Bangladesh Form No. 3701

HIGH COURT FORM NO.5(2)
HEADING OF JUDGMENT IN ORIGINAL SUIT/CASE
DISTRICT-DHAKA

IN THE COURT OF ARTHA RIN ADALAT NO. 1, DHAKA.

Present: Mr. Md. Hasan Zaman,
Judge (Joint District Judge)

Date of Judgment : 18th day of August, 2026.

Artha Rin Suit No. 1972 of 2023.

Lankabangla Finance PLC---Plaintiff

-Versus-

Md. Sajjad Hossain & others-------------------------------------Defendant

This case came up for final hearing on: 10.09.2025, 28.06.2026, 27.07.2026.

In presence of:
Arpita Roy--Advocate for Plaintiff.
Md. Shahabuddin Mollah (Sabuj)-------------Advocate for Defendant.

And having stood for consideration to this day, the court delivered the following judgment:-

The plaintiff **Lankabangla Finance PLC** filed this present suit under the **Artha Rin Adalat Ain, 2003** for recovery of **Tk. 8,71,406.88 (Taka Eight Lac Seventy One Thousand Four Hundred Six Point Eighty Eight) as on 05.09.2023.**

1) The plaintiff, **LankaBangla Finance PLC**, is a non-banking financial institution duly incorporated under the relevant laws of the land and is legally competent to institute the present suit for realization of its outstanding dues. Defendant No.1 is the principal borrower, while Defendant Nos.2 and 3 are the personal guarantors who are jointly and severally liable for repayment of the loan liability of Defendant No.1.

2) Upon the application of Defendant No.1 dated **28.05.2017**, the plaintiff sanctioned a **Personal Loan Facility of Tk. 10,00,000.00** for the purpose of home renovation for a period of **60 months**, vide Sanction Letter **dated**

15.06.2017. Pursuant thereto, Loan Agreement **dated 15.06.2017** was executed. The defendants accepted the terms and conditions of the sanctioned facility and Defendant No.1 availed the loan facility in full.

3) The said facility was secured by standard charge documents and, amongst others, the personal guarantees of **Ms. Jiasmin** and **Mr. ABM Kamrul Hasan**, along with other securities stipulated in the sanction letter. The defendants executed the requisite security and guarantee documents in favour of the plaintiff. Subsequently, the defendants became irregular in payment of installments and failed to repay the loan in accordance with the agreed repayment schedule. Despite repeated demands, they failed to regularize the account or liquidate the outstanding liability. The plaintiff therefore issued and served a **Legal Notice dated 02.10.2023**, demanding payment of the outstanding dues, but the defendants failed to comply.

4) As per the statement of account maintained by the plaintiff in the ordinary course of business, a sum of **Tk. 8,71,406.88** (Taka Eight Lac Seventy-One Thousand Four Hundred Six and Eighty-Eight Paisa) remained outstanding **as on 05.09.2023**. The said statement forms part of the plaint and has been prepared in accordance with the provisions of the **Artha Rin Adalat Ain, 2003**. Accordingly, the plaintiff has instituted the present suit for realization of the outstanding amount, together with interest, lawful charges, costs and other reliefs to which it is entitled under law.

5) **Defendant No.3, by filing a written statement, contested the suit and stated that** the suit is not maintainable in its present form and is devoid of any cause of action against him. His specific case is that he has no knowledge whatsoever regarding the loan facility alleged to have been availed by Defendant No.1. He never applied for, availed, or executed any document in connection with the said loan. Defendant No.3 further contends that the Letter of Personal Guarantee allegedly bearing his signature is false, fabricated and forged. He asserts that he never signed the said document and that no official of the plaintiff, LankaBangla Finance PLC, ever contacted or obtained his consent before sanctioning the loan facility to Defendant No.1. He also denies the relationship stated in the personal guarantor's form and asserts that Defendant No.1 is merely his neighbour and not his cousin or relative.

6) According to Defendant No.3, he first came to know about the alleged loan and purported guarantee upon receiving information regarding the present suit from the learned Court. Thereafter, on 02.08.2024, he went to Defendant No.1's residence and confronted him regarding the alleged forgery. At that time,

Defendant No.1's wife, Jiasmin, allegedly admitted that she had secretly collected Defendant No.3's photograph, visiting card and specimen signature and used the same for creating the purported guarantee.

