

THIRD DIVISION

[G.R. No. 205590, September 02, 2015]

PHILIPPINE NATIONAL BANK, PETITIONER, VS. GAYAM. PASIMIO, RESPONDENT.

DECISION

VELASCO JR., J.:

In this petition for review under Rule 45, the Philippine National Bank (PNB) assails and seeks to set aside the January 23, 2013 Decision^[1] of the Court of Appeals (CA) in CA-G.R. CV No. 94079 dismissing petitioner's appeal from the decision of the Regional Trial Court (RTC) of Parañaque City, Branch 196, which ruled for respondent Ligaya Pasimio (Pasimio) in an action for a sum of money she commenced thereat against the bank.

The Facts

From the petition, the comment thereon, their respective annexes, and other pleadings filed by the parties, the Court gathers the following relevant facts:

On May 19, 2005, Pasimio filed suit against PNB for the recovery of a sum of money and damages before the RTC of Parañaque City. In her complaint,^[2] docketed as Civil Case No. CV-05-0195 and eventually raffled to Branch 196 of the court, she alleged having a peso and dollar time deposit accounts with PNB in the total amount of P4,322,057.57 and US\$5,170.80, respectively; that both investment placements have matured; and when she sought to withdraw her deposit money with accrued interests, PNB refused to oblige.

In its Answer with Counterclaim,^[3] with annexes, PNB admitted the fact of deposit placement for the amount aforestated. But it claimed that Pasimio is without right to insist on their withdrawal, the deposited amount having already been used in payment of her outstanding loan obligations to the bank. PNB narrated how the set off of sort came about: Pasimio and her husband took out three "loans against deposit hold-out"^[4] from the PNB Sucat branch, as follows: a Three Million One Hundred Thousand Peso (P3,100,000) loan on March 21, 2001; a One Million Seven Hundred Thousand Peso (P1,700,000) loan on April 2, 2001; and a Thirty-One Thousand One Hundred US Dollar (US\$31,1 00) loan on December 7, 2001.

PNB further alleged the following: (1) each loan accommodation was secured by a deposit account of Pasimio; (2) the proceeds of the first and second loans were released to and received by the Pasimio spouses in the form of PNB Manager's Checks (MCs) while the proceeds of the third loan were released and received in cash; (3) the loan proceeds were acknowledged by Pasimio in corresponding notarized promissory notes (PNs) and Disclosure Statements of Loan/Credit Transaction; (4) Pasimio then re-lent the proceeds of the third loan to a certain

Paolo Sun; (5) contrary to Pasimio's allegations on maturing deposit instruments, she in fact renewed/rolled over her placements several times; and (6) Pasimio had failed to pay her outstanding loan obligations forcing the bank to apply her deposits to the unpaid loans pursuant to the legal compensation arrangement embodied in the "hold-out" proviso under Clause 5 of the PN.^[5]

To this answer, Pasimio filed her reply and answer to counterclaim alleging facts she would also later venture to prove.

During the trial following the joinder of issues, Pasimio denied obtaining any loan from PNB, let alone receiving the corresponding loan proceeds. While conceding signing certain documents which turned out to be the Peso Loans Against Peso/FX Deposit Loan Applications, the Promissory Notes and Hold-out on Savings Deposit/Peso/FX Time Deposit and Assignment of Deposit Substitute and the Disclosure Statements of Loan/Credit Transaction (Loan Documents), she professed not understanding what they really meant. She agreed to affix her signature on these loan documents in blank or in an incomplete state, she added, only because the PNB Sucat branch manager, Teresita Gregorio (Gregorio), and Customer Relations Officer, Gloria Miranda (Miranda), led her to believe that what she was signing were related to new high-yielding PNB products.

Pasimio would also deny re-lending the loan proceeds to Paolo Sun. She asserted in this regard that Gregorio repaired to her residence with a duly accomplished affidavit detailing the re-lending event and urged her to sign the same if she wished to recover her placements.

In all, Pasimio depicted herself as victim of a nefarious lending scam, orchestrated by Gregorio and Miranda who PNB had ordered dismissed following the exposure of their involvement in anomalous loan transactions with unsuspecting PNB depositors.

