IN THE HIGH COURT OF MADHYA PRADESH AT INDORE

BEFORE

HON'BLE SHRI JUSTICE SANDEEP N. BHATT

ON THE 4th OF NOVEMBER, 2026

WRIT PETITION No. 45934 of 2026

CNR No.: MPHC020440502026

NARENDRA

Versus

BRANCH MANAGER

Appearance:

Shri Anas Makrani - Advocate for the petitioner.

ORDER

This writ petition has been preferred by the petitioner under Article 226 of the Constitution of India praying for the following reliefs:

> "6. Relief Praved for:
> In view of the facts and circumstances and grounds mentioned above, the petitioner prays for the following relief:
> (a) It is therefore, prayed that this Hon'ble Court may be pleased to issue appropriate writ and directions, orders may kindly be given to the respondents to unfreeze the bank account of the petitioner in the interest of justice.
> (b) Any other writ direction or orders which this Hon'ble Court may deem fit and proper in the circumstances of the case"

2. Learned counsel for the petitioner has submitted that the case of the petitioner is squarely covered by the decision rendered by this Court in the case of ***Malcolm Murayis & Ors. Vs. State Bank of India and Others Malcolm Murayis & Ors. Vs. State Bank of India and Others*** passed in W.P. No.1100 of 2024 dated 26.04.2024.

3. So far as the decision rendered in the case of Malcolm ***Murayis (supra)*** is concerned, the same reads as under:-

> "1] This order shall also govern the disposal of W.P. Nos.1100/2024 and 1185/2024 as in both the petitions identical reliefs have been sought by the parties.

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2] These petitions have been filed by the petitioners under Article 226 of the Constitution of India seeking the following reliefs:-

"a) This petition may kindly be allowed with cost.

b) To direct the Respondent No. 2 thereby directing Respondents to remove the hold/freeze on the Bank account of petitioners.

c) Issue such other orders, writ, and direction as this Hon'ble court deems fit in the interest of justice in favour of petitioner."

3] The grievance of the petitioners is that they are engaged in trading of crypto and virtual currency, and having their bank accounts with State Bank of India and ICICI Bank, which have been freezed all of a sudden, only on the intimation sent by the cyber cells of the various police stations, viz., respondent Nos.3 to 9, to freeze the aforesaid account on the allegation that the accounts are involved in some cyber fraud. The amounts of which have also been disclosed, as to how much of the amount is credited in the account of the petitioners, which are linked to cyber crime/fraud.

4] Counsel for the petitioners has submitted that the petitioners have never received any notice from any police station regarding their involvement in any such offence, and even otherwise, they are lawfully carrying out their business of trading, and it appears that some person who was involved in fraud has transacted through the petitioners. Thus, it is submitted that the petitioners may be allowed to operate their bank account, and so far as the amount which is said to be credited on account of the cyber fraud, it is submitted that it may be kept in separate fixed deposits so that the same can be withdrawn as and when the clean chit is given to the petitioner. Counsel has also submitted that none of the investigating agencies have complied with Section 102 of Cr.P.C. and have not informed the concerned Magistrate about such seizure. Thus, it is submitted that the petition be allowed.

5] Counsel for the respondents Banks have submitted that the Banks have not freezed the account of the petitioners on their own but only at the instructions of various cyber cell police stations, and are bound by the instructions issued by such investigating authorities. Thus, it is submitted that the appropriate orders may be passed.

6] Heard counsel for the parties and perused the record.

7] From the record, it is found that this Court vide its order dated 14/03/2024 has passed an interim order in the following manner:-

> "Heard on the question of admission and interim relief.
>
> Let notice be issued to respondents No.3 to 9 in WP No.1100/2024 and respondents No.3 to 6 in WP No.1185/2024 on payment of process fees within three working days, returnable within further two weeks time, who are various police authorities and who have sent the requests to the respondent No.1/SBI to freeze the account of the petitioners, alleging some cyber crime.
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> Since the notices have been served on respondent No.1 SBI by the aforesaid authorities through email only, the notice of this petition shall also be sent to these authorities through their

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respective emails, so as to expedite the matter.

