

Complaint No. 507 of 2019

BEFORE THE HARYANA REAL ESTATE REGULATORY AUTHORITY, GURUGRAM

Complaint no. : 507 of 2019
Date of filing complaint : 01.02.2019
First date of hearing : 15.05.2019

Date of decision : 14.07.2022

1. Vivek Radhu

2. Anjana Radhu

Both R/O: - 12-B, Oak Drive, DLF

Chattarpur Farms, New Delhi - 110074

Complainants

Versus

M/s Experion Developers Private Limited Regd. Office at: F-9, 1st Floor, Manish Plaza -1, Plot No.7, MLU Sector 10, Dwarka, New Delhi – 110075

Respondent

CORAM:		
Dr. K.K. Khandelwal	Chairman	
Shri Vijay Kumar Goyal	Member	
APPEARANCE:	RAM	
Shri. Sanjeev Sharma	Complainant	
Shri. Aditya Verma	Respondent	

ORDER

1. The present complaint has been filed by the complainant/allottees under section 31 of the Real Estate (Regulation and Development) Act, 2016 (in short, the Act) read



with rule 28 of the Haryana Real

Estate (Regulation and Development) Rules, 2017 (in short, the Rules) for violation of section 11(4)(a) of the Act wherein it is inter alia prescribed that the promoter shall be responsible for all obligations, responsibilities and functions under the provision of the Act or the rules and regulations made there under or to the allottees as per the agreement for sale executed inter se.

Unit and project related details

- 2. A complaint dated 01.09.2019 was filed under section 31 of real estate (regulation and development) act, 2016 read with rule 28 of Haryana Real estate (regulation and development) rules, 2017 by the complainants, against the respondent builder in respect of the apartment booked by them in the project "THE WESTERLIES" on account of the violation of section 11 (4) (a) of the act bid.
- 3. The particulars of unit details, sale consideration, the amount paid by the complainants, date of proposed handing over the possession, delay period, if any, have been detailed in the following tabular form:

S.no.	Heads	Information
1. `	Project name and location	"The westerlies", sector – 108, Gurugram
2.	Naturé of the project	Residential
3.	a) DTCP license no	57 of 2013



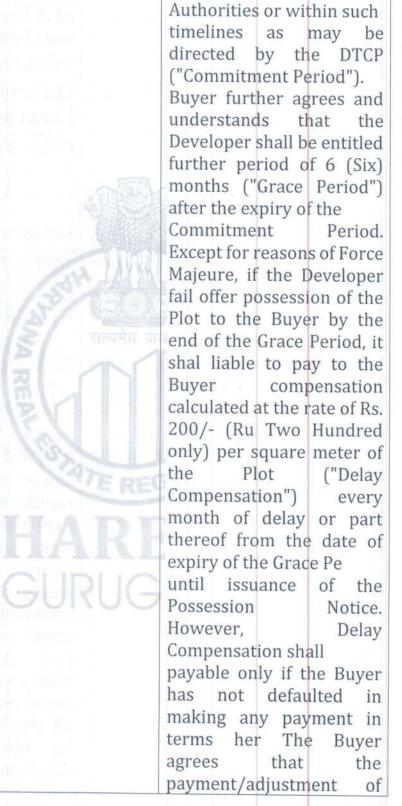
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	b) License valid up to	10.07.2024
	c) Name of the licensee	S.K.N. Developers pvt. Ltd. and 13 others
	d) area	100.48125 acres
4.	a) RERA registered/not registered	103 of 2017 valid upto 23.08.2019
5.	Unit no.	Plot no. E2-07
6.	Unit admeasuring	358.80 sq. ft.
7.	Date of execution of BBA	19.08.2014
8.	Date of allotment letter	02.12.2013
9.	Total consideration	Rs. 2,17,46,089/-
10.	Total amount paid by the complainants	Rs. 65,23,118/-
11.	Possession clause	Article - VII: construction upon the plot.
	HARI	Subject to the terms and conditions of this Agreement, the Developer estin completing the internal development works of the Project in accordance with conditions of the License and Applicable Laws within 4 (Four) years from the of receipt of the last of all the Project Approvals tor the commencement development of the Project

