

## FIRST DIVISION

[ G.R. No. 116181, April 17, 1996 ]

### PHILIPPINE NATIONAL BANK, PETITIONER, VS. COURT OF APPEALS AND CARMELO H. FLORES, RESPONDENTS.

#### D E C I S I O N

##### KAPUNAN, J.:

This is a Petition for Review on Certiorari under Rule 45 of the Revised Rules of Court assailing the decision and resolution of the respondent Court of Appeals in CA-G.R. CV No. 38281 dated 31 January 1994 and 5 July 1994, respectively, which affirmed the decision of the Regional Trial Court in Civil Case No. Q-89-4033 declaring Philippine National Bank liable to Carmelo H. Flores for damages.

The facts of the case are as follows:

On 11 July 1989, private respondent Carmelo H. Flores (Flores) purchased from petitioner at its Manila Pavilion Hotel unit, two (2) manager's checks worth P500,000.00 each, paying a total of P1,000,040.00, including the service charge.<sup>[1]</sup> A receipt for said amount was issued by the petitioner.<sup>[2]</sup>

On 12 July 1989, Flores presented these checks at the Baguio Hyatt Casino unit of petitioner. Petitioner refused to encash the checks but after a lengthy discussion, it agreed to encash one (1) of the checks.<sup>[3]</sup> However, it deferred the payment of the other check until after Flores agreed that it be broken down to five (5) manager's checks of P 100,000.00 each. Furthermore, petitioner refused to encash one of the five checks until after it is cleared by the Manila Pavilion Hotel unit.<sup>[4]</sup> Having no other option, Flores agreed to such an arrangement. However, upon his return to Manila, he made representations to petitioner through its Malate Branch so that the check may be encashed but to no avail.<sup>[5]</sup> Flores, thereafter, wrote a letter to his counsel informing the latter of the aforementioned events.<sup>[6]</sup> A Formal Demand was made by private respondent's counsel but petitioner persisted in its refusal to honor the check.<sup>[7]</sup>

Left with no other choice, Flores filed a case with the Regional Trial Court of Quezon City, Branch 100, docketed as Civil Case No. Q-89-4033.<sup>[8]</sup>

In its Answer with Compulsory Counterclaim, petitioner insisted that only P900,000.00 and P40.00 bank charges were actually paid by Flores when he purchased the two (2) manager's checks worth P1,000,000.00. It alleged that due to Flores' "demanding attitude and temper," petitioner's money counter, Rowena Montes, who, at that time was still new at her job, made an error in good faith in issuing the receipt for P1,000,040.00.<sup>[9]</sup> The actuations of Flores allegedly

distracted the personnel manning the unit.<sup>[10]</sup>

After trial, the court rendered its decision on 5 May 1992, the dispositive portion of which states:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff and against the defendant Philippine National Bank as follows:

a.) ordering the defendant to pay plaintiff the sum of P 100,000.00 representing the amount of the check dishonored with interest thereon at the legal rate per annum from November 16, 1989 until fully paid;

b.) ordering defendant to pay plaintiff for the embarrassment caused him the amount of P1,000,000.00 as moral damages;

c.) ordering defendant to pay plaintiff the amount of P1,000,000.00 as exemplary damages brought about by the malevolent and malicious acts of the former;

d.) ordering defendant to pay plaintiff the sum of P50,000.00 as attorney's fees; and

e.) ordering defendant to pay the costs of the suit.

SO ORDERED.<sup>[11]</sup>

Petitioner interposed an appeal with the respondent court, docketed as CA-G.R. CV No. 38281 assigning the following errors, to wit:

## **I**

THE TRIAL COURT ERRED IN HOLDING ON THE BASIS OF THE RECEIPT MARKED EXH. "A" THAT IN PURCHASING THE TWO MANAGER'S CHECKS ON JULY 11, 1989, APPELLEE FLORES PAID PNB P1,000,040.00 DESPITE (1) THAT THE SAID RECEIPT DOES NOT SHOW, OR AFFORD THE BEST PROOF OF THE CORRECT AMOUNT PAID BY FLORES TO PNB AND (2) THAT AS SHOWN BY PREPONDERANT AND CONCLUSIVE EVIDENCE, APPELLEE PAID PNB P900,040 ONLY IN ONE MANAGER'S CHECK AND MONETARY BILLS.

