment was disbursed on 10.08.2020, repayable in 240 installments. The sale deed dated 06.07.2020 was jointly registered in the names of his parents, namely Mrs. Ranjana Khanna and Sh. Harish Khanna. Opposite Party No.2, acting as an agent of Opposite Parties No.3 and 4, offered a House Protection Insurance policy for the subject flat, which the complainant accepted, and the property along with household goods and appliances was insured on payment of premium of Rs.14,010/- for the period from 08.07.2020 to 07.07.2025. The complainant further stated that after a few days, the flooring of the flat subsided and the POP and paint on the roof were damaged, while tiles and flooring in the washing area and bathrooms also sank. The matter was immediately intimated to Opposite Party No.4, who assured assistance. However, the claim was not settled and was eventually repudiated. The complainant stated that he engaged a private contractor for repairs and spent Rs.6,18,000/- from his own funds. He further alleged that a theft occurred in the flat on 05.07.2021 and the matter was reported to the police. Despite service of legal notice, the insurance company repudiated the claim, which, according to the complainant,



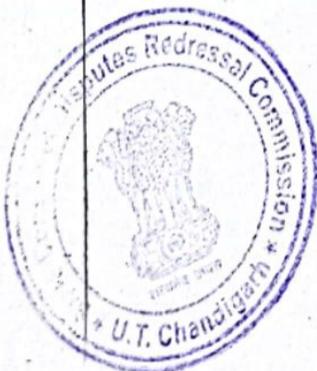
amounted to deficiency in service and unfair trade practice, compelling him to file the consumer complaint before the District Commission.

3. Opposite Parties No.1 and 2 filed their written version and contested the complaint by raising preliminary objections regarding maintainability, absence of cause of action, concealment of material facts, estoppel and lack of clean hands on the part of the complainant. It was pleaded that they were not parties to the insurance contract and had no role in processing or settlement of the insurance claim. It was further stated that there was no relationship of agent and principal between them and Opposite Parties No.3 and 4 in respect of the insurance policy. On merits, the allegations made in the complaint were denied and the complaint was prayed to be dismissed.

4. Opposite Parties No.3 and 4 filed their separate written version and resisted the complaint by raising objections regarding maintainability, jurisdiction, absence of cause of action, concealment of facts and non-joinder of necessary parties. It was admitted that the insurance policy had been issued; however, it was contended that the complainant was not the owner of the insured flat and, therefore, had no insurable interest, as the property stood in the names of his parents, who were not impleaded as parties. It was further alleged that the complainant failed to lodge a proper FIR regarding the alleged theft and had only submitted a belated complaint to the SHO. It was stated that the surveyor was deputed after intimation of loss and the damage was assessed, but the claim was rightly repudiated as the loss due to internal leakage was not covered under the terms of the policy. All other allegations were denied and dismissal of the complaint was sought.

5. The contesting parties led evidence in support of their case.

6. The District Commission after hearing the contesting parties and on going through the material available on record dismissed the consumer complaint. Hence this appeal has been filed by the appellant/complainant.



7. We have heard the contesting parties and carefully gone through the material available on the record and also the written arguments filed by the parties concerned.

8. This Commission has carefully considered the pleadings, evidence on record and the impugned order passed by the District Commission and finds that the District Commission has wrongly relied upon Exclusion Clause 4 of the insurance policy by holding that the damage to the insured premises was caused due to "seepage" or discharge of pollutants or contaminants and, therefore, not covered under the policy. However, there is no material on record to establish that the damage in question was caused due to seepage in the strict sense contemplated under the exclusion clause. On the contrary, it is the admitted case of the parties, including the insurer, that the damage occurred due to internal leakage in the insured premises. Internal leakage cannot be equated with seepage, particularly when such leakage results in sudden and extensive damage to flooring, POP and tiles. Exclusion clauses are required to be construed strictly, and the burden squarely lies upon the insurer to prove that the loss is excluded. The insurer has failed to discharge this burden. The approach adopted by the District Commission is found to be hyper-technical and contrary to settled principles governing interpretation of insurance contracts.

9. The District Commission further erred in misinterpreting Clause 9 of Section I - Home Protection of the policy, which specifically provides coverage for loss caused due to "bursting and/or overflowing of water tanks, apparatus and pipes." Once it is admitted that the damage occurred due to internal leakage, it necessarily follows that such leakage must have originated from water pipes or water apparatus running within the walls or flooring of the insured premises or from the connected water tank system. The policy nowhere mandates that visible bursting of pipes must be shown as a condition precedent for indemnification. The interpretation adopted by the District Commission



defeats the very object and purpose of Clause 9 and renders the coverage illusory, which is impermissible in law.

