

## SECOND DIVISION

[ G.R. No. 195341, August 28, 2019 ]

**ALLIED BANKING CORPORATION (NOW PHILIPPINE NATIONAL BANK), PETITIONER, VS. ELIZABETH SIA, RESPONDENTS.**

### DECISION

**REYES, J. JR., J.:**

This is a petition for review on *certiorari* under Rule 45 of the Rules of Court which seeks to reverse and set aside the Decision<sup>[1]</sup> dated December 16, 2009, and the Resolution<sup>[2]</sup> dated January 12, 2011, of the Court of Appeals (CA) in CA-G.R. CEB-CV No. 00955, which affirmed with modifications the Decision<sup>[3]</sup> dated January 24, 2005, and the Order<sup>[4]</sup> dated April 22, 2005, of the Regional Trial Court of Cebu City, Branch 12 (RTC) in Civil Case No. CEB-26049, a case for specific performance, breach of contract, and damages.

#### The Facts

Herein private respondent Elizabeth Sia (Elizabeth) maintained two accounts with the now defunct Orient Commercial Banking Corporation (Orient Bank) in its Gorordo, Cebu City Branch. Specifically, Elizabeth was the depositor of Orient Bank Account No. 023190001020, while Account No. 023190001031 was a joint account with her father, See Sia (See). At the time of Orient Bank's closure on October 15, 1998, the two accounts had uninsured deposits in the total amount of P5,228,883.71. On the other hand, herein petitioner Allied Banking Corporation (Allied Bank) was the bank which assumed the uninsured deposit liabilities of Orient Bank, with the financial assistance of the Philippine Insurance Deposit Corporation (PDIC).

On December 13, 1999, See executed a Special Power of Attorney (SPA),<sup>[5]</sup> wherein he constituted Elizabeth as his attorney-in-fact granting her authority to claim and receive payment from the PDIC in connection with the deposits in Orient Bank Account No. 023190001020. See further authorized Elizabeth to execute any deed or instrument for the purpose of assigning or transferring his claim against Orient Bank in favor of Allied Bank.

On the same date, Elizabeth and Allied Bank executed a Deed of Assignment,<sup>[6]</sup> to facilitate the payment of her and her father's claims. Under the Deed of Assignment, Elizabeth assigned a portion of their uninsured deposits to Allied Bank amounting to P4,470,825.22, while Allied Bank undertook to pay the said amount in the following manner: (1) 20% to be paid within one (1) week from the signing of the Deed; and (2) the remaining balance to be paid in equal annual amortizations over a period of five years. All payments were to be made by crediting Allied Bank Savings Account (SA) No. 0570231382, a bank account which Elizabeth opened, in Allied Bank's

Fuente Osmeña Branch in Cebu City, under her name for the purpose of receiving the payments mentioned in the Deed of Assignment. After the opening of the aforesaid account, Allied Bank issued Elizabeth Passbook No. SAL 782654-AB.

On December 14, 2000, Allied Bank received a letter<sup>[7]</sup> from Atty. Rolando M. Lim (Atty. Lim) who introduced himself as the counsel for the heirs of See, namely: Francisco Sia, Victor Espina, Lourdes Yu Carcel, Milagros Yu, and Luisita Solco. Atty. Lim informed Allied Bank that See died on May 4, 2000. Attached to the letter was a copy of See's Death Certificate. He then requested that Allied Bank withhold any transaction relating to See's account with the said bank pending settlement of his estate. Aware that the source of the funds in SA No. 0570231382 were the payments for the uninsured deposits with Orient Bank previously maintained, not only by Elizabeth, but also by See, Allied Bank acceded to Atty. Lim's request.

Meanwhile, on January 3, 2001, Elizabeth went to Allied Bank's Fuente Osmeña Branch in Cebu City to make a withdrawal, but she was unable to withdraw any amount. She returned on January 5, 2001, but she was not allowed to withdraw any amount allegedly because of the claims by her siblings.

On January 15, 2001,<sup>[8]</sup> Allied Bank formally informed Elizabeth of Atty. Lim's December 14, 2000 letter. Allied Bank told Elizabeth that they temporarily froze SA No. 0570231382 pending the settlement of the conflicting claims among See's heirs. On the same date, Allied Bank also sent Elizabeth's siblings, through Atty. Lim, a letter<sup>[9]</sup> informing them that it received communication from Elizabeth's counsel claiming that Elizabeth was the exclusive owner of the funds in SA No. 0570231382, and as such, she should be allowed to withdraw from the same any time. In both letters, Allied Bank stated that Elizabeth and her siblings should settle the matter within ten days.

