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THE FEDERAL TAX OMBUDSMAN ISLAMABAD

Complaint No.16882/MLN/Cust/2026

Dated: 19.09.2026* R.O. Multan

Mr. Shahan Ahmad,

House No.1775/A44, St. No.10,
Noor Colony, Multan.

... Complainant

V e r s u s

The Secretary,
Revenue Division,
Islamabad.

... Respondent

Dealing Officer	: Dr. Khalil Ahmad, Advisor
Authorized Representative	: Complainant in person
Departmental Representative	: Mr. Yawar Hayat, Deputy Collector, Customs Enforcement, Multan

Date of Hearing(s) : 08.10.2026

FINDINGS/RECOMMENDATIONS

This Complaint has been filed in terms of Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance), against an order issued by Collector, Customs Multan banning the Complainant from participating in auctions for an unspecified period.

2. The complaint was sent for comments to the Secretary Revenue Division, in terms of Section 10(4) of the FTO Ordinance read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act, 2013. In response thereto, the Collector, Collectorate of Customs Enforcement, Multan forwarded para-wise comments of Deputy Collector dated 30.09.2026 vide letter dated 01.10.2026 stating that on 25.08.2026, the Deptt conducted an auction in which Lot No. 305/2025-HPK containing F/o Suzuki Alto Car, Model: 2005, was put to auction, for which complainant namely Mr. Shahan Ahmed R/o House No. 1775/A44, Street No. 10, Noor Colony, MDA

* Date of registration in FTO Sectt.



Chowk, Multan (CNIC: 36302-0252785-1) offered highest bid amounting to Rs.1,010,000/- against the said lot. His bid was accepted provisionally and he was directed to deposit the earnest money i.e. 25% of the bid amount immediately at the spot as required under Rule 67 of Customs Rules, 2001 (the Rules). However, complainant refused to deposit the requisite earnest money and also declined to sign a prescribed undertakings relating to inspection of the goods/vehicle before auction. In view of the aforesaid conduct and violation of the prescribed auction procedure, complainant was debarred from participating in the auctions conducted by this Collectorate in future vide this office letter No. COC/Enf/Auc/43/2026/5397 dated 03.09.2026. For the sake of clarity the Dept'l parawise comments explaining the reasons are reproduced as under:

Quote

“In the subject complaint, Complainant raised objection regarding two (02) undertakings to be signed by the successful bidders on the spot. The allegation is without merit and denied on following grounds;

- a. One of the undertakings obtained from successful bidders was introduced pursuant to the directions of the FTO, Islamabad, issued vide Para 8(iii)(b) of Complaint No. 30014/MLN/Cust/ 2025 dated 05.05.2026, under Rule 75(2) of the Rules, with the object of minimizing post-auction disputes and ensuring that bidders satisfy themselves regarding the condition of goods before participating in the auction. Subsequently, the requirement has also been incorporated in the Customs Rules through SRO 1630(I)/2026 dated 18.09.2026, whereby Rule 73 has been amended to require the



successful bidder to furnish an undertaking confirming inspection of the goods prior to auction.

b. Under the previously operated WeBOC module, auctioned vehicles were processed through two separate PSIDs corresponding to the 25% earnest money and the remaining 75% sale proceeds. Following introduction of the revised WeBOC module in January 2026, only a single PSID can be uploaded. Accordingly, the original Pay Order is temporarily retained as security to facilitate processing under the revised WeBOC mechanism and to secure the successful bidder's obligation to deposit the balance sale proceeds. In case of failure to deposit the balance amount within the prescribed period, the earnest money is liable to forfeiture under Rule 69 of the Rules. Upon deposit of the entire sale proceeds, the original Pay Order is returned to the successful bidder. This practice has been in operation for several months and is well known to regular auction participants, including the complainant.

c. The Pay Order remains the property of the bidder and is retained only for the aforesaid administrative and security purposes. The Department derives no financial benefit from such retention, nor does the arrangement involve any mala fide intention.

d. Rule 67 of the Rules expressly requires every successful bidder to deposit 25% of the highest bid as earnest money immediately after the fall of the hammer, failing which the bid is liable to cancellation. The complainant's refusal to deposit the prescribed earnest money, therefore, constituted a violation of the



mandatory auction procedure.

The complainant has further alleged that he was debarred from auctions conducted by other Collectorates. The allegation is incorrect. The debarment order issued by this Collectorate applies only to auctions conducted by this Collectorate. A copy of the order was communicated to other Collectorates for information only; no order of debarment from auctions conducted by other Collectorates was issued by this office.

Regarding the complainant's objection that SRO 1630(I)/2026 refers to "goods" and does not specifically mention vehicles, it is submitted that the objection is misconceived. The requirement of prior inspection is equally relevant to vehicles, which are auctioned on an "as is where is" basis as per Rule 65(ii) of the Rules, notified vide SRO 450(I)/2001 dated 18.06.2001. The Customs auction framework covers both goods and vehicles, and the requirement of obtaining an undertaking regarding prior inspection is intended to ensure that a successful bidder has satisfied himself regarding the condition of the auctioned property before participating in the bidding.

