

UPI Frauds in India: Your legal rights and How to recover your money

Unified Payment Interface has revolutionized the digital payment system. It has enabled quick, secure, and flawless transactions. With millions of transactions taking place every day in India, it has become one of the most widely used digital platforms in the country. Now this widespread and rapid growth of UPI has led to scammers and fraudsters discovering an all new platform to exercise their deceptive skills. From crimes as common as phishing scams and fake payment requests to sophisticated frauds such as screen-sharing app scams and SIM-swapping attacks, UPI-related cybercrime has become more common than they sound. These frauds do not have a limit when it comes to choosing a victim, they can be ordinary people making small transactions to business owners handling large amounts online.

Since no crime goes unseen in the eye of law, there are legal rights and remedies for people aggrieved by such frauds. Many victims are unaware of the fact that the Indian law provides protection from unauthorized online transactions and digital frauds. Moreover, with timely reports and adherence to legal procedures, what's been lost can be recovered and the perpetrators can be held liable.

The Information Technology Act, 2000, RBI regulations, and banking dispute resolution mechanisms established by the Reserve Bank of India and the National Payments Corporation of India, are the main legal frameworks and regulations that define the governing structures for UPI Frauds. Under the Section 66C of the Information Technology Act, identity theft involving passwords, OTPs, or banking credentials is punishable with imprisonment and fine. Additionally, Section 66D further criminalizes cheating by personation using computer resources, which directly covers fraudulent UPI calls, fake customer care scams, phishing links, and QR-code frauds. In serious cases, provisions relating to cheating and criminal breach of trust under the Bharatiya Nyaya Sanhita, 2023 may also apply.

Victims of UPI fraud are not left without remedies. The RBI's Guidelines on Limiting Liability of Customers in Unauthorized Electronic Banking Transactions protect customers from bearing the entire loss in cases where fraud occurs without the customer's negligence. According to these guidelines, if a victim reports the unauthorized transaction promptly, the bank may provide zero or limited liability protection depending upon the circumstances of the fraud. Therefore, the first and

most important step after discovering a fraudulent transaction is immediate reporting. Victims should instantly call the national cybercrime helpline 1930 and file a complaint on the National Cyber Crime Reporting Portal. Simultaneously, the transaction must be reported to the bank and the UPI platform used for payment. Early reporting increases the possibility of freezing the beneficiary account before the funds are withdrawn.

Further remedies are available through the RBI Integrated Ombudsman Scheme, 2021. If banks or payment service providers fail to resolve the grievance within the prescribed period, victims may escalate the complaint before the Banking Ombudsman. In addition, the NPCI also provides a dispute redressal mechanism for failed or unauthorized UPI transactions. Through this system, users can raise complaints regarding unauthorized payments, delayed reversals, or fraudulent transfers directly on their payment applications.

The growing seriousness of digital payment frauds has also attracted judicial attention. Recently, the Delhi High Court issued notice on a Public Interest Litigation seeking comprehensive guidelines to curb rising UPI frauds and ensure faster recovery for victims. The petition highlighted the alarming increase in digital payment frauds and sought stronger recovery mechanisms, mandatory KYC-compliant accounts for UPI usage, and an integrated complaint platform connecting banks, telecom operators, cybercrime authorities, and payment service providers. The Court sought responses from the Union Government, RBI, and NPCI regarding the lack of a unified and effective framework for investigation and victim compensation.

Although recovery of lost money in UPI fraud cases is not guaranteed, timely legal action significantly improves the chances of restitution. The increasing judicial scrutiny and regulatory intervention surrounding digital payment frauds demonstrate that Indian law is gradually adapting to the challenges posed by rapidly evolving cybercrime. Awareness, prompt reporting, and knowledge of legal remedies remain the strongest tools available to victims of UPI fraud in India.

In a country that is quickly becoming a cashless economy UPI has changed the way people make transactions. Things that used to take a long time and involve a lot of paperwork can now be done in just a few seconds using a mobile phone.. The thing that makes UPI so good is also what makes it easy for cybercriminals to take advantage of people who are not careful. As more and more people start using payment systems it is just as important to know about the law as it is to know about technology. There are more cases of UPI fraud happening and this shows that we need to have better cybersecurity measures in place as well as stricter ways of checking who people are. We also need to

make sure that people are aware of the scams that are out there. At the time people who have been victims of fraud should know that they are not powerless. The laws in India, the rules made by the RBI and the systems in place for dealing with complaints all provide ways to protect users and help them get back money that has been lost as long as they act quickly. If people report transactions right away it is more likely that the money that was stolen can be frozen and the people who did it can be caught. In the end it is not up to the banks or the government to stop UPI fraud. Everyone needs to be careful including institutions, the people who make the rules, the companies that provide the technology and the users themselves. In the present times, being aware of what is going on and taking action quickly is the best way to protect yourself from cyber fraud. UPI fraud is a problem and we all need to work together to stop UPI fraud from happening. We need to be careful when we use UPI to make sure that we do not become victims of UPI fraud.