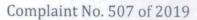
Competent

the





from





		any Delay Compensation shal done only at the time of issuance of the Possession Notice or at the time payment of the final installment due under the Payment Plan, whichever is later
12.	Due date of delivery of	05.05.2020
	possession	(Taken from zoning plan 05.11.2015)
13.	Part completion certificate	31.07.2017
14.	Offer of possession	Not offered
15.	Reminders Letter	27.12.2013, 27.01.2014, 28.04.2014, 20.06.2014, 07.07.2014, 30.11.2015, 29.12.2015, 04.02.2016, 03.03.2016, 01.04.2016, 25.04.2016, 09.05.2016, 16.06.2016, 15.07.2016, 08.08.2016, 23.08.2016.
	C.N.E.	Last & final call: 11.11.2016
16.	Termination Letter	27.04.2017

4. The complainant submitted that the respondent claims themselves to be a reputed builder and one of the renowned infrastructure companies in india . that time and again the respondent issued advertisements in newspapers and other media , offering residential flats/plots for sale .

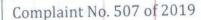


- 5. The complainant submitted that in 2013, the respondent published inviting general public to book freehold residential plots on their upcoming residential plotted colony project "THE WESTERLIES", on parcel of land situated at sector 108, gurugram, 122006.
- 6. That the launch of the project was followed by telephonic calls and visits by the respondents representatives to the complainants residential premises, where it was being represented that a new project was being developed and constructed by the respondent and that the respondent is known to give timely possession of residential plots to their customers within specific time frame. The respondents property generally appreciates by time of possession.
- 7. The complainant submitted that he relying on the representations, affirmations and commitments made by the respondents staff and representatives and based on the commitments during various meetings, they thereafter approached it to book residential plot and made a payment of Rs.11,00,000/- of the booking amount on 14th November 2013 and simultaneously filled an application form, for provisional allotment of the said plot in the project
- **8.** That in pursuant the application from dated 14.11.2013, booking amount duly received by the respondent for



provisional allotment letter to the complainants on 22.11.2013, and allotted plot no. E2-07, admeasuring 358 sq. yards, for a total sale consideration 2,17,46,089/-, to be paid as per construction linked plan.

- 9. The respondent assured the complainants under clause 15 of the application form dated 14.11.2013, that it would hand over the possession of the said plot duly within 4 (four) years i.e. 14.11.2017 and if the respondent failed to offer the possession on time it would pay the delay compensation calculated at the rate of Rs.200 /- per sq. metre Of the said plot per month for every month of delay.
- 10. That further on 19.08.2014, a plot agreement was signed and executed and on that date the complainant paid Rs.65,23,118/- After the payment was made, the complainant noticed that there was almost no major development at the project site and that the respondent has been unlawfully extracting money, the complainant also asked for the status of the construction, the respondent did not reply.
- **11.** Every notice of the complainant was coming with a no reply to status of the project. and the respondent used to send reminders for payment.
- **12.** That instead of a reply, the respondent preffered to send the last and final call notice dated 11.11.2016.





- 13. That clearly there is no progress

 of the development and again sent a request for the status but
 like all time there was no reply from the respondent side.
- 14. On 09.12.2016, the respondent decided to cancel the allotment and forfeited Rs.65,23,118/- from the complainant.
- 15. that the respondent always kept demanding money from complainant without even updating about the particulars and date of handing over the possession.
- the said Project for the reasons best known to It only. That till date the Respondent has not been able to complete the said Project, which fact can very clearly be verified from the RERA Registration Certificate of Project (Regn. No. 103 of 2017), dated 24th August 2017, issued by the Hon'ble Haryana Real Estate Regulatory Authority (HRERA). That it is pertinent to mention herein that the Respondent has declared before the HRERA that the said Project shall be completed by the Respondent only by 23rd August 2019. That it is pertinent to mention herein that the Respondent has been booking Plots in the name of the said Project since 2013 and the Respondent has still not completed the said project, which undoubtedly and evidently depicts the malafide and malicious intentions of the Respondent



of defrauding and cheating the Complainants of their life savings.

- The complainant submitted that from the very beginning the respondent's intention was to cheat the complainants and cause wrongful loss to the complainants thereby enriching themselves. That due to the respondents unprofessional and callous attitude, which is contrary to the terms and conditions of the said agreement and the provisions of law, the complainants have been constrained to suffer huge monetary losses and the respondent shall solely be liable for the same.
- 18. that in light of the above, the complainants got issued a legal notice through their advocates dated 15th november 2018, calling upon the respondent to cancel the booking of the said plot and simultaneously refund the entire amount of Rs.65,23,118/- paid by the Complainants, along with interest @ 18% p.a from the date of payment, to which the Respondent did not bother to comply or reply to the said legal notice.