It is further submitted that the complainant was not treated differently from other bidders. Similar action has been taken in cases where successful bidders failed to deposit the mandatory earnest money immediately after the fall of the hammer and/or declined to comply with the prescribed auction requirements.

It is pertinent to mention that, in his previous lengthy Complaint No. 12592/MLN/CUST/2026, the complainant sought to build a case around an alleged sealed bid of



Rs.2,750,000/-, which he failed to substantiate from any contemporaneous auction record. However, the complainant has again adopted the same approach by incorporating allegations concerning unrelated lots in which he neither participated nor had any direct interest, apparently seeking to give substance and magnitude to otherwise unsupported assertions.” Unquote



3. During hearing on 08.10.2026, the Complainant & Deputy Collector Customs, Multan attended. Case was discussed at length.

4. The root cause of this complaint is based on an order issued by Collectorate of Customs, Multan under Rule 75(1)(iii) of the Rules banning the entry of the Complainant in the premises / auctions conducted by Customs House Multan with immediate effect until further order. The Collectorate of Customs, Multan has justified the said action on the basis of alleged misconduct of the Complainant during the process of auction held on 25.08.2026 at the Customs House. The Complainant offered highest bid for Lot No. 305/2025-HPK containing F/o Suzuki Alto Car, Model 2005 offering the bid at Rs.1.010 million. The Complainant was statedly asked to deposit 25% of the bid money immediately on the spot. He was also required to sign an undertaking which the Complainant refused. Consequent to this act of the Complainant, the Collector exercised his powers under Ruled 75(1)(iii) of the Rules and banned his entry in premises of said Collectorate and also debarred him to participate in future auction to be held by the said Collectorate.

5. The Complainant on his part has agitated against the aforementioned order for the following grounds:

- (i) Through the said order the Complainant has been barred to participate in auction proceedings throughout

the country. The Complainant has been punished for not filing an undertaking on the basis of an office order issued by the Collectorate of Customs, Multan bearing No.3420 dated 05.06.2026 which states that:

Quote

“In compliance with directions of the Hon’ble Federal Tax Ombudsman, Islamabad issued vide Para 8(iii)(b) in Complaint No.30014/MLN/Cust/2025 dated 05.05.2026, all bidders shall furnish a written undertaking to the effect that they have physically inspected the goods against which the bid is to be offered and are fully satisfied with its description, nature, condition, quantity, quality and weight thereof under Rule 65(ii) of the Customs Rules, 2001.

This issues with the approval of Collector, Collectorate of Customs Enforcement, Multan in terms of Rule 75(2) of Customs Auction Rules, 2001 notified vide S.R.O 450(I)/2001 dated 18.06.2001.” Unquote

- (ii) The Complainant has argued that this order is illegal because the said office order has no legal locus standi. The Sub-rule 73(5) has been added on a later date vide SRO 1630(I)/2026 dated 18.09.2026 whereby Rule 73 has been amended by adding sub-rule (5) in the following manner:

“(5) The successful bidder shall give an undertaking that he has inspected the goods for which bidding is being done, in the form as set out in Appendix-A to this Chapter”:

- (iii) The Complainant has agitated that the office order dated 05.06.2026 issued by the Collector to furnish a written undertaking prior to issuance of SRO is illegal.

FINDINGS:

6. The Complainant participated in an auction held on 25.08.2026 and was winner of the bid for Lot No. 305/2025-HPK containing F/o Suzuki Alto Car, Model 2005. He fully qualified for it



as has been admitted by the Deptt. After being announced a successful bidder, he was asked to file an undertaking on a proforma issued by the Collectorate of Customs Multan as described in Para 5(i). The Complainant refused to sign this undertaking by holding it without any legal sanctity because amendment in Auction Rules made through SRO 1630(I)/2026 dated 18.09.2026 were subsequent in point of time. The Collectorate Customs has, however, argued that the said undertaking was required to be filed on the strength of an office order dated 05.06.2026 issued by Collector based on Recommendations given by the forum of FTO in C. No. 30014/MLN/Cust/2025 dated 05.05.2026 to ensure transparency and pre-empt the auction related litigations.



7. The Collectorate of Customs, Multan has also argued that the Complainant is a habitual litigant and disrupts the auction proceedings held by the Collectorate.

8. The plea taken by the Complainant that he has been banned to participate in auction proceedings throughout the country is incorrect because the Collector has issued the said order restricting him to participate in any auction held by the Collectorate of Customs, Multan. The copy of this order has been circulated to other filed formations of Customs Deptt just for the sake of information. The said banning order, however, debars Complainant for an indefinite period, which appears excessive and harsh.

9. No clear act of maladministration has been established. The undertaking which was declined for signature by the Complainant appears to have been issued in good faith which has subsequently been addressed by the FBR by amending the Auction Rules though SRO 1630(I)/2026 dated 18.09.2026.

RECOMMENDATIONS:

10. The Collector, Customs, Multan shall revisit his order No. COC/Enf/Auc/43/2026/5397 dated 03.09.2026 by restricting the ban imposed on the Complainant for a period of one year.

11. Report compliance within thirty (30) days.

Dated: 20 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman

