IN THE HIGH COURT OF SINDH AT KARACHI

PRESENT:

Mr. Justice Arshad Hussain Khan
Mr. Justice Amjad Ali Sahito

First Appeal No.48 of 2026

Appellant	:	Govind Ram Malhi S/o Chetan Kumar through Mr. Osama Soomro, Advocate
Respondent	:	Standard Chartered Bank through Mr. Khalid Hayat, Advocate
Date of Hearing	:	28.10.2026
Date of Judgment:		28.10.2026

J U D G M E N T

Amjad Ali Sahito, J-. Through the instant appeal, the appellant has called in question the judgment dated 11.03.2026 and decree dated 03.04.2026 passed by the learned Judge, Banking Court No.I, Karachi in Suit No.643 of 2024, whereby the suit filed by the respondent-Bank for recovery of Rs.8,693,794.98, together with profit, cost of funds and other consequential relief, was decreed in its favour to the extent of Rs.6,107,493.90, together with the cost of suit and cost of funds, as stipulated in the decree.

2. Briefly stated, the respondent-Bank instituted Suit No.643 of 2024 for recovery of the outstanding liability arising out of a personal loan finance facility and a credit card finance facility allegedly availed by the appellant. According to the plaint, the appellant applied for the personal loan finance facility on 09.08.2023 for Rs.20,000,000/- and also availed a credit card finance facility with a limit of Rs.4,0 00,000/-. The respondent-Bank maintained that the appellant had executed the relevant finance and security documents, utilized the facilities and subsequently defaulted in repayment despite repeated demands. The suit was filed for recovery of Rs.8,693,794.98, comprising

the amounts claimed to be outstanding under the two facilities, together with the applicable profit, cost of funds and other relief.

3. The record reflects that the suit was instituted on 08.11.2024 and summons were issued to the appellant in accordance with the Financial Institutions (Recovery of Finances) Ordinance, 2001. The appellant filed an application for leave to defend on 14.01.2025, accompanied by his objections and supporting material. The respondent-Bank filed its reply and opposed the application, maintaining that the suit was duly instituted by an authorized officer, that the statement of account had been prepared and certified in accordance with the applicable law, and that the appellant had failed to raise any substantial question of law or fact requiring trial. The learned Banking Court, after considering the rival submissions and the available record, dismissed the application for leave to defend by order dated 10.01.2026. Subsequently, the suit was decreed by judgment dated 11.03.2026, followed by the decree dated 03.04.2026. Being aggrieved, the appellant has preferred the instant appeal.

4. Learned counsel for the appellant contended that the impugned judgment and decree are contrary to law and the record, as the learned Banking Court dismissed the application for leave to defend without properly appreciating the objections raised by the appellant. It was argued that the respondent-Bank had failed to establish the amount actually availed by the appellant and the amount lawfully recoverable under the two finance facilities. Learned counsel further submitted that the statement of account and the break-up of the outstanding liability were not in conformity with the requirements of the Bankers' Books Evidence Act, 1891, and that the respondent-Bank had included profit, charges and liquidated damages which, according to the appellant, were not recoverable in the manner claimed. It was also contended that the finance and security documents relied upon by the respondent-Bank contained signatures allegedly obtained on blank documents and that the relevant documents had not been properly verified. Learned counsel questioned the authority of the person who

instituted the suit on behalf of the respondent-Bank and argued that the absence of the requisite approval and authorization rendered the proceedings legally defective. It was further urged that the application for leave to defend raised substantial questions requiring examination of the evidence, yet the learned Banking Court rejected the same without affording the appellant an effective opportunity to contest the claim on its merits. Learned counsel, therefore, prayed that the instant appeal be allowed, the impugned judgment and decree be set aside, and the matter be remanded to the learned Banking Court for fresh adjudication after granting the appellant an opportunity to defend the suit.

5. Conversely, learned counsel for the respondent-Bank opposed the appeal and supported the impugned judgment and decree. It was contended that the appellant had availed the personal loan and credit card facilities and had failed to discharge his repayment obligations in accordance with the agreed terms and conditions. Learned counsel submitted that the respondent-Bank had produced the relevant finance documents, statement of account, break-up of the outstanding liability and the requisite authorization in support of the suit. It was argued that the appellant had not denied the availment of the finance facilities in a manner sufficient to raise any substantial question requiring trial, nor had he furnished any satisfactory documentary material establishing that the amount claimed by the respondent-Bank was incorrect. Learned counsel further submitted that the objections concerning the statement of account, the authority of the person instituting the suit and the alleged execution of documents on blank papers were general and unsupported by material capable of displacing the respondent-Bank's claim. It was maintained that the application for leave to defend was rightly dismissed for failure to comply with the statutory requirements of Section 10 of the Financial Institutions (Recovery of Finances) Ordinance, 2001, and that the learned Banking Court had passed a reasoned judgment after examining the available record. Learned counsel accordingly prayed for dismissal of the appeal.

6. We have heard learned counsel for the parties and examined the available record.

7. The principal controversy requiring determination is whether the appellant through his application for leave to defend and the grounds raised in the instant appeal has demonstrated substantial questions of law or fact warranting a trial of the suit or any material illegality in the findings recorded by the learned Banking Court. The grant of leave to defend in a suit instituted under the Financial Institutions (Recovery of Finances) Ordinance, 2001, is governed by the statutory requirements contained therein. The mere filing of an application disputing the claim does not entitle a defendant to leave to defend; the objections raised must be examined in the context of the statutory requirements and the material placed before the Court.

