

THIRD DIVISION

[G.R. No. 207856, November 18, 2020]

PHILIPPINE NATIONAL BANK, PETITIONER, VS. LORENZO T. BAL, JR., RESPONDENT.

DECISION

HERNANDO, J.:

Challenged in this Petition for Review^[1] is the November 19, 2012 Decision^[2] of the Court of Appeals (CA) in CA-G.R. CV No. 93687 which denied the appeal of Philippine National Bank (PNB). Also assailed is the June 18, 2013 Resolution^[3] of the appellate court which denied the motion for reconsideration of PNB.

PNB is engaged in the banking business. Lorenzo T. Bal, Jr. was then the manager of PNB's Caloocan Branch (Branch) at the time the incident subject of the instant case occurred. The Branch had a depositor by the name of Adriano S. Tan (Tan), who maintained thereat Current Account No. 215-811497-9 in his name.^[4]

The Antecedents

On October 12, 2000, PNB filed a complaint for sum of money against Tan and herein respondent Bal. PNB claimed that Bal approved various cash withdrawals by Tan against several checks without waiting for them to be cleared. When these checks were dishonored, PNB claimed that Bal allowed Tan to deposit several checks to partially cover Tan's various cash withdrawals. Nevertheless, these new checks were also dishonored for insufficient funds.^[5]

PNB further asserted that Tan had already acknowledged his outstanding obligation to the bank in the amount of P520,000.00 and executed a promissory note^[6] in its favor. To confirm this acknowledgement, Tan issued another promissory note in favor of PNB in the same amount. Despite demand, however, Tan failed to pay PNB the stipulated amount.^[7]

PNB alleged that Bal violated the bank's policy on the prohibition against drawing on uncollected deposits pursuant to its General Circular No. 11-58/80 dated March 14, 1980. In addition, PNB claimed that Bal violated and exceeded his limited authority to approve encashment of other bank checks under its Manual of Signing Authority. In view of the foregoing violations, PNB averred that it incurred losses in the amount of P520,000.00 and that Bal is personally liable to the bank pursuant to its Manual of Policies on Cash, Checks and Other Cash Items and Deposits.^[8]

PNB prayed that Tan and Bal be held jointly and severally liable to the bank in the amount of P520,000.00, plus interest and damages.^[9]

On the other hand, Bal argued that the trial court had no jurisdiction over the complaint against him because it amounted to an administrative action. He further

pointed out that he was already administratively penalized by the Administrative Adjudication Panel of the bank for his alleged violations with a four-month suspension. He likewise asserted that PNB had no valid cause of action against him because he neither made any acknowledgement of the obligation nor participated in the business transactions that led to the obligation. Thus, he argued that Tan should be held solely liable to the bank for the amount of P520,000.00.^[10]

Ruling of the Regional Trial Court (RTC):

In its December 10, 2008 Decision,^[11] the RTC dismissed the complaint against Bal but held Tan solely liable for the entire amount of P520,000.00.^[12] The dispositive portion of the RTC's Decision reads:

WHEREFORE, PREMISES CONSIDERED, this Court finds:

1. That plaintiff Philippine National Bank failed to prove through a preponderance of evidence Lorenzo T. Bal's civil liability on any monetary liability; and that the cause of action for a collection of a sum of money filed against him is hereby **DISMISSED** for insufficiency of evidence;
2. That having been declared in default, and not having controverted the preponderance of evidence presented against him, this Court finds defendant Adriano Tan civilly liable against plaintiff Philippine National Bank; and that defendant Tan is ordered to return to plaintiff Philippine National Bank the amount of P520,000.00 including legal interest reckoned from August 28, 2000 until finality of this judgment;
3. That defendant Tan is hereby liable in the amount of P50,000.00 representing attorney's fees to be paid to defendant Bal and the amount of P50,000.00 representing attorney's fees to be paid to plaintiff PNB;
4. That, based on the findings made by this Court as contained in the body of this decision, defendant Bal's cross claim is hereby **DISMISSED**;
5. No pronouncement as to costs.

SO ORDERED.^[13] (Emphasis in the original)

Ruling of the Court of Appeals:

In its November 19, 2012 Decision, the CA upheld the findings of the RTC. The appellate court pointed out that:

While it may be true that Bal had exceeded his authority in accommodating several checks presented for deposit by Tan, [PNB] failed to satisfactorily prove that Bal financially gained from his act of accommodating Tan or that any collusion existed between [Tan and Bal]. [PNB] also failed to present sufficient factual basis to hold Bal personally liable for his acts as officer of the bank[.] Hence, the trial court correctly dismissed [PNB's] claim against Bal for recovery of the amount based on insufficiency of evidence.^[14]

Moreover, the CA affirmed the RTC's findings that there was sufficient evidence that Tan was the one who actually received the money and acknowledged said obligation