A. Relief sought by the complainants:

The complainants have sought the following relief:

a). to give necessary directions to the respondent for return of the payment made by the complainant of Rs. 65,23,118/-along with interest of 18 %.

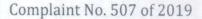


- **b.**) to impose penalty upon the respondent as per the provisions of section 60 , section 61 and section 12 of the act.
- c.) cost of litigation
- **d.**) to recommend criminal action against respondent for criminal offences.
- **e.**) to issue directions making every officer liable as per section 69 of the act.

Reply by the respondent

The respondent by way of written reply made the following submissions.

- 19. That the complainant has misrepresented and suppressed material facts and concealed the true and facts. the project "the westerlies", sector -108, Gurgaon, in which the plot is situated is neither covered under the Haryana real estate (regulation and development) rules, 2017 nor the project is to be registered as per the rules.
- **20.** That the present case is squarely covered under the first exception provided under rule 2(1) (o) and therefore the authority has no jurisdiction to entertain complaint.
 - 21. The respondent submitted the complainant have concocted a false story to cover up their own default of having failed to make payments., the complaint is liable to be dismissed and they themselves breached the terms and conditions of the





agreement. despite numerous

reminders the complainant has not paid his dues as per the agreement.

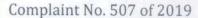
- Any refund that the complaint may be entitled is to be made only after resale of the plot , and there is no resale of the plot yet . therefore the complaint is premature .
- The respondent submitted the Complaint is also liable to be dismissed on the ground that the forfeiture of the money paid by the Complainants in terms of Article XIL, Clause-2 of the Plot Buyer Agreement is the sum agreed by the parties to be paid by the Complainants on default of timely payment of their dues and for the breach of the terms of the Concluded Contract concluded boltwed, tiparles)R/A
- 24. It is submitted that the promises, inter alia, of making due payment, made by the Complainants and other similarly situated Allottees has an effect on the development of the entire project and the other Allottees.
- 25. The respondent submitted that the complainants instead of approaching Civil Courts for adjudication of disputes, if any, have chosen to come to this Hon'ble Authority, without there being any allegation of any violation of any provisions of the statute, in complete derogation of the contract with the



Respondent. The Real Estate

(Regulation and Development) Act, 2016 does not apply in the instant case. The Complainants are trying to abuse the due process of law, for undue personal gains. As such, the Complaint is required to be dismissed on this ground alone.

- is annexed herewith as Annexure R-1. Application dated 10.4.2017 for issuance of part completion certificate for the plot/phase in question is annexed herewith as Annexure R-2. Part completion certificate dated 31.7.2017 issued by the competent authority certifying completion of development works of the plot/phase of the Project.
- 27. The respondent submitted that the complainants had approached the Respondent through channel partner, M/s ICICI Home Finance Company Limited, and had evinced an interest in purchasing a residential plot in the said project. Prior to making the booking, the Complainants had made elaborate and detailed enquiries with regard to the nature of sanctions/permissions obtained by the Respondent for the purpose of undertaking the development /implementation of the residential project referred to above. The Complainants took an independent and





informed decision, uninfluenced in

any manner by the Respondent to book the plot in question.

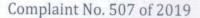
- 28. The respondent submitted that on 14.11.2013, the Complainants were provided with the application form containing the terms and conditions of provisional allotment and the Complainants were given the opportunity to familiarise themselves with the same.
- 29. It is submitted that the officials of the Respondent specifically emphasized that an interest @ 18% per annum, shall be levied on delayed payments. It is submitted that it is clearly stated in the said Clause that in the event of delay in payment of outstanding amount along with interest, the allotment was liable to be cancelled and earnest money along with delayed payment interest and other applicable charges was liable to be forfeited. The Complainants after fully satisfying themselves with regard to all aspects of the Project including but not confined to the capacity/capability of the Respondent to successfully undertake the construction, promotion, implementation of the residential project, the Complainants had proceeded to book the plot in question
- 30. The respondent submitted that the plot buyer agreement was executed between the Complainants and the Respondents on



19.08.2014. It is submitted that the

Complainants have based the present Complaint on a falsehood.

