

SECOND DIVISION

[G.R. No. 208293, December 10, 2014]

PHILIPPINE NATIONAL BANK, PETITIONER, VS. CARMELITA S. SANTOS, REYME L. SANTOS, ANGEL L. SANTOS, NONENG S. DIANCO, ET AL., RESPONDENTS.

[G.R. No. 208295]

LINA B. AGUILAR, PETITIONER, VS. CARMELITA S. SANTOS, REYME L. SANTOS, ANGEL L. SANTOS, BUENVENIDO L. SANTOS, ET AL., RESPONDENTS.

DECISION

LEONEN, J.:

The standard of diligence required of banks is higher than the degree of diligence of a good father of a family.

Respondents are children of Angel C. Santos who died on March 21, 1991.^[1]

Sometime in May 1996, respondents discovered that their father maintained a premium savings account with Philippine National Bank (PNB), Sta. Elena-Marikina City Branch.^[2] As of July 14, 1996, the deposit amounted to P1,759,082.63.^[3] Later, respondents would discover that their father also had a time deposit of P1,000,000.00 with PNB.^[4]

Respondents went to PNB to withdraw their father's deposit.^[5]

Lina B. Aguilar, the Branch Manager of PNB-Sta. Elena-Marikina City Branch, required them to submit the following: "(1) original or certified true copy of the Death Certificate of Angel C. Santos; (2) certificate of payment of, or exemption from, estate tax issued by the Bureau of Internal Revenue (BIR); (3) Deed of Extradjudicial Settlement; (4) Publisher's Affidavit of publication of the Deed of Extradjudicial Settlement; and (5) Surety bond effective for two (2) years and in an amount equal to the balance of the deposit to be withdrawn."^[6]

By April 26, 1998, respondents had already obtained the necessary documents.^[7] They tried to withdraw the deposit.^[8] However, Aguilar informed them that the deposit had already "been released to a certain Bernardito Manimbo (Manimbo) on April 1, 1997."^[9] An amount of P1,882,002.05 was released upon presentation of: (a) an affidavit of self-adjudication purportedly executed by one of the respondents, Reyeme L. Santos; (b) a certificate of time deposit dated December 14, 1989 amounting to P1,000,000.00; and (c) the death certificate of Angel C. Santos, among others.^[10] A special power of attorney was purportedly executed by Reyeme

L. Santos in favor of Manimbo and a certain Angel P. Santos for purposes of withdrawing and receiving the proceeds of the certificate of time deposit.^[11]

On May 20, 1998, respondents filed before the Regional Trial Court of Marikina City a complaint for sum of money and damages against PNB, Lina B. Aguilar, and a John Doe.^[12] Respondents questioned the release of the deposit amount to Manimbo who had no authority from them to withdraw their father's deposit and who failed to present to PNB all the requirements for such withdrawal.^[13] Respondents prayed that they be paid: (a) the premium deposit amount; (b) the certificate of time deposit amount; and (c) moral and exemplary damages, attorney's fees, and costs of suit.^[14]

PNB and Aguilar denied that Angel C. Santos had two separate accounts (premium deposit account and time deposit account) with PNB.^[15] They alleged that Angel C. Santos' deposit account was originally a time deposit account that was subsequently converted into a premium savings account.^[16] They also alleged that Aguilar did not know about Angel C. Santos' death in 1991 because she only assumed office in 1996.^[17] Manimbo was able to submit an affidavit of self-adjudication and the required surety bond.^[18] He also submitted a certificate of payment of estate tax dated March 31, 1997.^[19] All documents he submitted appeared to be regular.^[20]

PNB and Aguilar filed a third-party complaint against Manimbo, Angel P. Santos, and Capital Insurance and Surety Co., Inc.^[21]

Angel P. Santos denied having anything to do with the special power of attorney and affidavit of self-adjudication presented by Manimbo.^[22] He also alleged that Manimbo presented the certificate of time deposit without his knowledge and consent.^[23]

