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**Tanisha Jain**  
Research Scholar, Department  
of Commerce, S.R.K. (PG)  
College, Firozabad, Uttar  
Pradesh, India

**Dr. Yashpal Singh**  
Research Supervisor,  
Department of Commerce,  
S.R.K. (PG) College,  
Firozabad, Uttar Pradesh,  
India

## Analysis of unfair trade practices in the insurance sector under district consumer forum in Uttar Pradesh

**Tanisha Jain and Yashpal Singh**

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### Abstract

The Insurance Sector is very important for the growth of any economy. Its contribution to GDP is about 3.7% in the financial year 2024. For any economy, the Insurance sector works like the backbone of that economy. However, consumer confidence is being impacted by the unscrupulous business practices of insurance companies. The current regulatory system has not been able to keep the dishonest elements under strict control. The service providers con the customers in Uttar Pradesh as well. However, relatively few people approach consumer forums, and even fewer manage to obtain justice for inadequate insurance services. The researcher has examined the decisions made by the Uttar Pradesh State Consumer Dispute Redressal Commission to evaluate the exploitation of customers by the insurance service providers in order to study the unfair business practices currently practiced in Uttar Pradesh. When consumers sign into agreements with insurance companies, the researcher also examines whether they are informed of the outcomes of their submissions and the formal requirements.

**Keywords:** Insurance companies, consumers, consumer protection, remedies

### Introduction

Every business starts with consumers, and all the profits, enhancement, image, and status of the organisation depend on the satisfaction levels of the consumers. However, Consumer Protection has emerged as a major problem in modern India, particularly in the sector that involves financial obligations and contractual agreements. The insurance sector has emerged as a significant component of the financial system. It plays a vital role in providing financial protection to the consumers if any mishap. But cases of claim rejection, denial, and delay in settlement have created disputes between consumers and insurance companies and breached the trust of the consumers. The Consumer Protection Act 2019 provides some rights to consumers by establishing specialised forums at the district, state, and national levels. This legal system empowers consumers by providing legal remedies against defective goods, unfair trade practices, and deficient services. By analysing some of the district court judgements, this paper aims to emphasize the importance of the judiciary in enforcing consumer protection laws in Uttar Pradesh.

### Review of literature

(Prajapati Jitendrakumar Gandalal, 2025)<sup>[4]</sup> highlights the role of the judicial system in providing justice to consumers under the CPA 2019. The researcher has analyzed the landmark judgment provided by the State and District Commission of Gujarat. The researcher also examined the problems faced by the forum while delivering the judgment, such as a lack of proper infrastructure, a backlog of cases, and unawareness among consumers. The Gujarat Commission has shown moderately effective performance in the disposal of cases, and the development of proper infrastructure is also in progress. There is also a lack of proper training among the staff of the forum. The other states, such as Karnataka, Tamil Nadu, and Maharashtra, performed better than Gujarat. The research found that despite several challenges, the Gujarat Commission has been providing judgments effectively. (Thapa & Shrestha, 2025)<sup>[20]</sup> examined the legal system of the Consumer court of various countries, such as India, Nepal, South Africa, the USA, and China, investigating different approaches to dispute resolution.

**Corresponding Author:**  
**Tanisha Jain**  
Research Scholar, Department  
of Commerce, S.R.K. (PG)  
College, Firozabad, Uttar  
Pradesh, India

The analysis suggested that a legal mechanism for consumer protection varies significantly across nations, showing diverse legal systems and institutional priorities. The researchers analyzed some of the famous cases from India and around the World. The study found that more than 53% of consumers in Nepal expressed dissatisfaction with the approaches of the Government. It was found that there was a lack of awareness among the consumers of Nepal.

(Goel *et al.*, 2025) <sup>[5]</sup> analysed the perspective of the opposite parties regarding the consumer disputes redressal system under the CPA 2019 in Delhi-NCR. The research was conducted among 100 defendants, comprising 62% goods dealers and 38% service providers. The study found that 72% of the defendants were not satisfied with the legal procedure of the forum. They found it very time-consuming, which leads to delayed resolution, followed by an overabundance of cases at these agencies. Furthermore, 60% of the defendants believed that consumer forums were biased towards consumers while providing justice.