Instead of settling the matter with her siblings, Elizabeth filed the present complaint for specific performance, breach of contract, and damages. She asserted that despite her compliance with the procedure for withdrawal of funds as stated in paragraph 5 of the Terms and Conditions Governing Savings Accounts printed in her Passbook No. SAL 782654-AB, Allied Bank still refused to allow her to make any transaction thereon. Elizabeth alleged that Allied Bank's denial of her withdrawal was malicious and unfounded as it was not supposed to go beyond the depositor's name in its dealings with its depositors. She argued that since she is the only one named as the depositor of SA No. 0570231382, then Allied Bank's refusal to allow her to withdraw from the said account was without any basis. Thus, she prayed that Allied Bank be ordered to release to her the accumulated savings under SA No. 0570231382. She further prayed that Allied Bank be ordered to pay her damages for the breach of their contract, attorney's fees, and litigation expenses.

In its defense, Allied Bank averred that the temporary freezing of SA No. 0570231382 was proper. It argued that since SA No. 0570231382 was opened precisely to receive the payments by the PDIC for the two Orient Bank accounts, of which See was a co-owner/co-depositor, a portion of the deposits found therein formed part of See's estate upon his death. As such, when Elizabeth's siblings and other heirs of See made a formal claim thereon, it acted properly and within its legal rights and prerogatives when it acceded to their request not to allow any withdrawal from the said account. The bank further argued that Elizabeth was mistaken in her

belief that only the terms and conditions found in her Passbook No. SAL 782654-AB shall govern their legal relationship. It asserted that the principal contract between her and the bank was actually the Deed of Assignment dated December 13, 1999. Allied Bank averred that it is clear from the Deed of Assignment that See also owns a portion of the fund in SA No. 0570231382, and not Elizabeth alone.

### ***Ruling of the RTC***

In its Decision dated January 24, 2005, the RTC ruled that Allied Bank not only breached its contract with Elizabeth, it also maliciously denied her of her right to withdraw from her savings account. It noted that SA No. 0570231382 is under Elizabeth's name only. It further observed that of the two original Orient Bank accounts, one was solely under Elizabeth's name, while the other was an "and/or" account with her father. Hence, it opined that since Elizabeth could, on her own, withdraw from either accounts, nothing would prevent her from withdrawing from SA No. 0570231382 since the funds thereon originated from these two Orient Bank accounts. Finally, it observed that the SPA purportedly executed by See was not reliable because it constituted Elizabeth as an attorney-in-fact to claim payment for Orient Bank Account No. 023190001020, which account was solely owned by Elizabeth. Thus, it directed Allied Bank to release to Elizabeth all the accumulated deposits under SA No. 0570231382 and to pay her damages. The dispositive portion of the RTC Decision provides:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff and against the defendant. The latter is hereby directed:

1) To release to the plaintiff all of the accumulated deposits under Savings Account No. 0570-231382 especially those deposits that were due on January 3, 2002, January 3, 2003, January 3, 2004, and January 3, 2005 with interests at the legal rate;

2) To pay [the] plaintiff:

- (a) attorney's fees of [P]500,000.00
- (b) litigation expenses of [P]100,000.00
- (c) actual or compensatory damages of [P]4,000,000.00
- (d) moral damages of [P]10,000,000.00
- (e) exemplary or corrective damages of [P]500,000.00 and
- (f) nominal damages of [P]100,000.00

3) To pay the costs hereof.

SO ORDERED.<sup>[10]</sup>

Allied Bank moved for reconsideration, but the same was denied by the RTC in its Order dated April 22, 2005.

Aggrieved, Allied Bank elevated an appeal to the CA.

## ***Ruling of the CA***

In its Decision dated December 16, 2009, the CA affirmed, with modifications, the January 24, 2005 Decision of the RTC. The appellate court concurred with the trial court's opinion that SA No. 0570231382 pertains exclusively to Elizabeth, as could be shown by Passbook No. SAL-782654-AB. Thus, the deposits in the said savings account are exclusively owned by Elizabeth. It continued that although the records would show that the source of the funds for the subject account indeed came from the settlement made by PDIC for the two Orient Bank accounts, the same would no longer be relevant as the present account is clearly under Elizabeth's name only. In any case, the history of Elizabeth's accounts with Orient Bank should not affect the present Allied Bank account considering that the account with Orient Bank was an "and/or" account which meant that Elizabeth could withdraw therefrom even without the consent of her father. Thus, the appellate court echoed the trial court's finding that Allied Bank breached its contract with Elizabeth. The appellate court, however, reduced the amounts of the damages awarded for being grossly exorbitant. The dispositive portion of the CA Decision reads:

WHEREFORE, the appeal is partly granted. The Trial Court's Decision dated January 24, 2005 is AFFIRMED with MODIFICATION. The amounts of damages are hereby reduced: (1) Attorney's fees of [P]200,000.00 from [P]500,000.00; (2) litigation costs of [P]50,000.00 from [P]100,000.00; (3) Actual/compensatory damages of [P]500,000.00 from [P]4 Million; (4) Moral damages of Four Million Pesos only from [P]10 Million; and Exemplary or corrective damages of [P]250,000.00 from [P]500,000.00. The award of nominal damages is hereby deleted.

