Chapter VII - Discharge from Liability on Notes, Bills and Cheques

Chapter in 2 minutes

- Control cancellation, release, presentment delay, endorsement verification, alteration, acceptance and discharge evidence.
- Primary control: alteration and discharge gate.
- Confirm cancellation/release, consent, alteration, presentment delay and payment in due course.
- Apply the exact current section text, amendment history and transaction evidence together.
- Do not confuse a negotiable instrument remedy with automatic proof of the underlying transaction.

Execution gates

- Legally enforceable transaction
- Instrument classification and stamp
- Authority/mandate and custody
- Presentation, return and notice clocks
- Evidence, forum and entity liability
- Settlement, accounting and retention

Provision/control map

Provision	Subject	Control
Section 82	Discharge from liability.	Map every party, capacity, signature, notice, consent, payment and loss before concluding exposure.
Section 83	Discharge by allowing drawee more than forty-eight hours to accept.	Map every party, capacity, signature, notice, consent, payment and loss before concluding exposure.
Section 84	When cheque not duly presented and drawer damaged thereby.	Match crossing, account, authority, due course, negligence and return reason.
Section 85	Cheque payable to order.	Match crossing, account, authority, due course, negligence and return reason.
Section 85A	Drafts drawn by one branch of a bank on another payable to order.	Identify trigger, parties, conditions, exceptions, consequence and linked sections before execution.
Section 86	Parties not consenting discharged by qualified or limited acceptance.	Map every party, capacity, signature, notice, consent, payment and loss before concluding exposure.
Section 87	Effect of material alteration.	Treat changes to date, amount, payee, place, time, crossing or liability as high-risk; obtain fresh execution rather than overwriting.
Section 88	Acceptor or indorser bound notwithstanding previous alteration.	Identify trigger, parties, conditions, exceptions, consequence and linked sections before execution.
Section 89	Payment of instrument on which alteration is not apparent.	Identify trigger, parties, conditions, exceptions, consequence and linked sections before execution.
Section 90	Extinguishment of rights of action on bill in acceptor hands.	Identify trigger, parties, conditions, exceptions, consequence and linked sections before execution.

Evidence file

Instrument/image; mandate; contract/invoice/delivery; ledger/bank/tax; presentment/return; notice/service; calculations; settlement/orders; source log.

Default response

Freeze timeline; verify debt and authority; preserve originals; validate bank memo; calculate statutory/civil clocks; decide cure, notice, settlement and filing.