(Sadana & Jain, 2017) <sup>[16]</sup> analysis of five District Forums in Punjab uncovered substantial operational differences, with disposal rate ranging from 34.42% to 90.75% across districts during 2010-2016, showing inconsistent service delivery. The research found that inadequate staff and an overburden of complaints were major contributors to service variability. It suggested a need for more investment in the infrastructure of the Redressal forum to ensure the timely adjournment of cases.

(S, 2017) <sup>[15]</sup> investigated the satisfaction level among consumers provided by the Redressal Forum in Coimbatore. The data was collected from 150 respondents. After analysing the data, it was found that less than 50% of respondents accessed information about the functions and locations of the Consumer Forum. The study suggested the Government should take initiatives to promote awareness among consumers.

## Objectives

- To analyse the effectiveness of the Consumer Forum in making decisions specifically with Insurance companies under the Consumer Protection Act.
- To examine some solutions that can help increase the efficiency of the Consumer Forum.

## Methodology

In this study, Doctrinal legal research has been applied. The research approached the primary legal sources, which include statutory provisions such as the Consumer Protection Act 2019, and thoroughly analysed relevant published case studies, primarily of Insurance disputes of Uttar Pradesh. Additionally, scholarly articles have been collected from secondary sources such as Google Scholar and media reports.

## Analysis of District Consumer Commission in Uttar Pradesh: An Empirical Insight

### Mukesh Kumar v/s

#### Care Health Insurance Ltd.

The insurance company cancelled the health policy while keeping two years of renewal premiums. The complainant purchased a POS CARE Health Insurance plan with a coverage limit of Rs. 5,00,000 from October 1, 2019, to September 30, 2020. No claims made during the first year. The policy extended from October 1, 2020, and the

complainant's wife suffered from respiratory disease. After filing a case in the consumer forum, the insurance company settled the claim through compromise. The policy was then renewed for two consecutive years by paying a premium of Rs. 72,236 in total. After taking the premium for two years, the company cancelled the policy by arguing that the complainant's wife had been suffering from respiratory disease for 8-10 years before the policy was taken, but this was not disclosed earlier. The commission argued that even after knowing about the pre-existing disease, the company continued to take the premium amount from the complainant. The court concluded that if the company had found the policyholder had concealed material facts in 2021, they should have immediately cancelled the policy.

- **Relief Provided:** The court partially accepted the claim, awarded compensation for mental harassment, and litigation costs.
- **Time Frame:** 22-05-2023 TO 28-01-2025. Total time taken: 1 year and 8 months.
- Advocates involved

### Prakash Chandra v/s

#### Universal Sompo General Insurance Company

The plaintiff possessed a Bolero, registration No. UP80FT8449, which was insured under policy No. AVO/2315/11151607, valid from March 3, 2024, to March 2, 2025. The amount of premium was Rs. 24,138. On March 30, 2024, the vehicle met with an accident, which was inspected by the insurance company's surveyor. The complainant filed a complaint on the basis of a deficiency of services. The commission dismissed the complaint on the ground that the complainant hid the material facts and violated the terms and conditions of the policy.

### Key Takeaways

- The case was dismissed by the commission
- Case filed on 28.05.2024 and decided on 20.08.2025. Time taken: Approximately 1 year and 3 months.
- Advocates involved

### Surbhi Varshney and Sanjay Kumar Varshney v/s

#### National Insurance Company Ltd. and Heritage Health Insurance Private Ltd.

This case involved an employment-based health insurance. The complainant is a bank employee and has an insurance policy with a coverage limit of Rs. 4,00,000. The policy period was October 1, 2021, to September 30, 2022. The complainant's daughter has suffered from chronic kidney disease since September 18, 2021. In her treatment, total expenses incurred were Rs. 1,20,390. The bills were submitted in two parts, among which the first bill of Rs. 76,779 was accepted, but refused to pay the remaining by claiming that the original bill had not been provided. While Sanjay Kumar had already sent the doctor's written recommendation before submitting the bills. The commission found that the insurance company deliberately refused to investigate and arbitrarily deducted the amount.

- **Remedy Awarded:** Total medical compensation Rs. 62,328, compensation for mental harassment Rs. 10,000, and litigation cost of Rs. 10,000.
- The case was instituted on 03-02-2023 and finalised on 08-08-2024. It takes approximately 1 year and 6 months.
- Advocates involved

## **Narendra Singh Vs Oriental Insurance Company**

Dismissed due to the absence of the plaintiff

### **Observation**

- Resolution Period: 16.01.2024 to 03.10.2025. By this, it can be concluded that it takes 1 year, 8 months, and 17 days.
- Advocates Involved

## **Nutan Yadav W/o Arunkant Singh v/s S.B.I General Insurance Co. Ltd**

The insured had an accidental plan of Rs. 20,00,000, died in an accident, and the insurance company deliberately delayed and then refused to pay the compensation to his wife. The consumer forum accepted the claim and ordered the insurance company to pay the amount to the complainant.

- **Relief Granted:** Full insurance amount of Rs 20,00,000 and Rs 3,000 compensation for mental harassment, and Rs 3,000 for litigation costs.
- **Time Period:** 25.03.2025 to 17.10.2025. This case settled in 7 months.
- Advocates involved

## **Veerendra Upadhyay v/s National Insurance Company Ltd.**

The plaintiff purchased an Escort tractor, Registration No. UP80FC7619 and insured it with Policy No. 46230031201000357 was valid from July 3, 2020, to July 2, 2021. The declared value of the tractor was Rs. 5,34,650. The premium paid was Rs. 9,940. On May 27, 2021, the complainant's tractor collided with an unregistered tractor, and the driver died on the spot. The complainant immediately informed the insurance company about the accident and filed a police complaint about it. The company rejected the claim because it violated policy terms. The judgment provided by the District Commission in favor of the complainant by citing some decisions of the Supreme Court, including Sharda Associates v United India Insurance Co. Ltd and Gurmel Singh v National Insurance Company. The court ordered the claim amount, interest at 7%, compensation for mental harassment, and litigation costs.

### **Main Observations**

- Resolution Period: 14.02.2023 to 22.06.2024. It takes around 1 year and 4 months.
- Litigation cost and compensation for mental harassment was provided.
- Advocates involved

## **Rameshwar v/s IFFCO Tokio General Insurance Co. Ltd.**

Dismissed. This case establishes that while the CPA 2019 allows some flexibility in extending the limit of 2 years for filing the complaint, such extensions are not granted lightly. A delay of nearly 5 years with no satisfactory reason will result in dismissal of the complaint without examining the actual merits, even if the underlying claim may have been valid.

### **Important takeaways**

- The commission dismissed the case.
- **Case timeline:** 22.02.2023 to 04.03.2023. It takes nearly 11 days.

- Advocates involved

## **Meetu Malhotra v/s HDFC Ergo General Insurance Company**

The court made the judgment in favor of the complainant. The judgment directs the respondent to pay Rs. 35,996 within 45 days through a demand draft to the commission account.

### **Major Findings**

- **Case Duration:** Filing date: 04.06.2024 Disposal Date: 13.07.2024
- No compensation for mental harassment litigation costs provided
- Advocates involved

## **Sudhir Kumar Gupta v/s**

### **ICICI Lombard General Insurance Company. Ltd**

This case highlights the execution process of claim payment. The original complaint (Complaint No. 456/2010) was decided on July 24, 2014, in favor of the complainant. The insurance company appealed against this order before the State Commission (Appeal No. 1661/2014). The State Commission also passed the decision in favor of the complainant on December 16, 2022. To comply with the State Commission decision, the check was issued by the insurance company. It was cleared on March 1, 2023.

### **Key Takeaways**

- **Time span:** This case took approximately 9 years (from filing the original complaint in 2010 to the final execution order in 2023) to get complete relief.
- Advocates involved

## **Arun Agarwal v/s**

### **United India Insurance Company**

Dismissed due to the absence of the complainant.