SO ORDERED.<sup>[11]</sup>

Allied Bank moved for reconsideration, but the same was denied by the CA in its Resolution dated January 12, 2011.

Hence, this petition.

## **The Issue**

WHETHER THE COURT OF APPEALS COMMITTED REVERSIBLE ERROR WHEN IT RULED THAT ALLIED BANK HAD NO LEGAL BASIS TO TEMPORARILY FREEZE THE SUBJECT ACCOUNT.

Allied Bank argues that it had legal basis to temporarily freeze SA No. 0570231382. It contends that it was error for the appellate court, as well as the trial court, to conclude that the deposits in SA No. 0570231382 are exclusive properties of Elizabeth, despite ample evidence showing that her father, See Sia, owned a portion thereof. It asserts that although Elizabeth was the only one named as the depositor of SA No. 0570231382, the documents it presented, particularly the Deed of Assignment dated December 13, 1999, would clearly show that the amounts paid by the PDIC and transferred to SA No. 0570231382 pertain not only to her but also to her father. Thus, it acted legally and in good faith when it temporarily froze the subject account upon receiving notice of See Sia's death.

In her Comment, Elizabeth asserts that the issues posed by Allied Bank involve questions of facts which are improper in a petition for review on *certiorari* under Rule 45. She further insists that the CA correctly ruled that the subject account is exclusively owned by her and as such, Allied Bank had no legal basis to deny her of the enjoyment of the funds thereon. To bolster her claim, she points out that her siblings no longer pursued their claims against the subject account. She also bewails the fact that Allied Bank immediately acceded to Atty. Lim's request without even requiring him to prove that his clients were indeed See's heirs.

### **The Court's Ruling**

The petition is meritorious.

Section 1, Rule 45 of the Revised Rules of Civil Procedure provides that a petition for review on *certiorari* filed before the Court shall raise only questions of law. Thus, as a general rule, the Court would not entertain questions of fact in a petition filed under Rule 45.<sup>[12]</sup> The reason for this is obvious – the Court is not a trier of facts.

A question of law arises when there is doubt as to what the law is on a certain state of facts, while there is a question of fact when the doubt arises as to the truth or falsity of the alleged facts.<sup>[13]</sup> The issue involves a pure question of law when it could be resolved without the examination of the probative value of the evidence presented or the truth or falsehood of the facts being admitted, as oppose to a question of fact where the doubt or controversy arises as to the truth or falsity of the alleged facts.<sup>[14]</sup> In other words, the resolution of an issue involving a purely legal question rests only on what the law provides on the given set of circumstances. If it is clear that the issue invites a review of the evidence presented, as when the facts are disputed, the question posed is one of fact.<sup>[15]</sup>

In this case, the principal issue – whether Allied Bank's temporary freezing of the subject account was proper – involves a purely legal question, and not a question of fact contrary to Elizabeth's assertions. In the first place, the essential and material facts are not in dispute.

The Court notes that in their respective decisions, the trial and appellate courts agree to the following established facts, to wit: that Elizabeth maintained two bank accounts with Orient Bank, one of which was a joint "and/or" account with her father; that after Orient Bank's closure, Allied Bank, with the assistance of the PDIC, assumed its obligations, including those pertaining to the two aforesaid bank accounts; that the settlement of the uninsured deposits in the two Orient Bank accounts was effected by crediting a single Allied Bank savings account in the name of Elizabeth; that Allied Bank SA No. 0570231382 was opened for the purpose of receiving the settlement payments for the two Orient Bank accounts; that Allied Bank issued Passbook No. SAL 782654-AB solely under Elizabeth's name; that See died on May 4, 2000; that Allied Bank received a letter from Elizabeth's siblings, through their counsel, where it was informed of See's death and of the heirs' request for Allied Bank to withhold any transaction relating to See's account with the bank pending settlement of his estate; and that Allied Bank acceded to this request by temporarily freezing SA No. 0570231382, which in turn prevented Elizabeth from withdrawing any amount from the said account.