

**THE FEDERAL TAX OMBUDSMAN
ISLAMABAD**

Complaint No.16634/QT/CUST/2026

Dated: 15.09.2026* R.O. Quetta

M/s Friends Chemicals,

C/o Mr. Raja Ahmed Cheema, Advocate, ... Complainant
Office No. 14-15, 1st Floor, Fazal-e-Miran Law Chambers,
4-Mozang Road, Lahore.

Versus

The Secretary,

Revenue Division, ... Respondent
Islamabad.

Dealing Officer

Authorized Representative

Departmental Representative

Date of Hearing

: Mr. Tausif Ahmad Qureshi, Advisor

: Mr. Raja Ahmed Cheema, Advocate

: Mr. Yawar Hayat, D.C., Customs Enforcement

: 05.10.2026

FINDINGS

The above complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against the Collectorate of Customs (Enforcement), Multan on account of alleged delay to refund sale proceeds in terms of the judgment of the Customs Appellate Tribunal.

2. Briefly, the Complainant alleges maladministration against the Collector of Customs, Multan and the Deputy Collector of Customs, Multan for allegedly auctioning his lawfully imported goods at a throwaway price without notice or intimation, despite their unconditional release by the Customs Appellate Tribunal vide order dated 16.04.2025 in Customs Appeal No. 666/LB/2024, which attained finality as it was not challenged by the Collector. The goods, namely light aliphatic hydrocarbon solvent, were seized on 25.07.2024 for alleged transportation without payment of duty and taxes, alongside purported violations of the Petroleum Act, 1934, which the Complainant claims were baseless and beyond Customs jurisdiction. Further added that the Collector of Customs (Adjudication), Faisalabad, vide Order-

*Date of registration in FTO Secretariat



in-Original No. 493/2024 dated 02.10.2024, confiscated the goods without considering or verifying the available import documents. The Complainant challenged the order before the Customs Appellate Tribunal, which restrained auction during the appeal and subsequently allowed provisional release against a post-dated cheque to avoid mounting detention, demurrage and tanker rent charges. Nevertheless, the Collector allegedly declined implementation pending final adjudication. After examining GD No. QCSI-HC-617 dated 15.07.2024, the commercial invoice, packing list, laboratory report and release order dated 18.07.2024, the Tribunal allowed the appeal and ordered unconditional release of the goods on 16.04.2025. Despite submission of the certified order, the Collector allegedly delayed compliance on the basis of consultation with the Law Committee, and neither released the goods nor challenged the Tribunal's order before the Lahore High Court within the prescribed period. The goods were subsequently auctioned without notice, while the oil tanker was released vide order dated 20.08.2025, and the auction proceeds remained unpaid for over one year and a half. Despite repeated requests, the concerned Collector and Deputy Collector failed to issue the refund payment order or remit the sale proceeds. The Deputy Collector (Law), bearing letter dated 19.08.2025 informed the Deputy Collector (Refund) that the matter was pending with Mr. Jawad ul Hassan, Deputy Collector, the final issuing authority. The Complainant has prayed that these actions were unlawful, mala fide and without jurisdiction, causing financial loss and deprivation of his lawful property. Further prayed that since the auction and related actions were illegal, directions for refund of the entire sale proceeds and appropriate compensation, along with any other relief deemed appropriate.

3. The complaint was referred for comments to the Secretary, Revenue Division, Islamabad in terms of Section 10(4) of the FTO Ordinance, 2000 read with Section 9(1) of the Federal Ombudsmen Institutional Reforms Act,



2013. In response thereto, the Collectorate submitted reply bearing letter dated 30.09.2026 that the claimant, through legal counsel, filed a claim on 17.07.2025 for refund/payment of sale proceeds of auctioned goods. The record shows that judgment in Customs Appeal No. 666/LB/2024 was passed on 16.04.2025. Therefore, the complaint is stated to be time-barred under Section 10(3) of the Federal Tax Ombudsman Ordinance, 2000, which requires complaints to be filed within six months of acquiring knowledge of the matter, unless special circumstances warrant investigation in the interest of justice. Further added that personal hearings were offered to the Complainants/claimants bearing letter C. No. 92-CoC/Enf/Ref/2025/4902 dated 07.08.2026 and reminder C. No. 92-CoC/Enf/Ref/2025/5717 dated 23.09.2026 to establish lawful ownership and the refund claim. Despite due notices and considerable time, neither the Complainants/claimants nor their representatives appeared, which indicates that the complaint is baseless and frivolous and waste of the authorities' time. Accordingly, the Federal Tax Ombudsman is requested to decline further consideration and dispose of the complaint in accordance with law.

