

SECOND DIVISION**[G.R. NO. 134728, February 23, 2006]****REPUBLIC PLANTERS BANK, PETITIONER, VS. RICARDO O. MONTINOLA, JR. AND RAMON MONFORT, RESPONDENTS.****[G.R. NO. 134794]****RICARDO O. MONTINOLA, JR. AND RAMON MONFORT, PETITIONERS, VS. REPUBLIC PLANTERS BANK AND COURT OF APPEALS, RESPONDENTS.****D E C I S I O N****GARCIA, J.:**

These consolidated petitions for review on certiorari under Rule 45 of the Rules of Court are both aimed against the same Decision^[1] dated July 24, 1998 of the Court of Appeals (CA) in CA-G.R. CV No. 53762, which AFFIRMED with MODIFICATION that of the Regional Trial Court (RTC) of Bacolod City, Branch 41, in its Civil Case No. 2653, an action for *Breach of Contract, Damages with Preliminary Mandatory Injunction*, thereat commenced by Ricardo Montinola, Jr. and Ramon Monfort against the Republic Planters Bank (RPB). While affirming the RTC decision, the CA reduced the amount of damages and attorney's fees therein awarded to the plaintiffs. In its petition in **G.R. No. 134728**, petitioner RPB urges the complete reversal and setting aside of the assailed CA decision. On the other hand, in their petition in **G.R. No. 134794**, petitioners Montinola, Jr. and Monfort fault the CA for reducing the amount of damages awarded to them by the trial court, and hence pray for the reinstatement in toto of the trial court's decision.

The material facts may be briefly stated, as follows:

Ricardo Montinola, Jr. and Ramon Monfort, plaintiffs in the trial court, are sugarcane planters who have obtained a crop loan credit line with therein defendant RPB for the crop year 1982-1983, having the following balances as of July 1982:

Ricardo Montinola, Jr. Account	P311,572.50
Montinola-Monfort, Inc. Account	P166,477.25

On July 19, 1982, Montinola, Jr. and Monfort sought to withdraw the amount of P30,000.00 chargeable against the crop loan credit line of Montinola, Jr. which RPB refused to release because Montinola and Monfort filed Civil Case No. 16905^[2] against the bank. Thereupon, they immediately made a formal written demand upon RPB for the release of the balance of their crop loan, which the bank still adamantly refused.

Thus, on November 8, 1982, Montinola, Jr. and Monfort filed a joint complaint for breach of contract and damages with preliminary mandatory injunction against RPB with the RTC of Bacolod City. In their complaint, docketed as Civil Case No. 2653 and raffled to Branch 41 of the trial court, the duo prayed, as follows:

WHEREFORE, plaintiffs respectfully pray the Honorable Court, upon the filing of such bond as it may fix, to issue preliminary mandatory injunction ordering defendant to release to plaintiffs the balances of their loan accounts set out in paragraph 6 above; and after trial, to render judgment in favor of plaintiffs and against defendant, making said injunction permanent, and ordering defendant:

- (1) To pay plaintiffs actual damages in such amount as may be proved at the trial but not less than One Million Pesos (P1,000,000.00);
- (2) To pay plaintiffs exemplary and moral damages in such amounts as the Honorable Court may fix but not less than Five Hundred Thousand Pesos (P500,000.00) and One Million Pesos (P1,000,000.00), respectively;
- (3) To pay plaintiffs' attorney's fees and expenses of litigation in such amount as the Honorable Court may find reasonable but not less than Two Hundred Fifty Thousand Pesos (P250,000.00);
- (4) To grant plaintiffs such other or further relief as may be just and equitable;
- (5) With costs against defendant.

In its answer, defendant RPB admits the existence of the crop loan credit line in favor of plaintiffs Montinola, Jr. and Monfort, as well as its refusal to release the requested amount of P30,000.00, giving as justifications therefor the plaintiffs' alleged violation of the terms and conditions of the parties' credit line agreement and their commission of acts antagonistic and derogatory to parties' bank-client relationship, evidently referring to the earlier Civil Case No. 16905, *supra*. RPB further claimed that its refusal to release more funds was consistent with its desire to protect its interest and that of its stockholders.

After due proceedings, the trial court rendered judgment for Montinola, Jr. and Monfort, to wit:

WHEREFORE, plaintiffs having duly proven that they have suffered actual damages in the amount of P1,500,000.00 defendant is ordered to pay the same to plaintiffs; by way of moral and exemplary damages in its wanton and malicious breach of contractual relation, defendant is also ordered to pay plaintiffs P1,500,000.00 and likewise the payment of attorney's fees in the amount of P350,000.00 plus costs.^[3]

Forthwith, RPB went to the CA whereat its appellate recourse was docketed as CA-G.R. CV No. 53762. As stated at the threshold hereof, the CA, in its decision of July 24, 1998, affirmed the trial court's decision with modification, ratiocinating as follows:

Appellant Bank, although admitting that it had indeed refused and denied plaintiffs-appellees' request for the release of P30,000.00 from the crop credit line, justifies its action by claiming that plaintiffs-appellees had violated the terms and conditions of their contract agreement by showing that plaintiffs-appellees had an outstanding debt incurred from the previous crop year. It appears, however, that appellant Bank had released several amounts on various occasions during the early part of 1982 in favor of plaintiffs-appellees pursuant to their crop credit line, namely the amount of P34,500.00 on January 13, 1982; P44,900.00 on February 5, 1982; P34,400.00 on February 25, 1982; P8,000.00 on March 2, 1982; P45,000.00 on March 31, 1982; P45,000.00 on April 19, 1982; P67,500.00 on May 3, 1982 and P31,512.50 on June 9, 1982 (Exh. "5", "5-A" to "5-G"). Then suddenly without any warning or demand made upon the plaintiffs-appellees to settle their outstanding unpaid account, appellant Bank decided to hold any further release of funds and denied plaintiffs-appellees request for P30,000.00 on July 19, 1982, despite a surplus in the 1982-1982 crop loan credit availment in the amount of P312,000.00 as admitted in court by defendant Bank's witness Pacita Sajo (T.S.N., p. 11, August 25, 1987). The act of appellant Bank of treating all of plaintiffs-appellees' outstanding loan as due and demandable may be justified under their Chattel Mortgage Contract. However, the appellant Bank unilaterally decided to stop further release of funds under the credit crop line without giving notice to plaintiffs-appellees.

Moreover, the reason given by the Bank officers to plaintiffs-appellees when they inquired about the reason appellant Bank refused to release the amount of P30,000.00 was that it was because they had filed a case against the Bank. They were in fact informed that the budget folder for their account was forwarded to the Head Office in Manila and that orders were given to Bacolod Branch to desist from releasing further funds to plaintiffs-appellees. If the reason for suspending plaintiffs-appellees' credit line was because of their outstanding debt incurred from the previous crop year, the Credit and Loan Division of Bacolod Branch could have given plaintiffs-appellees a reasonable period within which to settle all their accounts. Plaintiffs-appellees did not even receive any form of notification or demand regarding the matter.

Considering all circumstances, we are convinced that the only reason plaintiffs-appellees credit line was suspended was because of the case they had filed against appellant Bank. That case was not at all related to plaintiffs-appellees' credit line. It was a case that arose as a result of malversation committed by a bank employee which directly affected the deposit accounts of plaintiffs-appellees and the case was instituted to recover from appellant Bank the sum of money taken by the bank employee. Verily, appellant Bank had maliciously and in bad faith unilaterally suspended the credit line of plaintiffs-appellees thereby