

LEGAL AND JUDICIAL

How to File a Cheque Bounce Case in Nepal?

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Cheque bounce in Nepal involves legal action for a dishonored cheque under the Negotiable Instruments Act and Banking Offence and Punishment Act, including possible recovery, fines, interest, and imprisonment.

A **cheque bounce case in Nepal** arises when a cheque issued by a person, company, firm, or other drawer is presented to the concerned bank for payment but the bank does not make payment in circumstances recognized by law. The principal legal framework includes the [Negotiable Instruments Act, 2034 \(1977\)](#) and the [Banking Offence and Punishment Act, 2064 \(2008\)](#). The exact legal route depends on the facts, the nature of the transaction, the date of the cheque and dishonour, and the legal provision invoked.

Under Section 65 of the Negotiable Instruments Act, a cheque is dishonored when the drawee bank refuses to pay the amount payable under the cheque. Section 107A provides a specific consequence where a person knowingly issues a cheque despite having no sufficient deposit and the cheque is dishonored because of insufficient funds. The law provides recovery of the cheque amount and interest along with criminal punishment. Section 108 provides a five-year limitation for proceedings under the Negotiable Instruments Act.

The [Supreme Court of Nepal](#) has also considered the relationship between the Negotiable Instruments Act and the Banking Offence and Punishment Act. Therefore, a cheque dishonour matter should be examined according to the applicable statutory provision rather than treating every returned cheque automatically as the same type of legal case. [Adalat Lawyers in Nepal](#).

1. What Is a Cheque Bounce Case in Nepal?

A cheque bounce, commonly called **cheque dishonour or cheque anadar**, occurs when a cheque presented for payment is not paid by the drawee bank. Section 65 of the Negotiable Instruments Act, 2034 recognizes dishonour where the drawee refuses to make the payment required under the cheque. In cases involving insufficient funds, Section 107A becomes particularly relevant where the drawer knowingly issued a cheque without sufficient deposit and the cheque was dishonored for that reason.

The Supreme Court has explained that a cheque does not become legally dishonored merely because a dispute exists between the parties. The circumstances of presentation and the reason for non-payment must be established. Bank records and the bank's dishonour certification therefore have significant evidentiary value.

A cheque bounce case may involve recovery of the cheque amount, interest and criminal consequences depending on the legal route followed.

2. What Laws Govern Cheque Bounce Cases?

The two principal statutes relevant to cheque dishonour are the **Negotiable Instruments Act, 2034** and the **Banking Offence and Punishment Act, 2064**. The Negotiable Instruments Act contains provisions dealing directly with negotiable instruments, presentation, dishonour and remedies. Section 107A specifically addresses issuance of a cheque despite knowing that the drawer does not have sufficient deposit.

The Banking Offence and Punishment Act also prohibits knowingly issuing a cheque when the account does not contain sufficient funds. Section 3(c) prohibits knowingly drawing a cheque when the account does not have the amount necessary to cover it. Section 15 provides the punishment applicable to an offence under Section 3, including recovery of the amount, a fine corresponding to the amount and imprisonment up to three months.

The Supreme Court has recognized that these statutory provisions can provide different procedural routes depending on the facts and applicable law.

3. Who Can File a Cheque Bounce Case?

The person legally entitled to receive payment under the cheque can generally initiate proceedings when the cheque is dishonored. This may be the named payee, lawful holder or another person who has legally acquired the rights attached to the negotiable instrument. The claimant must establish his or her connection with the cheque and the underlying transaction where required.

For a proceeding under the Negotiable Instruments Act, the holder's rights arise from the statutory provisions governing negotiable instruments. Section 107A specifically permits recovery of the cheque amount and interest from the drawer in the circumstances stated by that section.

Where the matter proceeds under the Banking Offence and Punishment Act, the case is treated as a government-prosecuted criminal matter. Section 18 provides that offences punishable under that Act are government cases.

The appropriate claimant and procedure should therefore be determined after reviewing the cheque, bank return record and transaction documents.

4. Where Can You File a Cheque Bounce Case?

The appropriate forum depends on the statutory provision under which the proceedings are initiated and the jurisdiction applicable to the particular case. A cheque dishonour matter under the Negotiable Instruments Act is distinct in character from a government-prosecuted banking offence under the Banking Offence and Punishment Act.

