

Objection After Full & Final Payment

In day –to-day business affairs, we have to deal with the payment of bills on almost regular basis. It is a common belief that once the party has accepted the payment of final bill then the receiving party can not raise on any objection or extra claim after payment of final bill. However, legal position is slightly different.

We are talking about the latest supreme court judgment passed in case of **D.C. Routhy Vs State of Orisaa** by the bench of Hon'ble Justice **R.M. Lodah** and Justice **J.S. Khehar** judgment dated **01st November 2011**. In this case Lordship has made clear stand point on issues of objection/ claim after receipt of Full & final payment of final bill.

In this case, the dispute arose between the rival parties in the year 1975. The appellant filed a civil suite before Civil Court. The Civil Court referred this matter to arbitration in year 1981 on the basis of arbitration clause in the contract between the parties.

Arbitrator passed an award in favor of appellant. In the execution proceeding the matter again objected by the respondents that appellant can not raise objections once accepted the payment for its final payment. Contention raised that if there was any objection on final bill then appellant could have raised at the time of submitting of final bill or any time before the receipt of payment. Appeal filed against order of court of execution before High court. High court set aside the arbitral award mentioning that once the bill accepted then further claim/objection cannot be entertained.

Appellant filed the SLP in the year 2003 and after the grant of leave the matter filed as Civil appeal in the year 2006 before supreme court. Supreme court has stated that entire contract should be examined and specially the dispute settlement clause or arbitration clause. In absence of any specific clause which prevents the rights of objecting party to raise objection after full & final payment, the dispute shall be govern by arbitration clause of the agreement. Court has quoted the case of **Bharat Cooking Company Vs Annapurna Construction 2003,8, SCC 154** it is laid down by Hon'ble Supreme court that in absence of any clear undertaking stating that the receiving party would not raise any objection in future and issuing the undertaking after full satisfaction of payment, it always open to the the party to claim objection after full & final bill payment. The undertaking would act as estoppels. Since in the present case there was not such undertaking is on record the fore party can raise the claim even after final bill payment.

Another important point decided in the present case that once the matter referred to the arbitrator and both the parties participate before the arbitrator in arbitral proceedings, it is not open for party to say that matter in dispute was not a subject matter of arbitration. It is really useful case of commercial laws.

Regards

Ambrish Tiwari

MBA, LL.B

Source : -