7) Defendant No.3 further states that, when he demanded repayment of the loan or threatened legal action, Defendant No.1 and his wife allegedly abused and intimidated him. Consequently, he instituted C.R. Case No.1274 of 2024 under sections 465, 467, 471 and 506 of the Penal Code, 1860, which is pending before the learned Chief Metropolitan Magistrate, Dhaka. Accordingly, Defendant No.3 prays for dismissal of the suit **against him.**

Issues:

8) On perusal of the plaint, written-statement, documents and previously framed issues, for proper adjudication of the suit, the issues are reframed in the following ways:

1) Whether the suit is maintainable in it's present form and prayer?
2) Whether the plaintiff has any cause of action for filing the suit?
3) Whether the suit is barred by limitation ?
3) Whether the plaintiff institution is entitled to recover the claimed amount from the defendants?
4) Whether the plaintiff is entitled to obtain a decree as prayed for?

Discussions and Decisions:

9) To prove the plaint case, the plaintiff examined 01 witness namely **Omar Faruk as P.W.1** before this court**. During examination of P.W.1 t**he following documents were produced and proved, which have been marked as Exhibits:-

1) Letter of Authorization	**Exhibit-1**
2) Loan of Application & Sanctioned Letter	**Exhibit-2 series**
3) Charge Documents	**Exhibit-3 series**
4) Legal Notice with P.R	**Exhibit-04 series**
5) Account statement	**Exhibit-05**

On the other hand, to prove the defendant's case, the defendant examined a witness namely **A. B. M. Kamrul Hasan as D.W.1, but he did not produce any evidence** in support of such objection.

Decision with Reasons

10) **Issue no. 1, 2 and 3 :** Whether the suit is maintainable in it's present form and prayer? + Whether the plaintiffs have any cause of action for filing the suit? + Whether the suit is barred by Limitation?

All the three issues are taken up together for the sake of brevity and convenience. Upon consideration of the pleadings and evidence on record, it appears that although the defendants challenged the maintainability of the suit, they failed to adduce any evidence in support of such objection. The plaintiff, being a duly incorporated non-banking financial institution, is legally competent to institute the suit for realization of its outstanding dues under the **Artha Rin Adalat Ain, 2003**. The plaint was duly presented in accordance with **Section 6(4)** of the said Ain, accompanied by the requisite ad valorem court fees and relevant charge documents. Hence, no legal defect has been found in the institution of the suit.

11) It further appears that the plaint sufficiently discloses a valid cause of action arising from the defendants' failure to repay the loan liability in accordance with the agreed terms. The outstanding dues amounted to **Tk.8,71,406.88/-** and despite service of legal notice dated **02.10.2023**, the defendants failed to discharge the liability. The cause of action arose on **02.10.2023**, and the suit was instituted on **15.11.2023**, which is within the prescribed period of limitation. Accordingly, the suit is maintainable, founded upon a valid cause of action, and not barred by limitation**.** Therefore, Issues Nos. 1, 2 and 3 are answered in favour of the plaintiff

12) **Issue No : 4 and 5 :** Whether the plaintiff Financial Institution is entitled to recover the claimed amount from the defendant? + Whether the plaintiff is entitled to obtain a decree as prayed for?

All these issues are taken up together for the sake of brevity and convenience. Upon careful consideration of the pleadings, oral evidence, documentary exhibits and the entire materials on record, it appears that the plaintiff is a duly incorporated and licensed non-banking financial institution and is legally competent to institute the present suit. It is also established from the materials on record that Defendant No.1, **Mr Md Sazzad Hossain**, approached the plaintiff for a personal loan facility and, upon consideration of his application, the plaintiff sanctioned a personal loan of Tk.10,00,000/- in his favour. The Sanction Letter dated 15.06.2017 have been duly exhibited as **Exhibit-2/1**. The execution of the loan agreement and other relevant charge documents is further supported by Exhibit-3 series. Thus, the existence of the loan transaction between the plaintiff and Defendant No.1 stands sufficiently established.