## **II**

THE TRIAL COURT ERRED IN AWARDING FLORES P1 MILLION MORAL DAMAGES, P1 MILLION EXEMPLARY DAMAGES, AND

P500,000 (sic) ATTORNEY'S FEES DESPITE (1) THAT PNB'S REFUSAL TO ENCASH THE P100,000 MANAGER'S CHECK (EXH. "B") WAS JUSTIFIED, AS FLORES WAS NEVER ENTITLED TO THE MONEY; (2) THAT THERE IS ABJECT ABSENCE OF EVIDENCE THAT PNB ACTED FRAUDULENTLY OR MALICIOUSLY, EVEN AS GOOD FAITH IS PRESUMED; AND (3) THAT FLORES' ALLEGED EMBARRASSMENT FOR HIS FAILURE TO PURCHASE A HOUSE AND LOT DUE TO PNB'S REFUSAL TO ENCASH THE WHOLE P1 MILLION IS UNFOUNDED.<sup>[12]</sup>

On 31 January 1994, the Court of Appeals rendered the questioned decision, the dispositive portion of which reads:

WHEREFORE, the appealed decision of the lower court in Civil Case No. Q-89-4033 is hereby AFFIRMED by the Court.

Costs against defendant-appellant.

SO ORDERED.<sup>[13]</sup>

A motion for reconsideration was filed but it was likewise denied in a resolution dated 5 July 1994,<sup>[14]</sup> thus, the present action with petitioner raising the following issues, to wit:

### **I**

WHETHER OR NOT THE CA ERRED IN LAW IN HOLDING THAT, THE BEST EVIDENCE TO SHOW WHETHER MR. FLORES PAID THE PNB CASINO UNIT P900,040 OR P1,000,040 IN PURCHASING THE TWO MANAGER'S CHECKS EACH WORTH P500,000 IS THE RECEIPT FOR P1,000,040.

WHETHER OR NOT PNB CAN PRESENT COMPETENT AND RELEVANT EVIDENCE TO SUPPORT ITS ALLEGATION IN THE ANSWER THAT MR. FLORES ACTUALLY PAID P900,040 AND NOT P1,000,040 FOR THE SUBJECT MANAGER'S CHECKS.

### **III**

WHETHER OR NOT THE AWARD FOR P1 MILLION MORAL DAMAGES, P1 MILLION EXEMPLARY DAMAGES, AND P50,000 ATTORNEY'S FEES, AS COMPARED TO THE ACTUAL CLAIM OF P100,000 IS DISPROPORTIONATE AND UNCONSCIONABLE.<sup>[15]</sup>

We shall deal with the first and second issues raised by petitioner together as they are interrelated.

Petitioner concedes that it issued the subject receipt for P1,000,040.00 to Flores; yet, in the same breath, it immediately counters that said receipt is not the best evidence to prove how much money Flores actually paid for the purchase of petitioner's manager's checks.

Further, petitioner insists that the issue in the instant case is not the contents of the subject receipt but the exact amount of money Flores paid to PNB, an inquiry which, petitioner avers, allows the presentation of evidence *aliunde*.

Petitioner's contentions are unmeritorious.

A "receipt" is defined as:

A written and signed acknowledgment that money has been paid or goods have been delivered. A receipt is merely presumptive evidence and is not conclusive.

