Inclusion of advocate's name in RBI Caution List for alleged professional negligence, absent fraud, is illegal as misconduct must be addressed by Bar Council :

The Supreme Court held that a bank **cannot include an advocate's name in the RBI/IBA Caution List merely for alleged professional negligence** when there is no finding of fraud, dishonesty, or deliberate misconduct.

Key Findings

- The advocate's name was included in the Caution List based solely on allegations of **professional negligence**.
- RBI guidelines and related circulars **do not empower banks or the Indian Banks' Association (IBA)** to assess, adjudicate, or penalize the professional competence of advocates.
- Questions relating to an advocate's professional misconduct fall exclusively within the jurisdiction of the **State Bar Council** under the **Advocates Act, 1961**.
- In the absence of fraud or intentional wrongdoing, placing the advocate's name on the Caution List and making derogatory remarks was held to be **illegal and without authority of law**.

Court's Decision

- The inclusion of the advocate's name in the Caution List was **set aside**.
- Any allegations regarding professional misconduct must be referred to the appropriate **Bar Council** for disciplinary proceedings.

Significance

- Protects advocates from being blacklisted by banks for alleged professional lapses without due process.
- Clarifies that professional misconduct can be examined only by statutory bodies established under the Advocates Act.
- Distinguishes **professional negligence** from **fraud or deliberate misconduct** for the purpose of RBI caution mechanisms.

One-Line Summary

The Supreme Court ruled that banks cannot blacklist advocates in the RBI/IBA Caution List for alleged professional negligence alone; any misconduct allegations must be addressed by the Bar Council under the Advocates Act, and only cases involving fraud or deliberate wrongdoing may justify such action.