



Press Release

23.08.2024

Directorate of Enforcement (ED), Hyderabad Zonal Office has filed Prosecution Complaint (PC) against several NBFCs, Fintech companies and individuals involved in instant loan lending business through various mobile applications before the Hon'ble Special MSJ Court, Nampally, Hyderabad under the provisions of Prevention of Money Laundering Act (PMLA), 2002 and the Hon'ble Court has taken cognizance of the PC on 22.08.2024.

ED initiated investigation on the basis of 43 FIRs registered in 2020-21 by the Cyber Crime Police Station, Cyberabad and Rachakonda in Telangana State against various mobile applications and mobile numbers associated with various Fintech companies and NBFCs.

ED investigation revealed that various Fintech companies used their funds and entered into agreements with defunct / dormant / non-performing NBFCs to indulge in short term lending at exorbitant rates and by charging very high processing fees through mobile applications. The mobile loan apps, while sanctioning loan, took access of private data of the borrowers such as images, messages and contact details. This data was then misused to coerce the borrowers to repay the loans. The borrowers were also offered loans at higher interest rates through other related loan apps so repay their existing loans which resulted in the borrowers falling in debt traps. Harassment and extortion compelled several borrowers to commit suicide.

ED had earlier issued five Provisional Attachment Orders attaching properties of various Fintech companies and NBFCs worth Rs. 346.86 Crore. Further, Proceeds of Crime (POC) worth Rs. 434 Crore approx. in the form of bank account balances were put under freeze during search operations conducted in the case. These attachments and freezing orders have been confirmed by the Adjudicating Authority, PMLA.

Further investigation is under progress.