Pasimio submitted the following as evidence:

1. Passbook for PNB Mint Placement No. 61281001164164 (same as PNB Mint Placement No. 6128100115590) - to prove that she invested P3,100,000 with PNB-Sucat under PNB Mint Placement No. 6128100115590;
2. Passbook for PNB Mint Placement No. 61281001164688 (same as PNB Mint Placement No. 6128100115632) - to prove that she invested P1,700,000 with PNB-Sucat under PNB Mint Placement No. 6128100115632;
3. Certificate of Time Deposit for \$CTD No. 6628100116575 - to prove that she invested US\$5,160.84 with PNB-Sucat under Certificate of Time Deposit \$CTD No. 66281001 16575;
4. Letter dated April 22, 2004 addressed to the PNB Sucat branch manager to prove that she made a demand for the release of her investments;
5. Letters dated July 21, 2004 from PNB's Internal Auditor to Pasimio -to prove that PNB confirmed her deposits and investment with PNB-Sucat but that she corrected entries pertaining to their amounts and denied having a deposit

hold-out on any of her investments;

6. Engagement letter dated February 2, 2005 from the law firm Rondain & Mendiola;
7. An unsigned affidavit - to prove that Gregorio had prepared an affidavit to make it appear that Pasimio and other depositors entered into loan agreements with a certain Paolo Sun, to cover her (Gregorio's) illegal schemes and that Gregorio went to the homes of these depositors begging them to sign the affidavit as she was already being audited by PNB's main office;^[6] and
8. A Memorandum on Irregular Lending Operation on Loans vs. Deposit Hold-Out (Sucat Branch) dated February 18, 2003 detailing the alleged *modus operandi* of Gregorio and Miranda and stating that the latter were dismissed for their involvement in shady loan practices.^[7]

On the other hand, PNB offered the following for purposes as stated:

1. Peso Loans Against Peso/FX Deposit Loan Application Form dated March 21, 2001 - to prove that Pasimio applied for a PNB loan and voluntarily executed a loan application form dated March 21, 2001 for the amount: of P3,100,000 secured by her own PNB Mint Account No. 612810011393 as loan collateral;
2. PN and Hold-out on Peso/FX Savings Deposit/Peso/FX Time Deposit and Assignment of Deposit Substitute dated March 21, 2001 - to prove that Pasimio's P 3,100,000 loan was supported with a PN which she and her husband voluntarily signed and executed on March 21, 2001 and that she renewed the said loan on different dates;
3. Disclosure Statement of Loan/Credit Transaction dated March 21, 2001 - to prove that Pasimio's loan for P3,100,000 was also supported with a Disclosure Statement, a copy of which she acknowledged to have received prior to the consummation of the credit transaction, where she voluntarily agreed to the terms and conditions of her loan by signing the said statement;
4. MC No. 0000166650 dated March 21, 2001 for P3,049,188.94 - to prove that Pasimio encashed this check and received the proceeds of her P3,100,000 loan, net of bank charges;
5. Peso Loans Against Peso/FX Deposit Loan Application/Approval Form dated April 2, 2001 - to prove that Pasimio applied for another loan on April 2, 2001 in the amount of P1,700,000 and that the same was secured by Pasimio's own PNB Mint Account No. 6128100113429. As in the first loan, Pasimio also voluntarily affixed her signature on the document;
6. PN and Hold-out on Peso/FX Savings Deposit/Peso/FX Time Deposit and Assignment of Deposit Substitute dated April 2, 2001 - to prove that Pasimio's second loan of P1,700,000 is supported by a PN which she voluntarily signed and executed on April 2, 2001 together with her husband and that she

renewed the said loan on different dates;

