

THIRD DIVISION

[G.R. No. 150487, July 10, 2003]

**GERARDO F. SAMSON JR., PETITIONER, VS. BANK OF THE
PHILIPPINE ISLANDS, RESPONDENT.**

DECISION

PANGANIBAN, J.:

Gross negligence of a bank in the handling of its client's deposit amounts to bad faith that calls for an award of moral damages. Credit is very important to businessmen, and its loss or impairment needs to be recognized and compensated.

The Case

Before us is a Petition for Review^[1] under Rule 45 of the Rules of Court, seeking to set aside the March 30, 2001 Decision^[2] and the October 22, 2001 Resolution^[3] of the Court of Appeals (CA) in CA-GR CV No. 54599. The dispositive portion of the assailed Decision reads as follows:

"WHEREFORE, foregoing premises considered, the Decision appealed from is *AFFIRMED WITH A MODIFICATION* that the award of moral damages is reduced to P50,000.00."^[4]

The assailed Resolution denied the Motions for Reconsideration filed by the parties.

The Facts

The CA summarized the antecedents of the case as follows:

"Gerardo F. Samson, Jr. filed an action for damages against the Bank of the Philippine Islands.

"In his complaint, [petitioner] avers, *inter alia* that he is a client/depositor of [respondent] with Savings Account No. 3085-0125-75 through the [respondent's] Express Teller System[,] a 24-hour banking service; that on August 20, 1990, [petitioner] deposited to his BPI account a Prudential Bank Check No. 209116 in the amount of Three Thousand Five Hundred Pesos (P3,500.00); that as of said date, [petitioner's] account balance was Three Hundred Sixty-Seven and 38/100 Pesos (P367.38); that on August 24, 1990, [petitioner] instructed his daughter to withdraw P2,000.00 from the said account; that the withdrawal was declined twice as the Express Teller transaction record showed 'Sorry, Insufficient Funds'; that because of such eventuality, [petitioner] suffered embarrassment as he could not then and there produce the required cash with which to fulfill his commitment and monetary obligation towards a creditor who had waited at his residence; that on September 12, 1990, [petitioner] deposited to his aforesaid

account through the Express Teller, the amount of Five Thousand Five Hundred Pesos (P5,500.00); that he discovered that his available total balance as of said date was only Three Hundred Forty-Two and 38/100 Pesos (P342.38) without his earlier check deposit of Three Thousand Five Hundred Pesos (P3,500.00) on August 20, 1990 but with a Twenty-Five Peso (P25.00) penalty/service charge; that [petitioner] complained to [respondent] about the discrepancy; that [respondent] confirmed the P3,500.00 check deposit but could not account the same; that investigation only ensued after [petitioner] informed [respondent] that his P3,500.00 Prudential Bank check was encashed by [respondent's] security guard named Nonilon E. Rondina; that per such investigation, it was discovered that one of the deposit envelopes was missing; that [respondent] did nothing to look for the missing check deposit or to inform [petitioner] about it; that despite [respondent's] knowledge of the irregularity and suspicious discrepancy in its records as early as of August 20, 1990, it did not even bother to conduct its own inquiry into said irregularity; that worse, despite being at fault, [respondent's] Manager, Nerissa M. Cayanga, displayed arrogance, indifference and discourtesy towards [petitioner].

"In its Answer, [respondent] Bank denied all the material allegations in the [C]omplaint and alleged among others, that the [C]omplaint fails to state a cause of action; that [petitioner] has violated the provisions of the covering contract of deposit which provides that representatives are not allowed to contract business on the account on behalf of the depositor; that [petitioner's] claim has been paid, waived and extinguished; that [petitioner] by his inaction in reporting the loss of his check deposit, is estopped from claiming damages from defendant.

"After trial on the merits, the trial court rendered [a Decision in favor of petitioner]."^[5]

Ruling of the Court of Appeals

The CA affirmed the ruling of the trial court, but modified the amount of damages. It held that since the banking business was affected with public interest, Bank of the Philippine Islands (BPI) was required to exercise a high degree of care with respect to the accounts of its clients. Thus, the bank was rendered liable by its negligence resulting in damage to its depositor.

Since it was undisputed that BPI had lost the check of petitioner, the appellate court reviewed the evidence and held that respondent bank was grossly negligent in its failure to observe the required degree of care. This gross negligence on the part of BPI amounted to bad faith that entitled petitioner to moral damages. The moral damages of P200,000 awarded by the trial court was, however, found to be excessive. It was therefore reduced to P50,000, because petitioner claimed only P3,500, which had already been credited back to his account.

Hence, this Petition.^[6]

Issues:

In his Memorandum, petitioner submits the following issues for the Court's consideration:

"I

Whether the reduction of the award of moral damages to Php50,000.00, a mere one-fourth of the moral damages awarded by the trial court, was proper.

"II

Assuming that Respondent BPI is not precluded from raising this defense in this appeal, whether petitioner was negligent in demanding the return of his deposit, which was lost through the bank's gross negligence and inaction."^[7]

In sum, the main issue in this case is whether the CA erred in reducing the award of moral damages from P200,000 to only P50,000.

The Court's Ruling

The Petition is partly meritorious.

Sole Issue: **Amount of Moral Damages**

Moral damages are meant to compensate the claimant for any physical suffering, mental anguish, fright, serious anxiety, besmirched reputation, wounded feelings, moral shock, social humiliation and similar injuries unjustly caused.^[8] Although incapable of pecuniary estimation, the amount must somehow be proportional to and in approximation of the suffering inflicted.^[9] Moral damages are not punitive in nature^[10] and were never intended to enrich the claimant at the expense of the defendant.^[11]

There is no hard-and-fast rule in determining what would be a fair and reasonable amount of moral damages, since each case must be governed by its own peculiar facts.^[12] Trial courts are given discretion in determining the amount, with the limitation that it "should not be palpably and scandalously excessive."^[13] Indeed, it must be commensurate to the loss or injury suffered.^[14]

In the present case, petitioner bases his claim on the failure of respondent to credit the sum of P3,500 to his account due to its gross negligence. As a result of such failure, he was unable to fulfill his obligation to a valued creditor, resulting in the severance of his credit line. He further alleges that he suffered humiliation and besmirched reputation.^[15] According to him, his suffering was exacerbated by his subjection to indifference, discourtesy and arrogance from respondents' officers.

Moral damages are awarded to achieve a "spiritual *status quo*," thus:

"Moral damages are awarded to enable the injured party to obtain means, diversions or amusements that will serve to alleviate the moral suffering he/she has undergone, by reason of the defendant's culpable action. Its award is aimed at restoration, as much as possible, of the spiritual *status quo ante*; thus, it must be proportionate to the suffering inflicted. Since each case must be governed by its own peculiar circumstances, there is no hard and fast rule in determining the proper amount. x x x."^[16]