4. During the hearing on 05.10.2026, AR and DR attended hearing. Both averred to the same arguments given in their earlier statements. Nevertheless, AR desired to submit rejoinder on reply of the Collectorate. He was directed to do so.

5. In the aftermath of hearing, AR of the Complainant submitted rejoinder on 13.10.2026 on the Collectorate's reply stating therein that his lawfully imported goods were seized by the Directorate of Customs Intelligence, Multan, and subsequently ordered to be released by the Customs Appellate Tribunal vide judgment dated 16.04.2025, against which no reference was filed by the Department. Hence, the Tribunal's judgment attained finality. When the importer approached the concerned office for release, he was informed that the goods had been auctioned without issuance of the



mandatory notice and at a throwaway price. After completion of the requisite process and verification, the concerned officer decided to refund the sale proceeds bearing letter dated 19.08.2025. Nevertheless, the refund remains unpaid due to alleged mala fide and ulterior motives. Following the instant complaint, the DC (Refund), through notices dated 07.08.2026 and 23.09.2026, directed the Complainant to appear and participate in proceedings, which is allegedly unethical and an excessive exercise of authority, as the matter had already been decided by a court of law. The Complainant, being a resident of Quetta, cannot travel to Multan due to the prevailing law and order situation. Moreover, being registered with the FBR as an importer, the pay order should be issued in his own name for encashment through his bank account. The Complainant has submitted that in view of the foregoing, the Department's conduct is allegedly unethical and motivated by personal mala fide, warranting notice by the FTO.

FINDINGS:

6. From the perusal of the available case record, contention of the Department and the arguments put forth during the course of hearing by both AR and DR, it is observed as under:

- (i) The Collectorate's objection regarding limitation under Section 10(3) of the FTO Ordinance, 2000 is flawed, as the refund claim was filed on 17.07.2025 within three months of the Customs Appellate Tribunal's judgment in Customs Appeal No. 666/LB/2024 dated 16.04.2025. The cause of grievance also arose from the Department's subsequent failure to implement the judgment and refund the auction proceeds since 17.07.2025. The matter, therefore, cannot be treated as time-barred on the grounds advanced by the Collectorate.
- (ii) Despite the passage of considerable time, the matter remains unresolved without any plausible justification, particularly when



the Collectorate bearing letter dated 19.08.2025, had already conveyed the decision to refund the auction sale proceeds. The Tribunal's order was not challenged by the Department and, therefore, attained finality. It is further observed that the notices dated 07.08.2026 and 23.09.2026 do not justify the prolonged delay in processing the refund. Considering the Complainant's residence in Quetta and the prevailing unsafe road conditions for travel to Multan, his personal appearance shall not be insisted upon where the claim can be verified from the available official record. Accordingly, the Collectorate is directed to issue the requisite refund payment order and disburse the auction sale proceeds in his favour in accordance with its letter dated 19.08.2025, without further avoidable delay and without insisting upon his personal appearance on account of unsafe conditions on the road.

- (ii) The delay is manifestation of departmental neglect, inattention and ineptitude in discharge of its duties and the same tantamount to Maladministration in terms of Section 2(3)(ii) of the FTO Ordinance, 2000.

RECOMMENDATIONS:

7. FBR to direct:

- (i) the Collector, Collectorate of Customs Enforcement, Multan to process and dispose of the refund claim of sale proceeds to the Complainant as per available record in terms of its letter dated 19.08.2025, on merit in accordance with law; and
- (ii) report compliance within thirty (30) days.

Dated:

20 OCT 2026

(M. Zafar ul Haq Hijazi)
Federal Tax Ombudsman