### **Observations**

- The case was instituted on 30/07/2024 and finalized on 27/08/2025. Time taken: 1 year and 1 month.
- Advocates involved

## **Rajveer Singh v/s**

### **Royal Sundram General Insurance Co. Ltd.**

This case involves a motor insurance dispute. The complainant insured the vehicle, which includes all repair costs involved in case of an accident. The policy period starts from Dec 2, 2021, to Dec 1, 2022, and the value of the vehicle was Rs. 5,53,621. The amount of the premium was Rs. 25,277. On August 19, 2022, the complainant's son was driving the car and parked it on a dirt road alongside the main road. A Tata Magic coming from the wrong side of the road hit the car. On Sep 2, 2022, the company's surveyor inspected the car without notifying the complainant. On September 12, 2022, the insurance company admitted only Rs. 15,664 from this accident and refused to cover the remaining amount. Additionally, Rs. 10,000 was charged by the agency as a charging fee for the vehicle being held at the center without repair authorization. The complainant has a total out-of-pocket cost of Rs. 84,665. The court decided the case in the complainant's favor.

- **Relief Granted:** The commission partially approved

the claim and ordered to pay Rs. 60,665, and Rs. 5,000 as mental harassment compensation, Rs. 5,000 as litigation cost, and 6% Simple Interest if payment is not made within 30 days.

- **Time Period:** 09-01-2023 to 05-07-2024. This case nearly took 1 year and 6 months.
- Advocates involved

### **Vishambhar v/s**

#### **Oriental Insurance Company**

This is an execution proceeding aimed at enforcing a previous court order. The full amount has been recovered, based on a Recovery Certificate from the insurance company.

#### **Key Points**

- **Timeline:** The hearing and the final order occurred on August 26, 2023, indicating that execution proceedings were completed within a reasonable time frame.
- Advocates involved

### **Lakshman Singh v/s**

#### **United India Insurance Ltd.**

This case has an extraordinary legal journey spanning over two decades. The original complaint was filed in 1998 at the District Commission. On June 9, 2003, the District Commission passed its judgment in favor of the complainant. The insurance company appealed against the order in the State Commission. Approximately 9 years later, on May 31, 2012, the State Commission affirmed the District Commission decision. The case was further appealed. The National Commission passed a decision in favor of the complainant on March 16, 2022.

#### **Significance of the case**

This is one of the longest consumer dispute cases in Indian history. This case nearly took 25 years from the original filing in 1998 to the final payment order in 2023. This case went through all three levels of the consumer commission in India. All three levels of consumer commission consistently ruled in favor of the consumer, demonstrating the strength of his claim despite the insurance company's persistent resistance.

### **Prem Chand Gupta v/s**

#### **Star Health and Allied Insurance Company**

The final order was provided as a check of Rs 71,953 to the complainant.

#### **Key Highlights**

- **Time Taken:** 5 months 14 days
- No compensation for mental harassment and litigation is provided.
- Advocates involved.

### **Bakar Ahmed v/s**

#### **CIGNA T.T.L Health Insurance Company and**

#### **Union Bank of India**

The Complainant purchased a health insurance policy linked to a personal loan from Union Bank. The policy was activated from November 17, 2017, to November 16, 2018, and renewed continuously till 2023, in which both Ahmad and his wife were covered with a limit of Rs. 2,00,000. The

annual premium was Rs. 3,980. On January 12, 2022, his wife had an eye treatment in Ahuja Eye Centre, Aligarh, costing Rs. 64,500, for which no claim was submitted to the insurance company. On 26 April 2023, the complainant's wife was again admitted to F.H. Medical College, Atrapur, Agra, for abdominal pain, then referred to Indraprastha Apollo Hospital, Delhi, where additional treatment was provided. The total cost incurred on treatment in 2023 was Rs. 3,05,000, exceeding the policy limit of 2,00,000. The insurance company rejected the claim because the insured had a pre-existing condition of type 2 Diabetes and Hypertension. The final decision was in favor of the consumer on the basis deficiency of service. The case against Union Bank was dismissed, as the bank had merely provided a loan facility and arranged the insurance without any deficiency of service.

- **Relief Granted:** Full compensation of Rs. 2,00,000 was provided, Rs. 3,000 as compensation for mental harassment, Rs. 3,000 for litigation costs, and 6% simple interest on Rs. 2,00,000 if the amount is not provided within 30 days.
- **Time Taken:** 21.03.2024. To 23.07.2025. It takes approximately 1 year and 4 months.
- Advocates Involved

### **Anupam Jain v/s**

#### **Niva Bupa Health Insurance Co. Ltd.**

The plaintiff initially purchased a family health insurance policy of Rs. 5,00,000 from Star Health and Allied Company on October 15, 2018, through Policy Bazaar. The policy then transferred to Niva Bupa on October 14, 2022, and the amount increased to 10,00,000. The premium paid was Rs. 33,532.50. In March 2024, the complainant's daughter developed lower back pain and swelling. The insurance company approved cashless treatment for Rs. 1,46,836, but after surgery, the Insurance company refused to settle the bill as a cashless claim. The insurance company denied the claim, arguing that the policyholders concealed medical facts. The final judgment of the commission was in favor of the consumer. The insurance company committed a deficiency in services by failing to provide legitimate grounds for rejection.