On payment of separate process fees, the petitioners are also permitted to serve dasti notice to the respondent No.3 ICICI Bank in WP No.1185/2024, whereas the other respondents shall be served through emails. Notice shall be returnable within two weeks time.

Shri Arpit Guru, learned counsel for the SBI is also directed to apprise the investigating agencies who are respondents No.3 to 9 in WP No.1100/2024 and respondents No.3 to 6 in WP No.1185/2024 about the court's proceeding today, so that they can also submit their reply expeditiously.
The respondents are directed to file their reply positively within further three weeks time.

As an interim measure, it is directed that till the next date of hearing, each of the petitioners shall be allowed to withdraw Rs.50,000/- per month from their respective accounts."

(emphasis supplied)

8] In compliance of the aforesaid order, State Bank of India has already sent emails to the concerned cyber crime cell of various police stations but except the cyber crime cell of Banglore, Karnataka / respondent No.4 in connected petition W.P. No.1185/2024, no other police station has taken trouble to respond to the emails sent to them, which also demonstrates the poor functioning and irresponsible approach of the said cyber crime cells of various States as on one hand they had sent emails to the various banks to freeze certain accounts, and on the other hand they are not willing to respond to the emails sent to them.

9] In such circumstances, this Court is inclined to dispose of this petition with a direction to the respondents/Bank to keep the disputed amount as informed to them by various cyber crime agencies, in fixed deposits, which shall be allowed to be liquidated only after the orders are passed by the competent Judicial Magistrate within three months' time as it is expected from the cyber crime police to proceed in accordance with law under Section 102 of Cr.P.C., or any other law on which they are relying upon, failing which the amount so kept in FDs may also be allowed to be withdrawn by the petitioners under intimation to the cyber crime agencies.

10] With the aforesaid direction, the petitions stand disposed of."

4. It is further pointed out that after the judgment passed in the case of ***Malcolm Murayis (supra)***, Standard Operating Procedure (SOP) is framed by the Government for the banks and such issue has been dealt with by the co-ordinate Bench of this Court at Principal Seat, Jabalpur *vide* order dated ***27.07.2026*** passed in the case of ***Archana Vs. The State of Madhya Pradesh and Others*** .

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Para 11 to 18 of the said order is reproduced below for convenience and ready reference:

> **11.** While dictating the present order, this Court has come across the Standard Operating Procedure dated 10.04.2026 issued by the Ministry of Home Affairs, Government of India, governing the Grievance Redressal Mechanism in respect of bank accounts put on hold through the NCRP-CFCFRMS. The SOP prescribes a structured procedure, along with specific timelines and responsibilities for Banks, Investigating Officers, District Grievance Redressal Officers and Law Enforcement Agencies to ensure prompt consideration of grievances arising out of freezing of bank accounts in cyber crime cases.
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> **12.** The issue involved in the present petition is not confined to the petitioner alone. Numerous account holders across the country face freezing of entire bank accounts even where the allegedly suspicious amount constitutes only a small fraction of the balance. Simultaneously, law enforcement agencies are duty bound to preserve proceeds of cyber crime and ensure effective investigation. Therefore, a balance has to be maintained between the constitutional right of a citizen to carry on business under Article 19(1)(g), the right to property under Article 300-A, and the statutory powers of investigation.
>
> **13.** The various High Courts have repeatedly held that while police authorities possess the power to prohibit operation of bank accounts during investigation, such power is required to be exercised reasonably, proportionately and only to the extent necessary for securing the suspected proceeds of crime. Freezing of an entire account containing legitimate funds merely because a negligible amount is suspected requires careful scrutiny and must satisfy the test of proportionality. The SOP dated 10.04.2026 itself recognizes the need for an effective grievance redressal mechanism and provides strict timelines for examination of complaints seeking release of bank accounts.
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> **14.** This Court observes that, under the SOP dated 10.04.2026, the Bank acts as the first point of contact and the primary facilitator for an account holder whose account has been put on hold through the NCRP-CFCFRMS mechanism. Therefore, the Bank shall not evade its responsibility by merely directing the customer to approach the Investigating Agency or any other authority. The Bank shall promptly provide the account holder with complete information regarding the available grievance redressal mechanism and shall assist in initiating the grievance process in accordance with the SOP. It has been noticed that, in several cases, account holders are required to approach the police authorities directly, and thereafter are advised to seek appropriate orders from the Court for de-freezing of the account, despite the existence of a specific statutory and administrative grievance redressal mechanism. Such an approach defeats the very purpose of the SOP and causes unnecessary hardship to account holders. The Banks, being an integral part of the NCRP-CFCFRMS framework, are required to discharge their obligations responsibly and ensure that grievances are processed through the prescribed mechanism before directing the account holder to seek judicial intervention.
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> **15.** In order to ensure uniform implementation of the SOP and to protect both investigation and legitimate banking operations, this Court considers it appropriate to frame the following guidelines which shall govern cases relating to freezing of bank accounts pursuant to cyber crime complaints, until