**10.** The finding of the District Commission that the complainant improved his version by referring to internal leakage is also unsustainable. A perusal of the record, including the statement given by the complainant to the insurer and the survey report, consistently refers to internal leakage. Merely using the expression "internal leakage" does not take the loss outside the purview of Clause 9, particularly when the damage is sudden in nature and attributable to failure of concealed pipelines embedded in the structure of the building.

**11.** Furthermore, this Commission has also carefully perused the Final Survey Report dated 31.05.2022 (Annexure R-4) and noticed that the surveyor assessed the gross loss at Rs.4,15,332/- but deducted an amount to the extent of 30% on account of "variation" without assigning any cogent, convincing or justifiable reasons. In addition thereto, the surveyor deducted an amount of Rs.1,24,599/- over and above deductions of 2% towards depreciation and 5% towards salvage. Such substantial deductions, unsupported by any reasoning or material, are arbitrary and cannot be sustained. Under settled law, only reasonable deductions towards depreciation and salvage value are permissible. No further deduction on account of alleged "variation" is justified in the facts of the present case.

**12.** Accordingly, this Commission holds that only deductions of 2% towards depreciation and 5% towards salvage, aggregating to 7%, can be allowed. After deducting 7% from the assessed loss of Rs.4,15,332/-, the complainant is entitled to receive a sum of Rs.3,86,259/-. The repudiation of the claim in toto by the insurance company, despite the loss being clearly covered under Clause 9 of the policy, amounts to deficiency in service.

**13.** As far as the burglary/theft claim is concerned, this Commission finds no infirmity in its repudiation. The complainant has



failed to place on record any cogent or convincing evidence to establish that PCR was called on the date of the alleged incident i.e. 05.07.2021. On the contrary, the complainant addressed only a simple letter dated 08.05.2022 to the SHO, Kharar, after an inordinate and unexplained delay. Such delay deprived both the police authorities and the insurance company of a fair opportunity to inquire into the matter. In these circumstances, repudiation of the burglary/theft claim by the insurance company is justified, and to this limited extent, the finding of the District Commission is upheld.

**14.** In view of the aforesaid discussion, the impugned order dated 02.12.2024 passed by the District Commission is partly unsustainable. Consequently, the appeal is partly allowed. The impugned order is set aside to the extent indicated above, and the consumer complaint stands partly allowed. Respondents no.3 and 4/opposite parties no.3 and 4 (Insurance Company) are directed, jointly and severally, as under:-

- i. To pay a sum of Rs.3,86,259/- aforesaid along with interest @9% p.a. to the appellant/complainant from the date of repudiation of claim, onwards i.e. from 31.05.2022.
- ii. To pay Rs.20,000/- as compensation to the appellant/complainant for causing him mental agony and physical harassment and also negligence and deficiency in providing service.
- iii. To pay cost of litigation to the tune of Rs.15,000/- to the appellant/complainant.
- iv. This order be complied within a period of 30 days from the date of receipt of a certified copy thereof, failing which, thereafter, the awarded amounts shall carry interest @12% p.a. from the date of default, till realization.



15. Consumer complaint against remaining opposite parties stands dismissed with no order as to cost.

16. Certified copies of this order be sent to the parties, free of charge, forthwith.

17. The appeal file be consigned to Record Room, after completion and the record of the District Commission-I, U.T., Chandigarh be sent back immediately.

**Pronounced  
29.01.2026**



Rg

SD/-  
**(JUSTICE RAJ SHEKHAR ATTRI)**  
**PRESIDENT**

SD/-  
**(PREETINDER SINGH)**  
**MEMBER**

Certified to be true copy  
*[Signature]*  
Secretary/Office-in-charge  
State Consumer Disputes  
Redressal Commission,  
Union Territory, Chandigarh

1. Date of order	29/01/2026
2. No. of pages of order	07
3. Date on which the certified copy prepared	04/02/2026
4. Despatch No.	90
5. Order delivered on to complainant/opposite party	Dated 04/02/2026
6. Copy prepared by	<i>[Signature]</i>

Sir,  
Order received back unserved  
-my Speed post, fresh/order.  
Issued on 27/02/2026.  
*[Signature]*  
27/2/2026