

THIRD DIVISION

[G.R. No. 229450, June 17, 2020]

PHILIPPINE SAVINGS BANK, PETITIONER, V. MARIA CECILIA SAKATA, RESPONDENT.

DECISION

LEONEN, J.:

It is settled that "a bank is bound to know the signatures of its customers; and if it pays a forged check, it must be considered as making the payment out of its own funds, and cannot ordinarily charge the amount so paid to the account of the depositor whose name was forged."^[1]

This Petition for Review on Certiorari^[2] assails the Decision^[3] and Resolution^[4] of the Court of Appeals in CA-G.R. CV No. 101976, which affirmed the Decision^[5] of the Regional Trial Court of Imus, Cavite, Branch 20 in Civil Case No. 2283-08.

On December 17, 2002, Maria Cecilia Sakata (Sakata) opened Savings Account No. 035-111-05773-6 with the Philippine Savings Bank (PS Bank) Dasmariñas, Cavite Branch.^[6] On December 20, 2002, Sakata opened Current Account No. 035-101-00399-5 in the same bank, and received a passbook and checkbook with Serial Nos. 99501 to 99550.^[7]

Stamped on the Deposit Account Information and Specimen Signature Card for her savings account were the words: "With Instruction to transfer funds from [savings account no.] 035-111-05773-6 to [current account no.] 035-101-00399-5."^[8]

On May 4, 2003, Sakata left for Osaka, Japan to work. While in Japan, she remitted cash to her PS Bank savings account, and issued checks for the support of her children and the amortization of a house and lot she purchased. On July 27, 2006, Sakata went back to the Philippines.^[9]

On August 7, 2006, Sakata went to PS Bank to close her checking account and surrender unused checks.^[10] When Sakata had her passbook updated, she noticed that the deposit and withdrawal entries from May 1, 2003 to September 16, 2005 were "lumped in one entry" instead of having a "per transaction entry."^[11] This prompted Sakata to request for a copy of the itemized transaction entries from October 1, 2004 to September 16, 2005 as she had trouble verifying the bank transactions. However, PS Bank denied her requests.^[12]

Upon updating her savings account, Sakata was surprised to find out that instead of P1,000,000.00, she only had a remaining balance of P391.00. She also discovered that there was a deposit of P4,488,197.01 and a withdrawal of P4,751,112.42 both made on September 16, 2005. Sakata informed the teller that she could not have

made those transactions as she was in Japan during that time, but she was only asked to return to the bank.^[13]

Sometime in January 2007, Sakata talked to the PS Bank branch manager who instructed her to write a letter requesting for "specimen signature cards for her savings and current accounts, statement of account for her current account, printout of her passbook, and the original checks which were encashed and paid by the bank."^[14]

On April 30, 2007, PS Bank provided Sakata with copies of her current account statement and some checks, as well as two original checks. Upon examination of the documents, Sakata found that there were 25 checks debited from her account which she did not issue or sign. She claimed that she never possessed a checkbook bearing the serial numbers of the 25 checks, and the entries and signatures on them were all forged.^[15] Upon demand, PS Bank refused to give Sakata the original copies of the 25 checks, which were:

Date Debited/ Paid	Check Number	Amount
12-15-04	159654	P 150,000.00
01-12-05	159655	30,000
01-25-05	159656	30,000
02-10-05	159658	70,000
02-11-05	159659	10,000
02-21-05	159660	40,000
03-17-05	159662	40,000
03-23-05	159663	16,000
13-30-05	159664	20,000
04-07-05	159665	20,000
04-19-05	159666	40,000
05-12-05	159672	50,000
05-19-05	159673	30,000
06-06-05	159675	60,000
06-17-05	159677	40,000
07-07-05	159681	320,000.00
07-12-05	159682	10,000
07-18-05	159683	10,000
08-03-05	159684	20,000
08-17-05	159685	20,000
09-01-05	159686	25,000
09-16-05	159688	20,000
05-17-06	159692	10,000
06-30-06	159694	5,000.00
07-08-06	159698	1,500.00
Total Amount		P 1,087,500.00^[16]