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appropriate statutory rules or executive instructions are framed. Since this Court is presently proceeding only to lay down general guidelines governing such cases and no adverse order affecting the rights or interests of respondent Nos.2 and 3 is being passed, no prejudice is likely to be caused to them. Accordingly, this Court does not consider it necessary to issue notice to respondent Nos.2 and 3 before framing the said guidelines.

(I) Upon receipt of a complaint relating to cyber fraud, if the Investigating Agency considers it necessary to secure the suspected proceeds of crime, it shall, as far as practicable, identify the disputed amount and direct the Bank to place a lien or debit freeze only to the extent of such amount. Although the police possess the power to prohibit the operation of bank accounts during investigation, such power must be exercised reasonably, fairly and in accordance with the doctrine of proportionality, and only to the extent necessary for securing the suspected proceeds of crime. Freezing of the entire bank account shall be resorted to only in exceptional circumstances where the Investigating Officer, for reasons to be recorded in writing, is satisfied that a lien or partial freeze would not adequately safeguard the investigation. Ordinarily, where the disputed amount can be sufficiently secured by placing a lien or debit freeze, the Investigating Agency shall refrain from directing the freezing of the entire account, as such action unnecessarily impedes lawful financial transactions and may cause serious prejudice to the personal, professional and business activities of the account holder.

(II). The Investigating Officer shall forthwith inform the concerned Magistrate regarding the seizure/freezing of the bank account in accordance with law. The expression “forthwith” shall be construed to mean “as soon as reasonably possible”, requiring the Investigating Officer to communicate such information without unnecessary delay and within a reasonable time having regard to the circumstances of the case. The intimation shall not be postponed for any avoidable reason and shall ensure effective judicial oversight over the exercise of such power.

(III). Upon receiving instructions from any law enforcement agency for freezing or placing a hold on an account, the bank shall immediately preserve the account in accordance with law. The bank shall maintain complete electronic records showing:

(a) date and time of receipt of instructions;
(b) authority issuing the instructions;
(c) NCRP complaint number;
(d) FIR, if any;
(e) amount directed to be held.

(IV). Wherever the investigating agency has identified only a specific suspected amount, the bank should, as far as practicable and unless specifically directed otherwise by a competent authority or Court, place lien or debit freeze only to the extent of the suspected amount instead of freezing the entire account.

(V). Where a bank account is frozen, the concerned Bank shall, without undue delay, inform the account holder of the fact of such freezing, the authority under whose directions the action has been taken, and the available grievance mechanism unless such disclosure is expressly prohibited by law or is likely to seriously prejudice the investigation.

(VI). Immediately upon learning of the freezing, the account holder may submit a grievance before the concerned bank branch together with:

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(a) identity proof;
(b) KYC documents;
(c) explanation regarding the disputed transaction;
(d) supporting documents showing source of funds;
(e) business records, invoices, GST records, income tax records or any other relevant documents.

The account holder shall furnish all documents honestly and shall not destroy, conceal or alter electronic records.