Capital Insurance and Surety Co., Inc. alleged that its undertaking was to pay claims only when persons who were unduly deprived of their lawful participation in the estate filed an action in court for their claims.^[24] It did not undertake to pay claims resulting from PNB's negligence.^[25]

In the decision^[26] dated February 22, 2011, the trial court held that PNB and Aguilar were jointly and severally liable to pay respondents the amount of P1,882,002.05 with an interest rate of 6% starting May 20, 1998.^[27] PNB and Aguilar were also declared jointly and severally liable for moral and exemplary damages, attorney's fees, and costs of suit.^[28] Manimbo, Angel P. Santos, and Capital Insurance and Surety Co., Inc. were held jointly and severally liable to pay PNB P1,877,438.83 pursuant to the heir's bond and P50,000.00 as attorney's fees and the costs of suit.^[29] The dispositive portion of the trial court's decision reads:

WHEREFORE, foregoing premises considered, judgment is hereby rendered as follows:

1. ordering the defendants PNB and LIN A B. AGUILAR jointly and severally liable to pay the plaintiffs the amount of P1,882,002.05, representing the face value of

PNB Manager's Check No. AF-974686B as balance of the total deposits of decedent Angel C. Santos at the time of its issue, with interest thereon at the rate of 6% starting on May 20, 1998, the date when the complaint was filed, until fully paid;

2. ordering both defendants jointly and severally liable to pay plaintiffs the amount of Php 100,000.00 as moral damages, another Php 100,000.00 as exemplary damages and Php 50,000.00 as attorney's fees and the costs of suit;

On the Third party complaint:

3. Ordering the third party defendants Bernardito P. Manimbo, Angel P. Santos and Capital Insurance & Surety Co., Inc., jointly and severally liable to pay third party plaintiff PNB, the amount of Php 1,877,438.83 pursuant to the Heir's Bond and the amount of Php 50,000.00 as attorney's fees and the costs of suit.

SO ORDERED.^[30]

The trial court found that Angel C. Santos had only one account with PNB.^[31] The account was originally a time deposit, which was converted into a premium savings account when it was not renewed on maturity.^[32] The trial court took judicial notice that in 1989, automatic rollover of time deposit was not yet prevailing.^[33]

On the liability of PNB and Aguilar, the trial court held that they were both negligent in releasing the deposit to Manimbo.^[34] The trial court noted PNB's failure to notify the depositor about the maturity of the time deposit and the conversion of the time deposit into a premium savings account.^[35] The trial court also noted PNB's failure to cancel the certificate of time deposit despite conversion.^[36] PNB and Aguilar also failed to require the production of birth certificates to prove claimants' relationship to the depositor.^[37] Further, they relied on the affidavit of self-adjudication when several persons claiming to be heirs had already approached them previously.^[38]

Aguilar filed a motion for reconsideration^[39] of the February 22, 2011 Regional Trial Court decision. This was denied in the June 21, 2011 Regional Trial Court order.^[40]

PNB and Aguilar appealed before the Court of Appeals.^[41]

Aguilar contended that she was not negligent and should not have been made jointly and severally liable with PNB.^[42] She merely implemented PNB's Legal Department's directive to release the deposit to Manimbo.^[43]

PNB argued that it was not negligent.^[44] The release of the deposit to Manimbo was pursuant to an existing policy.^[45] Moreover, the documents submitted by Manimbo were more substantial than those submitted by respondents.^[46] Respondents could have avoided the incident "had they accomplished the required documents

immediately."^[47]

In the decision^[48] promulgated on July 25, 2013, the Court of Appeals sustained the trial court's finding that there was only one account.^[49] Angel C. Santos could not have possibly opened the premium savings account in 1994 since he already died in 1991.^[50] The Court of Appeals also held that PNB and Aguilar were negligent in handling the deposit.^[51] The deposit amount was released to Manimbo who did not present all the requirements, particularly the Bureau of Internal Revenue (BIR) certification that estate taxes had already been paid.^[52] They should also not have honored the affidavit of self-adjudication.^[53]

