

SECOND DIVISION

[G.R. No. 188412, November 22, 2010]

**CITIBANK, N.A., PETITIONER, VS. ATTY. ERNESTO S. DINOPOL,
RESPONDENT.**

D E C I S I O N

MENDOZA, J.:

This is a petition for review filed under Rule 45 of the 1997 Revised Rules of Civil Procedure questioning 1] the December 16, 2008 Decision^[1] of the Court of Appeals (CA), in CA-G.R. CV No. 82291, which affirmed the February 20, 2004 Decision of the Regional Trial Court, Branch 226, Quezon City (RTC), ordering petitioner Citibank, N. A. (*Citibank*) to pay respondent Atty. Ernesto S. Dinopol (*Atty. Dinopol*) moral damages and attorney's fees; and 2] its June 19, 2009 Resolution denying petitioner's motion for the reconsideration thereof.

Records disclose that sometime in December 1996, Atty. Dinopol availed of Citibank's "Ready Credit Checkbooks" advertised offer. After approving his application, Citibank granted Atty. Dinopol a credit line limit of P30,000.00. For said reason, Atty. Dinopol received from Citibank a check booklet consisting of several checks with a letter stating that the account was "ready to use." Later, Citibank billed Atty. Dinopol the sum of P1,545.00 representing Ready Credit Documentary Stamp and Annual Membership Fee as reflected in his Statement of Account dated December 26, 1996. Thereafter, Citibank billed him the amount of P1,629.21 for interest and charges as well as late payment charges as stated in his Statement of Account dated January 26, 1997. Atty. Dinopol paid said interests and charges on February 26, 1997.

On March 6, 1997, Atty. Dinopol issued a check using his credit checkbook account with Citibank in the amount of P30,000.00 in favor of one Dr. Marietta M. Geonzon (*Dr. Geonzon*) for investment purposes in her restaurant business. However, when the check was deposited on March 12, 1997, it was dishonored for the reason, "Drawn Against Insufficient Funds" or "DAIF." Humiliated by the dishonor and the demand notice he received from Dr. Geonzon, Atty. Dinopol filed a civil action for damages against Citibank before the RTC. Atty. Dinopol alleged that said bank was grossly negligent and acted in bad faith in dishonoring his check.

In defense, Citibank averred that it was completely justified in dishonoring Atty. Dinopol's check because the account did not have sufficient funds at the time it was issued. Citibank explained that when said check in the amount of P30,000.00 was issued, his credit line was already insufficient to accommodate it. His credit limit had been reduced by the interests and penalty charges imposed as a result of his late payment. Citibank argued that had Atty. Dinopol been prompt in the payment of his obligations, he would not have incurred interests and penalty charges and his credit line of P30,000.00 would have been available at the time the check was issued and

presented for payment.

On February 20, 2004, the RTC rendered a decision^[2] against Citibank, the dispositive portion of which reads:

In view of the foregoing, judgment is hereby rendered in favor of the plaintiff and against the defendant bank as follows: Defendant Citibank N.A. is hereby ordered to pay the plaintiff Atty. Ernesto S. Dinopol:

- 1) P100,000.00 as and for moral damages;
- 2) P50,000.00 as and for attorney's fees; and
- 3) Costs of suit.

SO ORDERED.

The RTC reasoned out, among others, that Citibank failed to completely disclose the terms and conditions of its "Citybank Ready Credit Account" when Atty. Dinopol applied for it. Only the general provisions of the agreement were explained to him. The Standard Handbook Guide which would have guided him as to fees, charges and penalties that could be billed by the bank was never given to him.

Furthermore, the RTC found that Atty. Dinopol was given a "go signal" by Citibank when he informed the latter that he was going to issue a check in the amount of P30,000.00. Citibank failed to advise him that he still had an outstanding balance of P58.33 as of February 26, 1997. Had he been informed, he could have paid such a small amount and avoided the dishonor of his check. In fact, when he issued the check on March 6, 1997, no bill had yet been sent to him for the amount of P58.33 because he had just paid P1,629.00 on February 26, 1997. The billing statement, if any, would still be due on March 15, 1997. On March 11, 1997, when the check was presented for payment, Citibank could have called his attention and he could have immediately remitted the amount of P58.00 within the same banking day so that the check would be honored.