Under Section 17 of the Banking Offence and Punishment Act, a complaint concerning an offence under that Act may be filed within one year from the date on which the offence became known, and the Government of Nepal must file the case before the court specified by notification within six months from registration of the complaint.

For a Negotiable Instruments Act proceeding, Section 108 provides a five-year limitation from the date on which the cause of action arises.

Because jurisdiction can depend on the applicable law and transaction circumstances, the claimant should identify the correct court or authority before filing.

5. What Conditions Make a Cheque Legally Dishonored?

A cheque is legally dishonored when the drawee does not make the payment required under the cheque. Section 65 of the Negotiable Instruments Act provides for dishonour when the drawee refuses to pay the amount payable. Insufficient balance is one recognized banking reason for non-payment.

The Nepal Rastra Bank's cheque clearing framework identifies several return reasons, including **insufficient funds, account closed, payment stopped by court order, drawer deceased, signature differences, stale cheque and other technical reasons**.

For a claim under Section 107A, however, the statutory requirements are more specific. It concerns a person who knowingly issues a cheque despite having no deposit or insufficient deposit and the cheque is subsequently dishonored because of insufficient funds.

Therefore, the bank's written reason for returning the cheque should be preserved carefully.

6. What Documents Are Required for Filing?

The claimant should preserve the original cheque and all documents showing its presentation and dishonour. The documents should establish the identity of the drawer, the claimant's entitlement, the cheque amount, presentation and reason for non-payment.

Common supporting documents include:

- Original dishonored cheque.
- Bank's cheque return or dishonour certificate.
- Bank statement or relevant account information.
- Copy of the cheque deposit or presentation record.
- Agreement, loan document, invoice or transaction document, where applicable.
- Correspondence concerning payment.
- Identity documents of the claimant.
- Documents establishing authority where the claimant is a company or institution.
- Previous payment demands or notices, if any.
- Relevant correspondence with the drawer.

The exact documentary requirement depends on the statutory proceeding and facts. A bank record is particularly useful because it establishes that the cheque was actually presented and records the reason for non-payment. The Supreme Court has relied on bank evidence concerning insufficient funds in cheque dishonour proceedings.

7. How to Send a Cheque Dishonor Notice?

A written demand notice is generally useful after cheque dishonour because it gives the drawer an opportunity to make payment and creates documentary evidence concerning the dispute. The notice should identify the cheque, date, amount, bank, dishonour information and amount claimed.

A practical notice should contain:

- Name and address of the drawer.
- Name and address of the payee or holder.
- Cheque number and date.
- Bank and branch details.
- Cheque amount.

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- Date of presentation.
 - Reason for dishonour.
 - Demand for payment.
 - Reference to applicable legal consequences.
 - A reasonable period for compliance.

The Negotiable Instruments Act contains provisions concerning notice of dishonour and the drawer's liability. Section 15 also recognizes the drawer's obligation following proper notice of dishonour.

The notice should not contain inaccurate allegations. Supporting documents should be preserved with proof of delivery.

8. How to File a Cheque Bounce Case?

The filing process depends on whether the claimant proceeds under the Negotiable Instruments Act or the Banking Offence and Punishment Act. A lawyer should first examine the cheque, bank return document, transaction and limitation period.

Steps for filing generally include:

1. **Obtain the original cheque and bank dishonour document.**
2. **Confirm the reason for cheque dishonour.**
3. **Review the transaction and establish the claimant's legal entitlement.**
4. **Calculate the principal amount and applicable interest.**
5. **Prepare a written demand or legal notice where appropriate.**
6. **Determine the applicable statutory remedy.**
7. **Prepare the complaint, plaint, or required legal application.**
8. **Attach relevant documentary evidence.**
9. **File before the legally competent authority or court.**
10. **Attend subsequent hearings and provide additional evidence when required.**

Under the Banking Offence and Punishment Act, the complaint and prosecution follow the government-case framework because Section 18 classifies offences under that Act as government cases.

9. What Happens After Filing a Cheque Bounce Case?

After filing, the competent authority examines the allegations, documents and legal requirements. Where criminal investigation is required, the investigating authority may collect bank records, transaction documents, statements and other evidence. The accused may be required to appear and respond according to the applicable criminal procedure.

Under the Banking Offence and Punishment Act, the investigating authority may request documents, account details and other information from persons or institutions under Section 19B. Banks and financial institutions also have duties to provide necessary assistance during investigation.

The court may subsequently conduct hearings, consider documentary and oral evidence, examine witnesses where required and determine whether the statutory offence has been established.