A written acknowledgment that money or a thing of value has been received. Since a receipt is a mere acknowledgment of payment, it may be subject to explanation or contradiction. A receipt may be used as evidence against one just as any other declaration or admission. A simple receipt not under seal is presumptive evidence only and may be rebutted or explained by other evidence of mistake in giving it, or of non-payment or of the circumstances under which it was given.<sup>[16]</sup> (Italics ours.)

Although a receipt is not conclusive evidence, in the case at bench, an exhaustive review of the records fails to disclose any other evidence sufficient and strong enough to overturn the acknowledgment embodied in petitioner's own receipt (as to the amount of money it actually received).

Petitioner contends that it offered in court evidence of the particulars or the actual denominations of the money it received from Flores in exchange for its managerial checks. However, aside from the self-serving testimonies of petitioner's witnesses, we fail to discover any such evidence in the records. In the words of the trial court:

After having thoroughly evaluated the evidences (sic) on record, the Court finds and so believes that plaintiff indeed paid defendant the amount of P1,000,040.00 when he purchased the two (2) manager's checks worth (sic) P1,000,000.00. This is clearly manifested from the receipt issued by the defendant wherein it explicitly admits that the amount stated therein is what plaintiff actually paid. While the defendant does not dispute the receipt it issued to the plaintiff it endeavored to prove that the actual amount involved in the entire transaction is only P900,000.00 that is P450,000.00 manager's check and P450,000.00 cash by submitting in evidence, the application forms filled up by the plaintiff

Exhibits " 1, 2, 3 and 4." As may be readily seen these application forms relied upon by the defendant have no probative value for they do not yield any direct proof of payment. Besides defendant even failed to adduce concrete evidence showing that these forms which were crumpled and retrieved from the waste basket were made the basis of the approval of the purchased (sic) made. At any rate, the Court finds such pieces of evidence not only unconvincing but also self-defeating in the light of the receipt, the accuracy, correctness and due execution of which was indubitably established. It is a cardinal rule in the law on evidence that the best proof of payment is the receipt.<sup>[17]</sup> (Italics ours.)

In *Monfort v. Aguinaldo*,<sup>[18]</sup> the receipts of payment, although not exclusive, were deemed to be the best evidence. Thus:

That the best evidence for proving payment is by the evidence of receipts showing the same is also admitted. What respondents claim is that there is no rule which provides that payment can only be proved by receipts. While receipts are deemed to be the best evidence, they are not exclusive. Other evidence may be presented in lieu thereof if they are not available, as in case of loss, destruction or disappearance. The fact of payment may be established not only by documentary evidence, but also by parol evidence (48 C.J. 727; Greenleaf, Law of Evidence, Vol. II, p. 486; Jones on Evidence [1913] Vol. II, p. 193), specially in civil cases where preponderance of evidence is the rule. Here respondents presented documentary as well as oral evidence which the Court of Appeals found to be sufficient, and this finding is final.

In the instant case, petitioner's contention that Flores paid P900,000.00 only instead of P1,000,000.00 (exclusive of bank charges) in the following denominations: a manager's check worth P450,000.00; P430,000.00 in P100.00 bills; and P20,000.00 in P500.00 bills, was based solely on the testimonies of petitioner's bank employees - the very ones involved in the fiasco,<sup>[19]</sup> and not on any other independent evidence. Hence, having failed to adduce sufficient rebuttal evidence, petitioner is bound by the contents of the receipt it issued to Flores. The subject receipt remains to be the primary or best evidence or "that which affords the greatest certainty of the fact in question."<sup>[20]</sup>

On the issue of damages, we concur with the findings of the trial court and the Court of Appeals, respectively:

Since there is no doubt as to the fact that the plaintiff purchased from the defendant bank two (2) manager's check worth P500,000.00 each as this was evidenced by an official receipt (Exhibit "A"), then, following the above jurisprudential ruling, the existence of the manager's check (sic) created as (sic) fiduciary relationship between the defendant bank and the plaintiff and therefore any breach thereof must be borne by the negligent party. In this case, the money counter who, among her other