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Relief for home buyers

One-sided pacts not binding, rules SC

BUILDERS often treat home buyers like sitting ducks, entangling them in technicalities that the layman can't make much sense of. The agreement between the two parties is invariably loaded in favour of the builder/developer, who manages to dictate even unreasonable terms to the hapless client. In a ruling that will go a long way in ensuring a level playing field, the Supreme Court has held that the terms of a contract will not be final and binding if it is shown that the flat purchasers had no option but to sign on the dotted line on a contract framed by the builder. The apex court has made it clear that the incorporation of one-sided clauses in an agreement constitutes an unfair trade practice as per the Consumer Protection Act, 1986.

The court examined one such skewed agreement which stipulated that a home buyer would have to pay interest at 18 per cent per annum in case of delay in payment, while the builder has to do so at the rate of 9 per cent for delay in possession. No less unfair was the clause entitling the builder to cancel allotment in case of delay of 30 days by the purchase to pay the instalment, even as the purchaser had to wait for 12 months after the end of the grace period to terminate the contract if there was delay in giving possession of the flat in question.

Intimidated by the fine print, the buyer usually takes the easy way out and lets the other party seize the initiative. When your whole life's savings are at stake, it's advisable to thoroughly understand the nitty-gritty, preferably by taking advice from experts. The state-level authorities functioning under the Real Estate Regulation and Development Act (RERA) need to play a proactive role to guide home buyers and help them see through the unscrupulous builders' tactics. A robust monitoring and grievance redressal mechanism can empower buyers to make informed choices and realise their long-cherished housing dreams.