- The respondent submitted that as per the payment schedule, the total consideration of the plot in question is Rs. 21,746,089/-excluding taxes. the Complainants have only paid Rs 65,23,118/- out of the total amount of Rs. 21,746,089/- subject to other terms of the Plot Buyer Agreement.
- 32. That the Complainants were extremely irregular in the payment of instalments. The Respondent was compelled to issue demand notices, reminders etc., calling upon the Complainants to make payment of outstanding amounts payable by the Complainants under the payment plan opted by the Complainants.
- 33. That the Complainants were given ample and adequate notice and opportunity to rectify their breach, but they did not take any action nor made any payment redress their breach of contract.
- 34. That the Complainants knew their allotment would be cancelled if there is any default in the payment by them. It is submitted that the consequences were fully known by they still the Complainants chose not to fulfil their obligations as per the Plot Buyer Agreement.
- 35. The respondent submitted that in view of the wilful and persistent defaults by the Complainants, eventually, after





affording

innumerable

opportunities to the Complainants to pay its outstanding dues, the Respondent was left with option but to issue Last and Final Opportunity Letter dated 11.11.2016. Vide the said letter, the Complainants were informed that in case of non-payment of pending dues along with interest, allotment of the plot shall stand cancelled without any further notice and the earnest money along with other applicable charges would be forfeited, the amounts refundable, if any, shall be refunded only after resale of the plot.

- The respondent submitted it is reiterated that the Respondent has the right in accordance with Article XII, Clause-2 of the Plot Buyer Agreement read with Clause 11 of the of the Application Form- Plot to terminate the Plot Buyer Agreement dated 19.08.2014 on account of continuous defaults of the Complainants.
- The respondent submitted as such, the Respondents had no other option but to cancel the allotment of the Complainants' Plot vide Cancellation Letter dated 27.04.2017. It is submitted that the Plot Buyer Agreement was a concluded contract between both the parties and the same was binding.



- aforesaid cancellation notice, the complainants did not even bother to get in touch with the respondent and unexplained delay of more than one and a half year, the complainants have proceeded to file the present false and frivolous Complaint.
- 39. The Respondent has completed the development of the plot/Project in question even much prior to the agreed date of completion. As per Article IX, Clause-1, of the Plot Buyer Agreement, the Respondent was liable to offer possession of the plot in question within 04 (four) years from the date of receipt of the last of all the project approvals ("Commitment Period) for the commencement of development of the project from the competent authorities further the Respondent was also entitled to 6 (six) months grace period ("Grace Period").
- the plot in question on 31.07.2017. If the allotment of the plot in question would not have been cancelled, the Respondent would have been offered the possession of the plot in question to the Complainants, even much prior to the agreed date of completion. In fact, several conveyance deeds have been executed and several Allottees have also taken possession of



their respective plots and have started construction over their plots.

- 41. That the Complainants were extremely irregular in the payment of instalments. The Respondent was compelled to issue demand notices, reminders etc., calling upon the Complainants to make payment of outstanding amounts payable by the Complainants under the payment plan opted by the Complainant
- 42. That it is submitted that the Respondent has acted strictly in accordance with the agreed terms and conditions of the Plot Buyer Agreement between the parties.
- E. Jurisdiction of the authority
- 43. The respondent has raised an objection regarding jurisdiction of authority to entertain the present complaint. The authority observes that it has territorial as well as subject matter jurisdiction to adjudicate the present complaint for the reasons given below.

E. I Territorial jurisdiction

44. As per notification no. 1/92/2017-1TCP dated 14.12.2017 issued by Town and Country Planning Department, Haryana, the jurisdiction of Haryana Real Estate Regulatory Authority, Gurugram shall be entire Gurugram district for all purposes. In the present case, the project in question is situated within the



planning area of Gurugram district.

Therefore, this authority has complete territorial jurisdiction to deal with the present complaint.

E. II Subject-matter jurisdiction

45. Section 11(4)(a) of the Act, 2016 provides that the promoter shall be responsible to the allottees as per agreement for sale.

