

# Buyers have right to information on projects

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

Sunil Tyagi

■ htestates@hindustantimes.com

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**LEGAL REMEDIES**

In the usual course of attracting investors/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 adequate due diligence before striking a deal.

Often, developers do not provide details which 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 information amounted to unfair trade practice.

In this case, the consumer/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 disclosed the relevant material information regarding the plot, such as 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



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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 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 admeasuring 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%.

*The author is a senior partner at Zeus Law, a corporate commercial law firm. One of its areas of specialisations is real estate transactional and litigation work. If you have any queries, email us at ht@zeus.firm.in and htestates@hindustantimes.com*



**LAW BOOK**

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Over six months ago, I had taken up a property on lease for a term of five years. However, due to certain unavoidable contingencies, the lessor and I were unable to get the lease deed registered. Is it too late?

—Akshay Yadav

As per the Registration Act, the lease deed is required to be registered within a period of four months from the date of its execution. However, the concerned sub-registrar/registrar has the power to condone the delay up to another four months subject to payment of fine.

I am the sole owner of a flat and want to include my wife as a joint owner of the flat during my lifetime. Can I relinquish my ownership in half the property in favour of my wife, as I do not want to take any consideration amount from her?

—Mohit Agarwal

Since you singly own the flat, you cannot relinquish part of it. However, if you wish to transfer ownership of the property during your and her lifetime without taking any consideration amount from your wife, you may execute a gift deed in favour of your wife for half, undivided portion of the

flat. The gift deed is required to be duly stamped and registered.

I booked an apartment in 2007 with a prominent builder in Gurgaon. I have paid around 90% of the consideration. The apartment owners were promised possession by 2011 but till now the buildings are not even complete. I along with certain other allottees want our money back and wish to discontinue. What recourse do we have?

—KK Iyer

Since the project has been much delayed, you may chose to exit and seek refund with interest/compensation from the developer. However, if the builder refuses to refund and compensate, you may approach the appropriate consumer forum for redressal of your grievance.

*The author is a senior partner at Zeus Law, a corporate commercial law firm. One of its areas of specialisations is real estate transactional and litigation work. If you have any queries, email us at htestates@hindustantimes.com or ht@zeus.firm.in*

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