(VII). The account holder shall cooperate with the Bank in the process of Customer Due Diligence (CDD), including verification of identity, KYC particulars and ownership of the account, and Enhanced Due Diligence (EDD), wherever required, by furnishing documents and information relating to the source of funds, nature of transactions, purpose of the account, and any other material necessary for verification of the legitimacy of the transactions under investigation.

(VIII). Upon receipt of a grievance, the bank shall:
(a) conduct CDD and EDD;
(b) examine documents;
(c) upload the grievance on the CFCFRMS portal within seven calendar days.

(IX). Banks shall nominate grievance officers at branch, State and central levels in accordance with the SOP.

(X). Banks shall not insist upon unnecessary documentation beyond regulatory requirements.

(XI). The Investigating Officer shall promptly examine every grievance uploaded on the portal. Verification shall ordinarily be conducted through electronic means or video conferencing. Wherever feasible, the account holder shall participate in verification through video conferencing. Personal appearance before the Investigating Officer shall ordinarily not be insisted upon unless:
(a) an FIR/e-FIR has been registered;
(b) such appearance is indispensable for investigation; and
(c) reasons are recorded.

(XII). The Investigating Officer shall assess:
(a) source of funds;
(b) nature of business;
(c) banking pattern;
(d) nexus between the disputed transaction and alleged offence.

(XIII). Wherever the disputed amount is clearly identifiable, the Investigating Officer shall consider whether preservation of only such amount would sufficiently protect the investigation instead of continuing a freeze on the entire account.

(XIV). A reasoned decision shall be passed within fifteen calendar days.

(XV). If the grievance is accepted, release instructions shall immediately be issued electronically to the concerned bank.

(XVI). The bank shall comply with release instructions issued by the Investigating Officer or competent authority immediately. preferably within forty-eight hours and update the CFCFRMS portal.

(XVII). Every communication received from law enforcement shall be digitally preserved. Banks shall maintain an audit trail of every debit freeze, lien, release and modification.

(XVIII). If grievance is rejected, detailed reasons shall be recorded on the

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portal.

(XIX). Mere suspicion without supporting material shall not justify indefinite continuation of freezing. If continuation of freezing is necessary, the Investigating Officer shall periodically review whether such continuation remains proportionate.

(XX). The Investigating Officer shall avoid unnecessary disruption of legitimate business activities where the objectives of investigation can be achieved through less restrictive measures.

(XXI). If the account holder is dissatisfied with the decision of the Investigating Officer, the account holder may seek review before the District Grievance Redressal Officer through the designated bank branch within the period prescribed in the SOP.

(XXII). The District Grievance Redressal Officer shall independently examine:

(a) the grievance;

(b) documents;

(c) reasons recorded by the Investigating Officer.

(XXIII). The officer may seek additional information from:

(a) the bank;

(b) the complainant;

(c) the Investigating Officer.

(XIV). A reasoned decision shall be uploaded within fifteen days. The District Grievance Redressal Officer shall ensure strict adherence to the timelines prescribed in the SOP.

(XV). Every grievance remaining undecided beyond fifteen days before the investigating officer or Bank shall automatically stand escalated to District Grievance Redressal Officer appointed under the SOP.

(XVI). Where a grievance challenging the freezing or hold of a bank account remains unresolved for a period of 90 days from the date of its registration by the Bank, and no lawful direction for continuation of the hold has been received from the competent Law Enforcement Agency or any Court, the Bank shall, upon the request of the account holder and after complying with the requirements of the SOP, release the hold on the account. However, before releasing the hold, the Bank shall give at least fifteen days' prior intimation to the concerned Investigating Agency/Law Enforcement Agency, and if no valid objection, court order, or request for extension of the hold is received within the said period, the Bank shall proceed to remove the hold in accordance with law.

(XVII). Where an FIR has been registered and the account holder has been arrayed as an accused in the said case, and the Investigating Agency, after due consideration, does not find it appropriate to release or de-freeze the bank account and communicates such decision in writing to the concerned Bank, the account holder shall be at liberty to approach the competent Magistrate having jurisdiction over the concerned police station by filing an appropriate application seeking necessary relief. Any further remedy, if available in law, may thereafter be pursued before the High Court having appropriate jurisdiction in accordance with law.