A claimant should retain the original cheque and banking records throughout the proceeding. The court ultimately determines liability according to the evidence and applicable law.

10. How Long Does a Cheque Bounce Case Take?

There is no single statutory period within which every cheque bounce case must be finally decided. The duration depends on the court, nature of the case, service of notices, appearance of parties, evidence, witnesses, adjournments, settlement efforts and appeals.

The law does prescribe limitation periods for commencing particular proceedings. Section 108 of the Negotiable Instruments Act provides that a negotiable-instrument case cannot be filed after five years from the date on which the cause of action arose.

For offences under the Banking Offence and Punishment Act, Section 17 provides a one-year period for filing the complaint from the date the offence becomes known, followed by a six-month period for the Government to file the case after the complaint is registered.

Therefore, parties should not confuse **limitation for filing** with the **time required for final disposal**.

11. What Costs and Government Fees Apply?

The total cost of a cheque bounce case depends on the legal route, amount involved, court requirements, lawyer's professional fee, documentation, notices, copies, service expenses and other case-related costs. There is no single universal figure applicable to every cheque dishonour matter.

A claimant may incur expenses for:

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- Lawyer's professional fees.
 - Preparation of legal documents.
 - Legal notice and delivery.
 - Certified copies of bank records.
 - Court filing requirements.
 - Document certification where required.
 - Witness-related expenses.
 - Travel and appearance expenses.
 - Appeal or execution-related expenses, if applicable.

Government fees should be confirmed from the applicable court's current schedule because court fees and procedural charges can vary according to the proceeding and applicable law. The Supreme Court maintains information relating to court procedures and fees.

A lawyer should provide the client with a separate estimate of professional fees and government or administrative expenses.

12. What Remedies Are Available to the Payee?

The principal remedy in a cheque dishonour proceeding may include recovery of the cheque amount, interest and statutory criminal punishment where the requirements of the applicable law are established.

Section 107A of the Negotiable Instruments Act provides that where its conditions are satisfied, the cheque holder may recover the amount stated in the cheque and interest from the drawer, while the drawer may face imprisonment of up to three months, a fine of up to three thousand rupees, or both.

The Banking Offence and Punishment Act contains a different punishment framework. Under Section 15(1), an offence under Section 3 may result in recovery of the amount, a fine equal to the amount and imprisonment of up to three months.

The applicable remedy should be selected according to the facts, statutory requirements and prevailing judicial interpretation.

13. Which Authorities Handle Cheque Bounce Cases?

Different authorities can become involved depending on the legal route. Banks and financial institutions first process the cheque and provide the relevant return information. The competent investigating authority may investigate an offence where criminal proceedings are initiated under applicable law. Government attorneys may participate in government-prosecuted cases.

The **Nepal Rastra Bank** regulates the banking and payment system and issues applicable directives and procedures concerning cheque clearing and banking operations. Its current materials include procedures concerning certification of cheque dishonour.

Courts determine criminal or civil consequences according to the applicable jurisdiction and statute. The Supreme Court's published decisions demonstrate that cheque dishonour matters have been considered as criminal cases under the relevant statutory framework.

The correct authority should therefore be identified after determining whether the matter proceeds under the Negotiable Instruments Act, Banking Offence and Punishment Act, or another applicable law.

14. What Legal Services Can Lawyers Provide?

A lawyer can assist from the initial examination of the cheque through filing, evidence collection, court proceedings and execution of the final decision. Legal assistance can also reduce errors concerning limitation, jurisdiction, statutory provisions and documentary evidence.

Lawyers can generally assist with:

- Reviewing the original cheque and bank return document.
- Examining the underlying transaction.
- Determining the applicable legal remedy.
- Preparing a cheque dishonour notice.
- Drafting the complaint or court filing.
- Preparing documentary evidence.
- Coordinating with banks and relevant authorities.
- Representing the claimant before the competent court.
- Conducting evidence and witness proceedings.
- Seeking recovery of the cheque amount and applicable interest.

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- Handling settlement or compromise where legally permissible.
 - Conducting appeal and judgment-execution proceedings.

Adalat Lawyers in Nepal can provide legal assistance based on the particular facts and documents of a cheque bounce dispute. Because cheque cases can involve different statutory routes, the legal assessment should be completed before filing.