Section 11(4)(a) is reproduced as hereunder:

Section 11(4)(a)

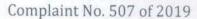
Be responsible for all obligations, responsibilities and functions under the provisions of this Act or the rules and regulations made thereunder or to the allottees as per the agreement for sale, or to the association of allottees, as the case may be, till the conveyance of all the apartments, plots or buildings, as the case may be, to the allottees, or the common areas to the association of allottees or the competent authority, as the case may be.

Section 34-Functions of the Authority:

34(f) of the Act provides to ensure compliance of the obligations cast upon the promoters, the allottees and the real estate agents under this Act and the rules and regulations made thereunder.

So, in view of the provisions of the Act quoted above, the authority has complete jurisdiction to decide the complaint regarding non-compliance of obligations by the promoter leaving aside compensation which is to be decided by the adjudicating officer if pursued by the complainants at a later stage.

F. Findings on the relief sought by the complainants.





- F. I To give necessary directions to the respondent for return of the payment made by the complainant of Rs. 65,23,118/- along with interest of 18 %
- The respondent has contended that the complainants have made defaults in making payments as a result thereof, it had to issue reminders dated 27.12.2013, 27.01.2014, 28.04.2014, 20.06.2014, 07.07.2014, 30.11.2015, 29.12.201, 04.02.201, 03.03.1016, 01.04.2016, 25.04.2016, 09.05.2016, 16.06.2016, 15.07.2016, 08.08.2016, 23.08.2016 and final call on 11.11.2016 respectively, it is further submitted that the complainants have still not cleared the dues. The relevant clause article: (V)is reproduced below:

"The timely payment of the amounts specified in Schedule-IY and in various Articles of this Agreement, including but not limited to the TSP, EDC, IDC (and IAC if demanded by the Competent Authority), Specified Charges, Taxes and all other dues in terms hereof is an integral pre-requisite under this Agreement. In the event the Buyer defaults in the timely payment of any amounts payable in respect of the Plot in terms hereof, the default payment shall attract interest @ 18% per annum from the date when

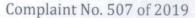




such amounts become due for

payment until the date of receipt by the Developer. Further, the Buyer agrees that the Developer shall adjust all the amounts received first towards interest on payments overdue from the Buyer and thereafter towards any overdue prior instalments and any other outstanding demand due to the Developer and the remaining balance, if any, shall be adjusted towards the current instalment or dues for the payment is tendered. which Notwithstanding the payment of interest on delayed payments, in the event any payment is delayed beyond a period of 60 (sixty) days from its due date, the same shall be deemed to be a breach of this Agreement and an Event of Default as described herein after. "

47. At the outset, it is relevant to comment on the said clause of the buyers agreement, wherein the payments to be made by the complainants have been subjected to all kinds of terms and conditions. The drafting of this clause and incorporation of such conditions are not only vague and uncertain but so heavily loaded in favor of the promoter and against the allottees that even a single default by the allottees in making timely payment





as per the payment plan may result

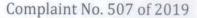
in termination of the said agreement and forfeiture of the earnest money. There is nothing on the record to show as to what were the terms and conditions of allotment of the unit in favour of the complainants. Admittedly, the unit allotted to the complainants initially was changed two times by the respondent due to one reason or the other. The total sale price of the allotted the complainants was Rs.2,17,46,089/-. The complainants admittedly paid a sum of Rs.65, 23,118/- to the respondent from time to time. The complainants admittedly made default in making payments but was the status of construction at the spot at the time when termination of the unit was made by the respondent. Moreover, if the complainants were committing default in making payments due as alleged by the respondent, then on cancellation of their unit vide letter dated 27.04.2017, it was obligatory on it to retain 15% of the basic sale price and return the remaining amount to them. There is nothing on the record to show that after deducting 15 % of the basic sale price, the respondent sent any cheque or bank draft of the remaining amount to the complainants, and which is against the settled principles of the law as laid down by the Hon'ble Apex Court of the land in cases of in Maula Bux V/s Union of



India AIR 1970 SC, 1955 and

Indian Oil Corporation Limited V/s Nilofer Siddiqui and Ors, Civil Appeal No. 7266 of 2009 decided on 01.12.2015, followed in Jayant Singhal v/s M3M India Itd. Consumer case no. 27669 2017 decided on 26.07.2022 and wherein it was observed that forfeiture of earnest money more than 10% of the amount is unjustified. Keeping in view the principles laid down in these cases, the authority in the year 2018 framed regulation bearing no. 11 providing forfeiture of more than 10% of the consideration amount being bad and against the principles of natural justice. Thus, keeping in view in the above-mentioned facts, it is evident that while cancelling the allotment of unit of the complainants, the respondent did not return any amount and retained the total amount paid by the complainants. The respondent is directed to retuen the balance within 90 day along with interest @ 9.7 % per annum.

