

THIRD DIVISION

[G.R. No. 157049, August 11, 2010]

CITYTRUST BANKING CORPORATION (NOW BANK OF THE PHILIPPINE ISLANDS), PETITIONER, VS. CARLOS ROMULO N. CRUZ, RESPONDENT.

RESOLUTION

BERSAMIN, J.:

Under review is the decision promulgated on October 8, 2002 in C.A.- G.R. CV No. 48928,^[1] whereby the Court of Appeals (CA) affirmed the decision dated January 13, 1995 of the Regional Trial Court (RTC), Branch 91, in Quezon City,^[2] finding the petitioner liable to pay to the respondent moral damages of P100,000.00, exemplary damages of P20,000.00, and attorney's fees of P20,000.00.

In the time material to the case, the respondent, an architect and businessman, maintained savings and checking accounts at the petitioner's Loyola Heights Branch. The savings account was considered closed due to the oversight committed by one of the latter's tellers. The closure resulted in the extreme embarrassment of the respondent, for checks that he had issued could not be honored although his savings account was sufficiently funded and the accounts were maintained under the petitioner's check-o-matic arrangement (whereby the current account was maintained at zero balance and the funds from the savings account were automatically transferred to the current account to cover checks issued by the depositor like the respondent).

Unmoved by the petitioner's apologies and the adjustment made on his accounts by its employees, the respondent sued in the RTC to claim damages from the petitioner.

After trial, the RTC ruled in the respondent's favor, and ordered the petitioner to pay him P100,000.00 as moral damages, P20,000.00 as exemplary damage, and P20,000.00 as attorney's fees. The RTC found that the petitioner had failed to properly supervise its teller; and that the petitioner's negligence had made the respondent suffer serious anxiety, embarrassment and humiliation, entitling him to damages.^[3]

The petitioner appealed to the Court of Appeals (CA), arguing that the RTC erred in ordering it to pay moral and exemplary damages.

However, the CA affirmed the RTC, explaining that the erroneous closure of the respondent's account would not have been committed in the first place if the petitioner had not been careless in supervising its employees. According to the CA, "the fiduciary relationship and the extent of diligence that is to be expected from a banking institution, like herein appellant Citytrust, in handling the accounts of its depositors cannot be relaxed behind the shadow of an employee whether or not