

Buyers have a right to information on projects

A builder cannot withhold information from homebuyers on project location, area specifications and plot numbers if he has been paid for the property

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LEGAL REMEDIES

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In the usual course of attracting investors and buyers to a project, developers tend to hold on to important information and do not give away crucial information regarding the project, land approvals etc. While the buyers get swayed by the advertisements for a given project, they do not do enough due diligence before striking a deal.

Often, developers do not provide details that the buyers are rightfully entitled to have before investing or continuing their investment in a project. The National Consumer Redressal Commission in a 2014 judgment aptly decided that such non-disclosure and withholding of information amounted to unfair trade practice.

In this case, the consumer or complainant had booked a plot measuring 200 square yards in a project sought to be developed by the builder/developer/opposite party. The consumer duly paid a booking amount of ₹2 lakh for the same and also received a receipt from the builder as acknowledgement. However, at the time of the booking, the developer did not quote and disclose/reveal the exact plot which was allotted to the consumer, nor did the builder quote the exact price to be paid towards the plot and also withheld information regarding the exact location of the plot.

Thereafter, the builder started sending letters to the consumer demanding more money without providing information regarding location/area and price of plot. The consumer replied to every letter, and also showed his willingness to pay the money on the condition that the builder disclose the relevant material information regarding the plot, such as



Developers who do not provide details that the buyers are rightfully entitled to, like the location and area of the plot and land approvals etc can be booked for unfair trade practices. THINKSTOCK

the exact number of plot being allotted, the basic price of the plot and the location of the plot. Instead of answering the relevant queries of the buyer/consumer, the builder cancelled his booking and returned the booking amount. Aggrieved by the arbitrary actions of the builder, the buyer filed a consumer complaint before the district forum.

The issue raised before the forum was whether the consumer was entitled to an allotment of plot of 200 square yards in the project being developed by the builder. Another relevant issue raised was whether the buyer was entitled to be conveyed material information regarding number, price and location of plot booked in the project.

The district forum, after hearing the parties at length, granted relief in favour of the buyer. The forum directed the builder to allot a plot measuring 200 square yards to the

buyer in the same project in which the booking was done and also disclose the material information regarding the plot to the buyer.

Instead of accepting the order of the district forum, the builder filed an appeal before the state commission. The commission, while dismissing the appeal of the builder, observed that the act of the builder of not disclosing such material information, and cancelling the booking of buyer despite the latter being ready and willing to pay the same, amounted to deficiency in service and restrained from interfering with the order passed by the district forum.

The National Commission in the revision petition filed by the developer/company upheld the order passed by the district forum and state commission. It observed that if the builder accepts the registration amount from the consumer, without disclosing the area, location

and number of the plot etc, it amounts to a 'deceptive practice,' which falls within the meaning of 'unfair trade practice'. It further observed that such conduct of the builder/petitioner and alluring of innocent public to part with their hard earned money, without giving them any details as to for what purpose the hard earned money was taken, amounts to an act of misrepresentation.

Following this the National Commission imposed a punitive damage on the builder for dragging the buyer to contest the case before various forums and further ordered that failure to pay the cost within the timeline fixed would attract interest at 9%.

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