- **Relief Granted:** The commission partially accepted the complaint and awarded Rs. 1,58,759 for medical treatment expenses, Rs. 3,000 as compensation for mental harassment, and Rs. 3,000 for litigation costs.
- **Time period:** 08/10/2024 to 05/06/2025. It takes nearly 8 months.
- Advocates Involved.

### **Mrs. Seema v/s**

#### **Star Health and Allied Company Ltd.**

This case involves a health insurance claim for accidental injury that was rejected arbitrarily by the insurance company. The coverage limit of the insurance was Rs. 5,00,000, and the premium paid was Rs. 26,509. On November 19, 2022, the complainant's son met with an accident and was badly injured. The total medical expenses incurred on treatment were Rs. 2,71,366. The insurance company rejected the claim by arguing that, according to policy conditions, 'In case of an accident, no claim would be paid by the company within the first 4 years of the policy taken. The commission found this policy fundamentally fraudulent and unreasonable, and ordered the insurance

company to pay compensation to the insured.

- **Relief Granted:** Compensation for treatment provided Rs. 2,59,266; Rs. 5,000 for mental harassment; and Rs. 5,000 for litigation costs.
- **Timeline:** Filing Date: 14.03.2023, and Disposal Date: 17.10.2024.
- Advocates involved

## Result and Analysis

By analysing the cases mentioned above, some of the key observations can be drawn, which are important to evaluate the functioning of the District Consumer Forum in Uttar Pradesh:

- More than 80% of the above cases were decided beyond the prescribed time limit under the Consumer Protection Act 2019, i.e, these cases should be decided within the stipulated time of 3 or 5 months. However, most of the cases took more than 1 year. In some extraordinary cases, it took almost 9 years to get the final remedy. It has been observed that in one case, it even took more than two decades to get compensation.
- It has been observed that every case has involvement of lawyers for representation, despite consumers possessing the right to represent their own case. It can be inferred that self-representation is just a theoretical right that has not gained widespread acceptance. There are multiple factors due to which these gaps emerge, such as a lack of awareness among consumers about self-representation, illiteracy among consumers, which makes it difficult for them to understand legal complexities. In most cases, insurance companies appear with legal representatives, creating an unfair environment for a layman to comply with, and the complex language and terms used in the insurance policies cannot be understood by a person having no knowledge of law.
- The CPA 2019 established a three-tier redressal framework at the National, State, and District levels. It can be concluded that Institutional parties have huge resources. They strategically utilise appeals to higher commissions to extend the duration of the case and avoid financial liability. While the three-tier system was established to provide security, insurance companies used it as a delay tactic to exploit consumers. Despite obtaining a favorable order from the District Commission, respondents must continue to fight for a prolonged period in the upper forums to get justice.

## Suggestions

- The Government should take the initiative to promote awareness among consumers about the rights provided under the CPA 2019. It should organise seminars, workshops, exhibitions, and provide some material on consumer rights to spread consumer awareness in different languages, such as Hindi, English, and regional languages.
- The consumer forum should establish a binding timeline to settle cases, and complaints should be resolved within the stipulated time, as mentioned in the Act (currently averaging between 16-18 months). This can be achieved through appointing additional members to the forum to reduce work overload, and penalties should be imposed on parties (specifically on Insurance Companies) for non-appearance and not providing

proper documents to delay settlement.

- An online case settlement should be established to empower the consumers and enable them to file and settle their complaints remotely without physical appearance. Video conferencing facilities should be provided for hearing from distant locations, especially for elderly people and disabled consumers.
- The Government should take strict action against the Insurance Companies responsible for deceiving the consumers and unnecessarily delaying the procedure of the consumer forum.

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