Decision of the Court of Appeals

On December 16, 2008, the CA affirmed the RTC decision with modification. It increased the award of moral damages from P100,000.00 to P500,000.00 and awarded exemplary damages in the amount of P50,000.00.

In its decision, the CA found that Citibank, as admitted by its witness, Mark Andre P. Hernando (*Hernando*), displayed dishonesty in claiming that Atty. Dinopol was provided with the bank's Customer Guidebook. No proof to the contrary was shown by the bank. Instead of exercising good faith by providing a new account holder like Atty. Dinopol with the service guidebook, Citibank argued that since he was a lawyer, the latter should have already been familiar with the terms and conditions of his Ready Credit Account.

Moreover, the CA noted that before Atty. Dinopol issued the subject check, he first consulted the bank if he could issue one. It was only after being given the affirmative response that he issued said check which gave rise to this controversy.

The bank should have given the necessary advice to Atty. Dinopol and thereby avoid the dishonor of the check for a measly amount of P58.33.

Finally, the CA ruled that Atty. Dinopol was not yet delinquent when he issued the check so as to justify the P58.33 deduction from his P30,000.00 credit line. Based on the documentary evidence, the due date for the February 26, 1997 Statement of Account was March 19, 1997. So, when Atty. Dinopol issued the check on March 6, 1997, the period within which to settle his account was still running, thus, rendering the P58.33 deduction unjustified.

In modifying the decision, the CA increased the amount of moral damages from P100,000.00 to P500,000.00 for the following reasons: 1] Atty. Dinopol's stature - he was a lawyer of good standing, yet he was abused by Citibank; 2] the dishonesty displayed by Citibank in claiming that Atty. Dinopol was given a service guidebook despite lack of proof thereon; 3] the bad faith displayed by Citibank in using a measly amount of P58.33 as basis to justify its dishonor (due to DAIF) of P30,000.00 worth of check issued by Atty. Dinopol; and 4] the fact that Citibank besmirched Atty. Dinopol's reputation and has considerably caused him undue humiliation.

Hence, this petition.

ISSUE

WHETHER OR NOT THE COURT OF APPEALS WAS CORRECT IN RULING THAT PETITIONER CITIBANK, N.A. IS LIABLE TO RESPONDENT ATTY. ERNESTO S. DINOPOL FOR DAMAGES.

Position of the Petitioner

Citibank argues that the dishonor of Atty. Dinopol's check was valid as it was done in the exercise of its rights and prerogative under the terms and conditions of his Ready Credit Facility. It insists that it sent a copy of the guidebook to Atty. Dinopol after his application for the credit facility was approved.

It also points out that upon the approval of Atty. Dinopol's Ready Credit Facility, the latter was initially billed with the amounts of P1,500.00 for the annual fee and P45.00 for the documentary stamp tax. The total amount of P1,545.00 was indicated in his Statement of Account dated December 26, 1996, bearing the due date on or before January 16, 1997. Atty. Dinopol, however, failed to pay it on or before said date. Thus, interest and late payment charges accrued on his unpaid account as provided for in the provisions of the guidebook.

Further, Citibank claims that a second statement of account dated January 26, 1997 was sent to Atty. Dinopol which showed that the aggregate amount of P1,629.21 was due and payable immediately. This amount represents the unpaid sum of P1,545.00 for the annual fee and documentary stamp tax, P10.00 as penalty charge for the late payment and P74.21 as accrued interest. Atty. Dinopol paid the amount of P1,629.21 only on February 26, 1997. Thereafter, Citibank sent him another statement of account acknowledging receipt of his payment and, at the same time,