13) The plaintiff examined P.W.1, Omar Faruk, in support of its case. His deposition is consistent with the pleadings and the documentary evidence produced by the plaintiff, and his testimony could not be materially shaken in cross-examination. In terms of section 6(4) of the Artha Rin Adalat Ain, 2003, the plaint supported by affidavit carries evidentiary value, subject to rebuttal by credible evidence. In the present case, the plaintiff has not merely relied upon the averments made in the plaint; rather, the material assertions regarding sanction, disbursement, documentation, default and outstanding liability have been corroborated by the oral testimony of P.W.1 and the documentary exhibits.

14) Exhibit-4 demonstrates that after availing the loan facility, Defendant No.1 failed to discharge his repayment obligations in accordance with the terms and conditions of the loan documents. The legal notice produced by the plaintiff further establish that despite being called upon to liquidate the outstanding dues, Defendant No.1 failed to regularise the loan account. **Exhibit-5,** being the statement of account maintained by the plaintiff in the ordinary course of its business, shows that an amount of **Tk.8,71,406.88** was outstanding as on **05.09.2023,** inclusive of accrued interest. The defendants have not produced any credible documentary evidence, such as receipts, payment records, account statements, reconciliation statements or other materials, to establish that the said amount had been paid, adjusted or otherwise discharged. Accordingly, the Court finds that the plaintiff has successfully established the existence of the loan transaction, the disbursement of the loan facility to Defendant No.1, his subsequent default and the outstanding liability reflected in the statement of account.

15) However, the position of Defendant No.3 requires separate and careful consideration. The specific case of Defendant No.3 is that although he has been impleaded in the suit as a guarantor of the loan facility allegedly availed by defendant no.1, he never executed any deed of guarantee, undertaking or other charge document in favour of the plaintiff and that the signatures appearing on the alleged guarantee documents were forged and fabricated.

16) In this regard, [**Exhibit-3/1**] assumes decisive importance. [**Exhibit-3/1**] is the alleged Letter of Guarantee purportedly executed by Defendant No.3. Defendant No.3 has specifically denied the signature appearing thereon and has consistently maintained that he never stood as guarantor for the loan of Defendant No.1. In such circumstances, the burden lies upon the plaintiff to establish that Defendant No.3 actually executed the alleged guarantee document and thereby voluntarily assumed the obligation of a guarantor.

17) The plaintiff has failed to discharge such burden. Rather, the Expert Report as found in the record, materially support the defence of Defendant No.3. Upon examination of the disputed signature appearing on the alleged Letter of Guarantee with the admitted signatures of Defendant No.3, the handwriting expert opined that the disputed signature was not identical with the admitted signature of ABM Kamrul Hasan. The expert evidence, therefore, creates a clear and substantial doubt regarding the genuineness and execution of Exhibit-3/1 by Defendant No.3.

18) The Court has carefully considered the said expert evidence along with the surrounding circumstances and the other materials on record. There is no independent and reliable evidence sufficient to establish that Defendant No.3 personally signed and executed the alleged Letter of Guarantee. No convincing evidence has been produced to demonstrate that Defendant No.3 appeared before the plaintiff or its authorised officer and consciously executed the guarantee document after understanding and accepting the terms thereof. In the absence of proof of execution, the alleged guarantee cannot legally be treated as an enforceable contract of guarantee against Defendant No.3.

19) It is a fundamental principle of the law of guarantee that the liability of a surety arises from a valid contract of guarantee. A person cannot be saddled with the liability of a guarantor merely because his or her name appears in a document or because of the existence of a relationship with the principal borrower. The essential element is the voluntary assumption of liability through a valid and proved guarantee. Therefore, before fastening any liability upon Defendant No.3, the plaintiff was required to establish that she had consciously and voluntarily undertaken to discharge the liability of Defendant No.1 in the event of his default. In the present case, that foundational fact has not been proved to the satisfaction of the Court.

20) The mere fact that Defendant No.3 was the Cousin of Defendant No.1 at the relevant time does not, by itself, make him liable for the loan obtained by Defendant No.1. Moreover D.W.1 claimed himself to be neighbor of defendant No.1. Such kind of relationship cannot be treated as a substitute for a contract of guarantee. A neighbor like D.W.1 does not automatically become liable for the financial obligations incurred by defendant No.1 merely by virtue of their relation of neighborship. Unless an independent contractual obligation is established against him, the debt of the defendant No.1 remains his own liability.