7. Disclosure Statement of Loan/Credit Transaction dated April 2, 2001 - to prove that Pasimio's loan for P1,700,000 was also supported with a Disclosure Statement, a copy of which she acknowledged to have received prior to the consummation of the credit transaction, where she voluntarily agreed to the terms and conditions of her loan by signing the said statement;
8. MC No. 0000166682 dated April 2, 2001 in the amount of P1,672,797.50 - to prove that Pasimio encashed this check and received the proceeds of her P1,700,000 loan, net of bank charges;
9. Peso Loans Against Peso/FX Deposit Loan Application/Approval Form dated December 7, 200 - to prove that Pasimio applied for a US\$31,100 loan which her own PNB FX CTD No. 6628100115637 (US\$20,393.78) and CTD No. 6628100115716 (US\$10,766.25) secured as collateral. As in the first two loans, Pasimio also voluntarily affixed her signature on the document;
10. PN and Hold-Out on Peso/FX Savings Deposit/Peso/FX Time Deposit and Assignment of Deposit Substitute dated December 7, 2001 - to prove that Pasimio's US\$3 1,100 loan is supported by a PN note which she and her husband voluntarily signed and executed on December 7, 2001 and that she renewed the said loan on different dates;
11. Disclosure Statement of Loan/Credit Transaction dated December 7, 2001 - to prove that Pasimio's loan for US \$31,100 was also supported with a Disclosure Statement, a copy of which she acknowledged to have received prior to the consummation of the credit transaction, where she voluntarily agreed to the terms and conditions of her loan by signing the said statement;
12. Miscellaneous Ticket dated December 7, 2001 in the amount of US\$30,981.28 - to prove that Pasimio received the proceeds of her US\$31,100 loan, net of bank charges;
13. Bills Payment Form dated July 26, 2004 - to prove that her failure to settle her peso/dollar loan obligations was subsequently settled by offsetting the available balance of her deposit accounts that were used as collaterals against these loans, in accordance with the PNs she executed;
14. Demand letter addressed to Pasimio dated July 5, 2004 signed by Noel R. Millares on behalf of the bank -- to prove that PNB demanded payment of her loans in the aggregate amount of P4,623,458.03 and US\$5,277.34 which had already become due and payable;
15. Pasimio's Affidavit dated April 10, 2003 - to prove Pasimio's execution of an affidavit lending US\$3 1,100 to Paolo Sun;
16. Pasimio's letter dated February 25, 2003 - to prove that the Pasimios effected a change in their PNB Mint Account Nos. deposited at PNB Sucat from the old account number 6128100113393 to the new account number 6128100116464 (pertaining to the deposit of F3,100,000); and from the old account number 6128100113429 to the new account number 61281001.16488 (pertaining to

the deposit of P1,700,000);

17. PNB Mint Savings Account Passbook with Serial No. 046783 - to prove that the deposit covered by this passbook in the amount of P3,100,000 was used as collateral for Pasimio's P3,100,000 loan. As proof of this fact, the passbook is stamped with the notation "HOLDOUT" to indicate a withdrawal restriction on this account;
18. PNB Mint Savings Account Passbook with Serial Number 046781 - to prove that the deposit covered by this, passbook in the amount of P1,700,000 was used as collateral for Pasimio's P1,700,000 loan. As proof of this fact, the passbook is stamped with the notation "HOLDOUT" to indicate a withdrawal restriction on this account;
19. Portion of PNB Mint Passbook stamped "Hold Out" - to prove that the savings account covered by this passbook is under a hold-out restriction;
20. Pasimio's Certificate of Time Deposit Ledger for PNBig Savings Account No. 222-5476838-7 - to prove that Pasimio opened an account with PNB-Sucat on March 21, 2001 under Account No. 222- 5476838-7 which was constituted as collateral of the P3,100,000 loan;
21. PNBig Savings Account from October 29, 2003 up to May 3, 2004 - to prove that Pasimio opened an account with PNB-Sucat under Account No. 281-5254913 which constituted as collateral for the P1,700,000 loan;
22. The Certificate of Deposit Ledger from June 4, 2001 to July 25, 2004 - to prove that the amounts covered by this deposit document were used as collateral for Pasimio's dollar loan of US\$31,100;
23. CTD dated June 4, 2001 in the amount of US\$34,030.18 - to prove that Pasimio was issued a Certificate of Time Deposit for the amount of US\$34,030.18 with an annual interest rate of 4.5%;
24. CTD dated July 27, 2001 in the amount of US\$20,187.10 - to prove that Pasimio was issued a Certificate of Time Deposit for the amount of US\$20,187.10 with an annual interest rate of 4.125%;
25. CTD dated December 23, 2003 in the amount of US\$5,136.03 - to prove that Pasimio had an existing dollar time deposit with PNB which she used as collateral for the dollar hold-out loan that she took out. The dollar certificate is stamped with a notation that reads "HOLD-OUT";
26. Statement of Account (SOA) - to prove that PNB-Sucat issued a SOA for Pasimio's Dollar Hold-Out Loan, which showed an outstanding balance of US\$5,100. This SOA was used as basis for the offsetting of Pasimio's past due loan obligation with her PNB Mint Account as collateral; and
27. Statement of Account (SOA) - to prove that PNB-Sucat issued a SOA for Pasimio's Dollar Hold-Out Loan, which showed an outstanding balance of P4,321,781.06. This SOA was used as basis for the offsetting of Pasimio's past due loan obligation with her PNB Mint Account as collateral.^[8]