On March 14, 2008, Sakata, through her counsel, made a formal request asking PS Bank to hand over the 25 checks and the specimen signature cards. A demand letter was also sent to PS Bank on the same date asking them to recredit P1,087,500.000 to Sakata's account representing the amount withdrawn through the forged checks plus interest.^[17]

PS Bank failed to re-credit the amount prompting Sakata to file a Civil Case for Sum of Money and Damages before the Regional Trial Court of Imus, Cavite, Branch 20 docketed as Civil Case No. 2283-08.^[18]

In its Answer with Counterclaim, PS Bank insisted that Sakata authorized her mother, Gemma Bartolome, to request and receive two additional checkbooks bearing serial numbers 159601 to 159650 and 159651 to 159700. They claimed the 25 checks were validly encashed as they were verified by their bank personnel.^[19]

In her Reply, Sakata denied that she authorized her mother to request and receive additional checkbooks and monthly bank statements from PS Bank.^[20]

In its June 27, 2013 Decision,^[21] the Regional Trial Court of Imus, Cavite, Branch 20 ruled in favor of Sakata and ordered PS Bank to pay Sakata P1,087,500.00 plus attorney's fees. The dispositive portion of the Decision read:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff and against defendant as follows, *viz*:

1. ORDERING the defendant Philippine Savings Bank to PAY plaintiff Maria Cecilia E. Sakata the sum of One Million Eighty Seven Thousand Five Hundred Pesos (Php1,087,500.00) representing the total amount of unauthorized fund transfers from her savings account or the value of the forged check withdrawals; and
2. ORDERING the defendant Philippine Savings Bank to PAY plaintiff Maria Cecilia E. Sakata the amount of Twenty Thousand Pesos (Php20,000.00) as and by way of attorney's fees and the costs of suit.

SO ORDERED.^[22] (Emphasis in the original)

The Regional Trial Court gave more credence to Sakata's claim of forgery, considering that: (1) Sakata could not have signed the form for Requisition of New Checkbooks and Gemma Bartolome's authorization to receive on June 3, 2004 as she was in Japan from May 4, 2003 to July 27, 2006; (2) the forms did not bear the signature of an authorized representative and had pertinent information missing; and (3) the Updated Specimen Signature Card relied upon by PS Bank lacked vital information and could not have been filled out by Sakata in 2004 as she was in Japan then.^[23]

Thus, the Regional Trial Court ruled that PS Bank should shoulder the loss incurred by Sakata on account of forgery because it failed to observe the due diligence required of banking institutions.^[24]

On July 29, 2013, PS Bank filed its Motion for Reconsideration,^[25] which was denied by the trial court in an Order dated October 8, 2013. Thus, PS Bank filed an appeal

before the Court of Appeals.^[26]

In its August 25, 2016 Decision, the Com1 of Appeals affirmed the findings of the trial court with some modification as to interest and damages. The dispositive portion of the Court of Appeals Decision read:

WHEREFORE, premises considered, the appeal is **DENIED**. The Decision of the Regional Trial Court, Branch 20 of Imus, Cavite dated June 27, 2013 is **AFFIRMED** with **MODIFICATION** such that the awards of moral and exemplary damages are **DELETED**.

Accordingly, the defendant-appellant is hereby ordered to pay the plaintiff-appellee the following:

1. The principal amount of One Million Eighty Seven Thousand and Five Hundred Pesos ([P]1,087,500.00) representing the total value of the forged checks with legal interest at the rate of twelve percent (12%) per annum from the time of filing of the Complaint on September 8, 2008 up to June 30, 2013, and thereafter, at the lower rate of six percent (6%) per annum from July 1, 2013 until full satisfaction;
2. Attorney's fees of ten percent (10%) of the total monetary obligation; and
3. The costs of the suit.