21) In the present case, the evidence establishes the loan transaction with Defendant No.1 and his failure to repay the same. On the other hand, the alleged

guarantee against Defendant No.3 has not been satisfactorily proved. The expert evidence substantially corroborates her specific defence that the disputed signature appearing on Exhibit-3/1 is not his genuine signature. Consequently, the Court finds that Defendant No.3 did not validly execute the alleged Letter of Guarantee and cannot be held liable as a guarantor merely on the basis of her relationship with Defendant No.1.

22) It is also significant that the plaintiff has not produced any other independent and convincing evidence capable of proving that Defendant No.3 expressly consented to or assumed liability for the loan facility. In the absence of such evidence, the alleged guarantee document cannot be enforced against him. The principle that a guarantor's liability may be co-extensive with that of the principal debtor becomes applicable only after the existence and validity of the contract of guarantee itself are established. Since the execution of the guarantee by Defendant No.3 has not been proved, the question of imposing co-extensive liability upon her does not arise.

23) Accordingly, upon an overall assessment of the evidence, the Court finds that the plaintiff has successfully established its claim against Defendant No.1. Defendant No.1, being the principal borrower and the person who availed the loan facility from the plaintiff, is legally liable to repay the outstanding dues of Tk.8,71,406.88 as on 05.09.2023, together with such further interest and other lawful charges, if any, as are permissible under the terms of the loan agreement and applicable law until realisation.

24) Conversely, the plaintiff has failed to prove that Defendant No.3 voluntarily executed the alleged Letter of Guarantee. The expert report supports his denial, and there is no sufficient independent evidence to displace that conclusion. Therefore, Defendant No.3 cannot be held liable for the debt of Defendant No.1 merely because he was a neighbor at the relevant time.

25) In view of the foregoing discussion, the Court is of the considered opinion that the liability for repayment of the loan and the outstanding dues rests upon Defendant No.1 as the principal borrower. Under Section 6(5) of the Artha Rin Adalat Ain, 2003, the liability of guarantors is co-extensive with that of the principal borrower unless restricted by specific contractual terms. In the present case, no such limiting clause is found in the guarantee documents of Defendant No.2. Consequently, Defendant Nos.2 having voluntarily executed guarantee obligations, are jointly and severally liable together with Defendant No.1 for repayment of the decretal dues.

On the other hand, Defendant No.3 is entitled to be exempted from all liabilities arising out of the said loan transaction, and the suit, insofar as it seeks recovery of the plaintiff's claim against Defendant No.3 as guarantor, is liable to be dismissed. The plaintiff is, however, entitled to recover the legally recoverable outstanding amount from Defendant No.1 & 2 in accordance with law. Thus issue no.4 and 5 have been disposed of in disfavour of the defendant No.1.

In result the case succeeded.

Court Fee paid is correct

Hence,
it is Ordered

That the present suit be decreed in part on ex-parte against Defendant No.1 & 2 and dismissed on contest against Defendant No.3, with cost for an amount of **Tk. 8,71,406.88 (Taka Eight Lac Seventy One Thousand Four Hundred Six Point Eighty Eight)** being the outstanding loan liability as on **05.09.2023.**

The Plaintiff shall be entitled to receive from defendant No.1 & 2 the said amount together with interest or profit as applicable under the prevailing laws or rules from 05.11.2023, i.e., the date of filing of the suit, until full realization.

Defendant No.1 & 2 is hereby directed to pay the aforesaid decretal amount together with the permissible interest and charges within **60 (sixty) days** from the date of this judgment and decree, failing which the plaintiff shall be at liberty to realise the decretal amount from Defendant No.1 & 2 in accordance with law.

On the other hand, So far as Defendant No.3, ABM Kamrul Hasan , is concerned, he is exonerated and discharged from all liabilities arising out of the said loan transaction, and the suit against Defendant No.3 is accordingly dismissed on contest.

The plaintiff shall not be entitled to realise any part of the decretal liability arising out of the aforesaid loan transaction from Defendant No.3, nor shall any execution proceeding be maintained against her in respect of such liability.

If the Defendants have made any payments during the pendency of the suit, the Plaintiff is directed to adjust the same in accordance with the law.

Typed & Corrected by Me

Md. Hasan Zaman
Judge (Joint District Judge)
Artha Rin Adalat No-1, Dhaka

Md. Hasan Zaman
Judge (Joint District Judge)
Artha Rin Adalat No-1 Dhaka.