(XVIII). A writ petition seeking de-freezing or release of a bank account ordinarily may be entertained by this Court after expiry of the period of 90 days prescribed under the SOP dated 10.04.2026, particularly where the Grievance Redressal Mechanism provided therein has not resulted in any effective resolution. However, this shall not operate as an absolute bar, and this Court

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may exercise its jurisdiction before expiry of the said period in exceptional circumstances warranting immediate intervention, depending upon the facts and circumstances of each case. Such exceptional situations are not being exhaustively enumerated herein.

16. This Court further observes that freezing of a bank account is an extraordinary measure and cannot be resorted to mechanically or as a matter of routine. The Investigating Agency shall distinguish between the alleged proceeds of crime and legitimate funds lying in the account and shall ensure that only such restraint as is necessary for the purposes of investigation is imposed. Any order directing freezing of a bank account must be supported by brief reasons so as to enable effective judicial scrutiny, wherever required.

17. The Standard Operating Procedure dated 10.04.2026 issued by the Ministry of Home Affairs prescribes a time-bound grievance redressal mechanism, requiring the Bank to upload the grievance within seven days, the Investigating Officer to decide the grievance within fifteen days, automatic escalation thereafter to the District Grievance Redressal Officer, who shall decide the review within fifteen days, and the Bank to implement release directions forthwith, preferably within forty-eight hours. All concerned authorities shall scrupulously adhere to the timelines prescribed in the SOP. This Court clarifies that the timelines stipulated therein represent the outer limits for completion of the respective actions and shall not be treated as the ordinary period available to the authorities. Every endeavour shall be made by the Bank, the Investigating Officer, the District Grievance Redressal Officer and all other concerned authorities to act with utmost promptitude and to complete the process at the earliest possible opportunity, without waiting for the expiry of the prescribed outer limit, unless prevented by exceptional circumstances to be recorded in writing.

18. Having regard to the facts of the present case, it is not disputed that the alleged suspicious transaction is stated to be only Rs. 980/-; the account balance exceeds Rs. 2,51,72,192.57/-; the petitioner is carrying on business through the said current account; and representation dated 18.07.2026 has already been submitted. Accordingly, respondent No.3 shall examine the petitioner's representation strictly in accordance with the SOP dated 10.04.2026 and the guidelines framed herein. If upon verification the Investigating Officer finds that preservation of only the disputed amount is sufficient for the purposes of investigation, appropriate directions shall be issued to respondent No.2 Bank to release the remaining balance while retaining lien over the disputed amount or such amount as may be found necessary in accordance with law. Needless to observe, if the Investigating Officer proposes to continue freezing of the entire account, a reasoned order shall be passed indicating the necessity for such continuation."

5. On due consideration, this Court is of the considered opinion that the decision rendered by this Court in the case of ***Malcolm Murayis (supra)*** as well as ***Archana (supra)*** shall be applicable *mutatis mutandis* in the present case also.

6. Considering the orders passed by the co-ordinate Bench in the case of

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Malcolm Murayis (supra) and ***Archana (supra)***, let the disputed amount which is mentioned in the present petition i.e. Rs.22,000/- shall be kept in FD and if any other complaint is received by the Bank regarding the some other entry, then it is open for the bank to take appropriate action in accordance with law by keeping in mind the *SOP* issued by the Government as discussed in the case of ***Archana (supra).*** The disputed amount shall be allowed to be liquidated only after the orders are passed by the competent Judicial Magistrate within three months' time as it is expected from the Police agency to proceed in accordance with law under the relevant provisions of the BNSS or any other law on which it is relying upon, failing which the amount so kept in FD may also be allowed to be withdrawn by the petitioner under intimation to the Police agency. In the present case also, the bank account of the petitioner shall be unfrozen and petitioner be permitted to operate the account.

7. With the aforesaid direction, the petition stands disposed off.

(SANDEEP N. BHATT)
JUDGE

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