SO ORDERED.^[27] (Emphasis in the original)

The Court of Appeals held that Sakata sufficiently established her claim of forgery on the checks.^[28] It affirmed that PS Bank should bear the loss since it was negligent in detecting the forgery and it failed to show Sakata's participation therein.^[29] The Court of Appeals further found that Sakata was not negligent in handling her financial affairs and was not estopped from questioning PS Bank's error as she did not receive the statements of account allegedly sent by PS Bank.^[30]

PS Bank's Motion for Reconsideration was denied by the Court of Appeals in its January 16, 2017 Resolution.^[31]

On February 9, 2017, petitioner filed before this Court a Petition for Review on Certiorari.^[32]

In an April 30, 2017 Resolution,^[33] this Court required respondent to file a Comment. On June 30, 2017, respondent filed her Comment.^[34] In a July 26, 2017 Resolution,^[35] this Court required petitioner to file a Reply. On September 29, 2017, petitioner filed its Reply.^[36]

Petitioner claims that the present case involved mixed questions of fact and law. Assuming it raised questions of fact, petitioner asserts the same falls under the exceptions in Rule 45 of the Rules of Court as the findings of forgery by the lower courts were based on assumptions and conjectures.^[37]

Petitioner argues that Section 23 of the Negotiable Instruments Law is not applicable for failure of respondent to establish forgery.^[38] Petitioner avers that the requisites for a valid finding of forgery were not met, and the allegation of forgery was based solely on the self-serving and unsubstantiated claim of respondent.^[39] Petitioner insists that the signature appearing on the documents were that of respondent because "C. Sakata" is the same signature that appears on her passport, the specimen signature cards, and the verification and certification of non-forum shopping attached to her complaint.^[40] Even assuming there was forgery, petitioner claims the alleged forged signatures were similar to the authentic ones and the forgery was not readily noticeable without the use of scientific equipment.^[41]

Petitioner also maintains that the doctrine of shared responsibility between the drawee bank and the negligent drawer applies in this case as respondent was negligent in handling her current account from December 14, 2004 to July 8, 2006 by failing to inquire on its status.^[42]

On the other hand, respondent alleges that the present Petition solely raised questions of facts—specifically whether the checks were forged and whether respondent was negligent.^[43] Respondent maintains that the lower courts did not commit "misappreciation of facts, conjectures, assumptions, speculations and surmises"^[44] which necessitates a review of the questions of fact raised.

Respondent argues that the factual findings of the lower courts had "sufficient evidentiary basis sustaining forgery and negligence of petitioner."^[45] Denying petitioner's accusations, respondent claims that her passbook could not have been presented to the bank during the questionable transactions as it had always been in her possession.^[46] Respondent emphasizes that she never possessed, issued and signed the 25 checks in question, and that petitioner was grossly negligent in failing to detect that the signatures therein were obviously forged. She claims that she never authorized petitioner to accept the signature "C. Sakata" as the signature in her Specimen Signature Card was shown as "Maria Cecilia Sakata."^[47] She likewise claims that the Updated Specimen Signature Card relied upon by the bank was fabricated.^[48]

Respondent argues that the doctrine of shared responsibility does not apply because only the petitioner was negligent. Respondent claims that she had no opportunity to inquire with the bank about the questionable transactions since she was in Japan at that time and she had full trust and confidence in the bank.^[49] Respondent also maintains that petitioner failed to prove her mother's alleged involvement in the questionable transactions.^[50]

In rebuttal, petitioner insists that it raised a question of law in arguing that Section 23 of the Negotiable Instruments Law is not applicable.^[51] Further, petitioner raises for the first time that Section 14 of the Negotiable Instruments Law applies because of the *prima facie* authority of respondent's mother, who presented and negotiated the questioned checks.^[52] Petitioner maintains that respondent was negligent in failing to detect the unauthorized transactions in her account and should thus shoulder her loss.^[53]