- F. II Objection regarding complainants are in breach of agreement for non-invocation of arbitration.
- 48. The respondent has raised an objection for not invoking arbitration proceedings as per the provisions of allotment letter which contains a provision regarding initiation of arbitration proceedings in case of breach of agreement. The following





clause has been incorporated w.r.t arbitration in the buyer's agreement:

"29. All or any disputes arising out or touching upon or in relation to the terms of this application and/or standard Flat Buyer's Agreement including the interpretation and validity of the terms thereof and the respective rights and obligations of the parties shall be settled anally by mutual discussion failing which the same shall be settled through arbitration. The arbitration proceedings shall be governed by the Arbitration and Conciliation Act, 1996 or any statutory amendments/modifications thereof for the time being in force. The arbitration proceedings shall be held at an appropriate location in New Delhi by a sole arbitrator appointed by the Company. The Applicant(s) hereby confirms that he/she shall have or raise no objection to this appointment. The Courts at New Delhi alone and the Delhi High Court at New Delhi alone shall have the jurisdiction in all matters arising out of/touching and/or concerning this application and/or Flat Buyers Agreement regardless of the place of execution of this application which is deemed to be at New Delhi. "

49. The authority is of the opinion that the jurisdiction of the authority cannot be fettered by the existence of an arbitration clause in the allotment letter as it may be noted that section 79 of the Act bars the jurisdiction of civil courts about any matter which falls within the purview of this authority, or the Real Estate Appellate Tribunal. Thus, the intention to render such disputes as non-arbitrable seems to be clear. Section 88 of the Act also provides that the provisions of this Act shall be in addition to and not in derogation of the provisions of any other



law for the time being in force.

Further, the authority puts reliance on catena of judgments of the Hon'ble Supreme Court, particularly in *National Seeds Corporation Limited v. M. Madhusudhan Reddy & Anr. (2012) 2 SCC 506* and followed in case of *Aftab Singh and ors. v. Emaar MGF Land Ltd and ors., Consumer case no. 701 of 2015 decided on 13.07.2017*, wherein it has been held that the remedies provided under the Consumer Protection Act are in addition to and not in derogation of the other laws in force. Consequently, the authority is not bound to refer parties to arbitration even if the agreement between the parties had an arbitration clause. Therefore, by applying same analogy, the presence of arbitration clause could not be construed to take away the jurisdiction of the authority.

Therefore, in view of the above judgements and considering the provision of the Act, the authority is of the view that complainants are well within their rights to seek a special remedy available in a beneficial Act such as the Consumer Protection Act,1986 and Act of 2016 instead of going in for an arbitration. Hence, we have no hesitation in holding that this authority has the requisite jurisdiction to entertain the



complaint and that the dispute
does not require to be referred to arbitration necessarily.

F.III cost of litigation

The complainant is claiming compensation in the present relief. The authority is of the view that it is important to understand that the Act has clearly provided interest and compensation as separate entitlement/rights which the allottee can claim. For claiming compensation under sections 12, 14, 18 and section 19 of the Act, the complainant may file a separate complaint before Adjudicating Officer under section 31 read with section 71 of the Act and rule 29 of the rules

G. Directions of the Authority:

- Hence, the Authority hereby passes this order and issue the following directions under section 37 of the Act to ensure compliance of obligations cast upon the promoter as per the functions entrusted to the Authority under Section 34(f) of the Act of 2016:
 - i) The respondent /promoter is directed to return the amount of Rs. 65,23,118/- after deducting 10% earnest money of the total sale consideration along with interest at the rate

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of 9.70% p.a. from the date of

cancellation till the actual date of refund of that amount.

- ii) A period of 90 days is given to the respondent to comply with the directions given in this order and failing which legal consequences would follow.
- **52.** Complaint stands disposed of.
- **53.** File be consigned to the Registry.

(Vijay Kumar Goyal) Member (Dr. K.K. Khandelwal) Chairman

Haryana Real Estate Regulatory Authority, Gurugram Dated:14.07.2022

HARERA