The Court of Appeals ruled that Aguilar could not escape liability by pointing her finger at PNB's Legal Department.^[54] As the Bank Manager, she should have given the Legal Department all the necessary information that must be known in order to protect both the depositors' and the bank's interests.^[55]

The Court of Appeals removed the award of exemplary damages, upon finding that there was no malice or bad faith.^[56]

The Court of Appeals considered the deposit as an ordinary loan by the bank from Angel C. Santos or his heirs.^[57] Therefore, the deposit was a forbearance which should earn an interest of 12% per annum.^[58] The dispositive portion of the Court of Appeals' decision reads:

WHEREFORE, premises considered, the assailed decision of the court a quo dated February 22, 2011 is **AFFIRMED** with the **MODIFICATIONS** in that the rate of interest shall be twelve percent (12%) per annum computed from the filing of the case until fully satisfied. The interest due shall further earn an interest of 12% per annum to be computed from the date of the filing of the complaint until fully paid. Meanwhile, the award of exemplary damages is **DELETED**.

SO ORDERED.^[59]

PNB and Aguilar filed their separate petitions for review of the Court of Appeals' July 25, 2013 decision.^[60]

We resolve the following issues:

- I. Whether Philippine National Bank was negligent in releasing the deposit to Bernardito Manimbo;
- II. Whether Lina B. Aguilar is jointly and severally liable with Philippine National Bank for the release of the deposit to Bernardito Manimbo; and
- III. Whether respondents were properly awarded damages.

Petitioner Aguilar argued that the Court of Appeals had already found no malice or bad faith on her part.^[61] Moreover, as a mere officer of the bank, she cannot be made personally liable for acts that she was authorized to do.^[62] These acts were

mere directives to her by her superiors.^[63] Hence, she should not be held solidarity liable with PNB.^[64]

Petitioner PNB argued that it was the presumptuousness and cavalier attitude of respondents that gave rise to the controversy and not its judgment call.^[65] Respondents were lacking in sufficient documentation.^[66] Petitioner PNB also argued that respondents failed to show any justification for the award of moral damages.^[67] No bad faith can be attributed to Aguilar.^[68]

In their separate comments to the petitions, respondents argued that the trial court and the Court of Appeals did not err in finding that petitioners PNB and Aguilar were negligent in handling their father's deposit.^[69] The acceptance of invalid and incomplete documents to support the deposit's release to Manimbo was a violation of the bank's fiduciary duty to its clients.^[70] These acts constituted gross negligence on the part of petitioners PNB and Aguilar.^[71]

However, according to respondents, the Court of Appeals erred in deleting the award for exemplary damages because the acts in violation of the bank's fiduciary were done in bad faith.^[72]

We rule for the respondents.

The trial court and the Court of Appeals correctly found that petitioners PNB and Aguilar were negligent in handling the deposit of Angel C. Santos.

The contractual relationship between banks and their depositors is governed by the Civil Code provisions on simple loan.^[73] Once a person makes a deposit of his or her money to the bank, he or she is considered to have lent the bank that money.^[74] The bank becomes his or her debtor, and he or she becomes the creditor of the bank, which is obligated to pay him or her on demand.^[75]

The default standard of diligence in the performance of obligations is "diligence of a good father of a family." Thus, the Civil Code provides:

ART. 1163. *Every person obliged to give something is also obliged to take care of it with the proper diligence of a good father of a family, unless the law or the stipulation of the parties requires another standard of care.*

ART. 1173. The fault or negligence of the obligor consists in the omission of that diligence which is required by the nature of the obligation and corresponds with the circumstances of the persons, of the time and of the place. When negligence shows bad faith, the provisions of articles 1171 and 2201, paragraph 2, shall apply.

If the law or contract does not state the diligence which is to be observed in the performance, that which is expected of a good father of a family shall be required. (Emphasis supplied)