20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **Right of set-off lets a bank adjust a customer's credit balance against a debit balance owed by the same customer.**
   This power comes from the banker-customer relationship, where the bank is both debtor and creditor to the same person.

2. **Set-off applies only when a customer's debt is due, certain, and legally recoverable.**
   A vague, future, or unenforceable debt fails the basic conditions for set-off.

3. **Both accounts used for set-off must belong to the customer in the same capacity or legal right.**
   Funds held in a different capacity, such as as a trustee, cannot offset the person's own private debt.

4. **Right of set-off is a key topic in JAIIB PPB Module A Chapter 7 on the banker-customer relationship.**
   It is frequently tested through definitions, true or false statements, and case-based questions.

5. **A banker's lien lets a bank retain and sell securities or goods, unlike set-off which only adjusts money balances.**
   Set-off deals with cash in accounts, while lien deals with tangible collateral in the bank's possession.

6 **Set-off cannot be applied against a future or contingent debt, such as an EMI that has not yet fallen due.**
The debt must already be due and payable for the bank to exercise set-off.

7 **Trust or fiduciary account funds generally cannot be set off against the trustee's personal debt.**
Such funds are not held by the customer in their own right, so the same-capacity condition fails.

8 **On a joint account, set-off usually cannot be used to recover one joint holder's individual personal loan.**
The joint balance is not held in the same right as the sole borrower's personal debt.

9 **Banks are expected to give a customer reasonable notice before exercising the right of set-off.**
Notice before set-off is treated as good banking practice, even though it may not always be a strict legal requirement.

10 **A time-barred debt that can no longer be legally recovered cannot be adjusted through set-off.**
Set-off works only for debts that remain legally enforceable.

11 **The right of set-off is also known as the right to combine accounts held by the same customer.**
Both terms describe the bank's ability to merge a customer's debit and credit balances.

12 **Fresh consent from the customer is usually not required for set-off once the legal conditions are satisfied.**
The bank's right arises automatically from the banker-customer relationship once the conditions are met.

13 **The right of set-off generally does not apply to a deceased customer's account.**
Death of the account holder typically changes how balances must be dealt with, limiting the ordinary set-off rule.

14 **Personal funds cannot offset a debt held in a different legal capacity, such as a guardian or trustee role.**
This is called the same-capacity rule and decides many exam questions on set-off.

15 **Set-off adjusts ledger balances between accounts, while a banker's lien functions as an implied pledge on tangible items.**
The two remedies protect the bank differently even though both arise from customer dealings.

16 **A bank can debit an overdue loan amount from a customer's linked savings account balance under set-off.**
This is the simplest working example of how set-off recovers an outstanding debt.

17 **JAIIB PPB Module A Chapter 7 tests set-off through direct definitions, true or false items, and case studies.**
The topic blends legal principle with practical banking scenarios, making it a favourite for examiners.

18 **Set-off arises because the bank is a debtor when it holds deposits and a creditor when it grants a loan to the same customer.**
Combining these two positions lets the bank net off what is owed on each side.

19 **An uncertain or undetermined amount does not qualify for adjustment under the right of set-off.**
The debt amount must be clearly fixed and certain before the bank can apply set-off.

20 **Comparing the right of set-off with a banker's lien is a commonly tested distinction in JAIIB PPB exams.**
Students are expected to recall that set-off touches cash while lien touches securities or goods.