8. The appellant's first contention concerns the alleged failure of the respondent-Bank to establish the outstanding amount and the break-up of the liability under the personal loan and credit card facilities. The impugned judgment reflects that the learned Banking Court separately examined the two facilities and considered the amounts advanced, payments made, principal outstanding, markup and other charges claimed by the respondent-Bank. The judgment also records the respective break-ups of the personal loan finance facility and the credit card finance facility and explains the basis on which the recoverable principal amount was determined. The learned Banking Court did not decree the entire amount claimed in the plaint; rather, it decreed the suit to the extent of Rs.6,107,493.90, together with the cost of suit and cost of funds. This circumstance demonstrates that the amount awarded was determined with reference to the material considered by the learned Banking Court and was not merely a mechanical acceptance of the entire claim set out in the plaint.

9. As regards the objection concerning the statement of account and the Bankers' Books Evidence Act, 1891, the learned Banking Court considered the contention that the statement of account appended to the plaint did not satisfy the statutory requirements.

The impugned judgment discusses the relevant provisions concerning certified copies of entries in bankers' books and the certification of statements of account. The learned Banking Court recorded its reasons for finding the material produced by the respondent-Bank sufficient for the purpose of deciding the claim. The appellant has not demonstrated before us any specific discrepancy in the entries relied upon by the respondent-Bank, supported by documentary material, which would establish that the findings recorded by the learned Banking Court are perverse or based on a misreading of the record. A general objection to the form of the statement of account, without identifying a material defect affecting the determination of the outstanding liability, is insufficient in the circumstances of the present case to warrant setting aside the impugned judgment.

10. The objection that the suit was instituted without valid authorization has also been considered. The learned Banking Court examined the provisions of Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001, and the material relating to the authority of the officer who instituted the suit on behalf of the respondent-Bank. The impugned judgment records that the suit was signed and instituted by an officer duly authorized to act on behalf of the financial institution and that the requisite power of attorney and related documents were produced in support of the institution of the proceedings. The appellant has not identified any material on the available record which would displace that finding or establish that the suit was instituted by a person wholly lacking authority. Consequently, this objection does not furnish a sufficient ground for interference with the impugned judgment.

11. The appellant has further alleged that the respondent-Bank obtained his signatures on blank documents and subsequently utilized those documents to support its claim. The learned Banking Court considered this objection and observed that the appellant had not placed sufficient material on record to substantiate the allegation or to demonstrate that the relevant finance and security documents had been fraudulently prepared

or utilized. The record further reflects that the appellant's principal dispute concerned the amount recoverable under the finance facilities and the calculation of the outstanding liability. While an allegation of fraud or unauthorized use of signed documents, if supported by specific and material particulars, may require judicial examination, a bare allegation unsupported by material demonstrating a substantial and genuine controversy does not automatically entitle a defendant to leave to defend. On the available record, the appellant has not shown that the learned Banking Court overlooked any specific material which would materially alter its conclusion on this aspect.

12. We have also considered the contention that the learned Banking Court failed to afford the appellant an effective opportunity to present his defence. The record shows that an application for leave to defend was filed and that the respondent-Bank submitted a reply opposing the same. The learned Banking Court considered the respective contentions and recorded reasons for concluding that the application did not raise a substantial question of law or fact requiring trial and did not comply with the applicable statutory requirements. The fact that the appellant's objections were not accepted does not, by itself, establish that he was denied an opportunity of hearing. The appellant was required to demonstrate a material defect in the manner in which his application was considered or a substantial defence which had been overlooked by the learned Banking Court. Having examined the grounds advanced in the appeal alongside the reasoning recorded in the impugned judgment, we find no sufficient basis to conclude that the application was dismissed without consideration of the material objections raised by the appellant.

13. It is also pertinent that the appellant has not demonstrated any specific error in the determination of the recoverable principal amount of Rs.6,107,493.90 which would independently warrant setting aside the decree. The learned Banking Court examined the break-up of the amounts claimed under the two facilities and recorded its findings concerning the outstanding

liability and the relief recoverable by the respondent-Bank. The appellant's objections regarding markup, charges and liquidated damages have been considered in the impugned judgment, and the appellant has not shown any specific calculation or documentary entry establishing that the amount decreed is contrary to the terms of the finance facilities or the applicable law. In these circumstances, no sufficient ground has been made out for disturbing the findings recorded by the learned Banking Court.

14. For the foregoing reasons, we are of the view that the appellant has failed to establish any material illegality, irregularity or misreading of the record warranting interference with the impugned judgment and decree. The grounds raised in the appeal do not disclose a sufficient basis for setting aside the order dismissing the application for leave to defend or for remanding the matter for fresh adjudication. The impugned judgment and decree, therefore, call for no interference by this Court.

15. Accordingly, the instant appeal is **dismissed**, and the impugned judgment dated 11.03.2026 and decree dated 03.04.2026 passed by the learned Judge, Banking Court No.I, Karachi in Suit No.643 of 2024 are **maintained**.

JUDGE

JUDGE

KAMRAN/PS