15. What Checklist Should You Follow Before Filing?

Before filing a **cheque bounce case in Nepal**, the claimant should verify the cheque, banking evidence, transaction and limitation period. A defective or incomplete filing can create procedural difficulties and may affect the claimant's ability to obtain relief.

Pre-filing checklist:

- Confirm the original cheque is available.
- Verify the cheque number and amount.
- Confirm the drawer's name and bank.
- Obtain the bank's dishonour or return document.
- Confirm the exact reason for non-payment.
- Check the cheque presentation date.
- Preserve bank statements and transaction records.
- Collect agreements, invoices, receipts or loan documents.
- Preserve messages and written communications.
- Establish the claimant's legal entitlement.
- Calculate the amount and applicable interest.
- Check the statutory limitation period.
- Identify the appropriate legal remedy.
- Identify the competent authority or court.
- Obtain professional legal advice before filing.

The Supreme Court has emphasized the need to establish the legal conditions of cheque dishonour and has considered the presentation of the cheque within the legally prescribed period.

Frequently Asked Questions About Cheque Bounce Cases

1. What is cheque bounce under Nepali law?

Cheque bounce means that a cheque presented for payment is not paid by the drawee bank. Section 65 of the Negotiable Instruments Act recognizes dishonour when payment is refused. Where insufficient funds are involved, Section 107A may apply if the statutory conditions are satisfied, including knowledge of insufficient deposit when the cheque was issued.

2. Who can file a cheque bounce case?

The person legally entitled to receive payment under the cheque can generally pursue the applicable remedy. The claimant must establish his or her legal relationship with the cheque and transaction. Depending on the statute used, the proceeding may be brought by the holder or proceed as a government-prosecuted criminal case.

3. Where should a cheque bounce case?

The proper forum depends on the statutory provision and facts of the transaction. A proceeding under the Negotiable Instruments Act follows its applicable procedure, while an offence under the Banking Offence and Punishment Act follows the government-case framework. The competent court should therefore be identified before filing.

4. What documents are required for filing?

The original cheque and bank dishonour document are the primary documents. Other useful evidence includes bank statements, agreements, invoices, receipts, loan documents, correspondence, identity documents and proof establishing the claimant's entitlement. Additional documents may be required depending on the transaction and statutory provision under which the case is filed.

5. Is legal notice required before filing?

A written legal notice is highly useful because it records the demand for payment and gives the drawer an opportunity to resolve the outstanding amount. The Negotiable Instruments Act contains provisions concerning notice of dishonour. The precise notice requirement should be assessed according to the legal remedy being pursued.

6. How long does cheque litigation take?

There is no fixed period for final disposal of every cheque case. The duration depends on evidence, service, appearances, hearings, witnesses, court workload and possible appeals. However, limitation periods apply to filing. For example, Section 108 of the Negotiable Instruments Act provides a five-year limitation for proceedings covered by that provision.

7. What government fees apply to cheque cases?

Government charges depend on the applicable proceeding and current court fee requirements. Lawyer's professional fees are separate from government fees. Expenses can also arise for notices, certified copies, document preparation and other procedural services. Because charges may change, the applicable court or legal professional should confirm the current payable amount before filing.

8. Can I recover money from issuer?

Yes, recovery of the cheque amount can form part of the available legal remedy when the statutory requirements are established. Section 107A of the Negotiable Instruments Act provides for recovery of the cheque amount and interest in qualifying cases. The Banking Offence and Punishment Act also provides for recovery of the amount in offences covered by Section 15.

9. What happens after cheque dishonor?

After dishonour, the payee should preserve the original cheque and obtain the bank's written return or dishonour record. The transaction should then be legally reviewed, the applicable limitation checked and the appropriate remedy selected. Depending on the legal route, proceedings may involve investigation, prosecution, evidence, hearings and eventual judgment.

10. Can a lawyer file cheque cases?

A lawyer can prepare and represent the client in accordance with the applicable procedural law and court rules. The lawyer can review the cheque, prepare legal documents, present evidence, conduct hearings and handle related proceedings. For government-prosecuted offences, the lawyer's role differs from that of the government attorney responsible for prosecution under the applicable statute.

Legal note: The principal statutory provisions discussed above are the **Negotiable Instruments Act, 2034** and the **Banking Offence and Punishment Act, 2064**. The Supreme Court has interpreted the relationship between these laws, including the availability of different legal routes for cheque dishonour. The exact remedy should therefore be

determined from the date, reason for dishonour, transaction, available evidence and applicable law.

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