



Republic of the Philippines
Supreme Court
Manila

MisRDCBatt
MISABEL DOMINGO C. BATTUNG III
Division Clerk of Court
Third Division

MAR 23 2021

THIRD DIVISION

PHILIPPINE
BANK,

NATIONAL

G.R. No. 207856

Petitioner,

Present:

LEONEN, J.,
Chairperson,
HERNANDO,
INTING,
DELOS SANTOS,
ROSARIO, JJ.

- versus -

LORENZO T. BAL, JR.,
Respondent.

Promulgated:

November 18, 2020

MisRDCBatt

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DECISION

HERNANDO, J.:

Challenged in this Petition for Review¹ is the November 19, 2012 Decision² of the Court of Appeals (CA) in CA-G.R. CV No. 93687 which denied the appeal of Philippine National Bank (PNB). Also assailed is the June 18, 2013 Resolution³ of the appellate court which denied the motion for reconsideration of PNB.

PNB is engaged in the banking business. Lorenzo T. Bal, Jr. was then the manager of PNB's Caloocan Branch (Branch) at the time the incident subject of the instant case occurred. The Branch had a depositor by the name of Adriano S. Tan (Tan), who maintained thereat Current Account No. 215-811497-9 in his name.⁴

¹ *Rollo*, pp. 27-49.

² *Id.* at 16-22; penned by Associate Justice Myra V. Garcia-Fernandez and concurred in by Associate Justices Magdangal M. De Leon and Stephen C. Cruz.

³ *Id.* at 24-25.

⁴ *Id.* at 30.

The Antecedents

On October 12, 2000, PNB filed a complaint for sum of money against Tan and herein respondent Bal. PNB claimed that Bal approved various cash withdrawals by Tan against several checks without waiting for them to be cleared. When these checks were dishonored, PNB claimed that Bal allowed Tan to deposit several checks to partially cover Tan's various cash withdrawals. Nevertheless, these new checks were also dishonored for insufficient funds.⁵

PNB further asserted that Tan had already acknowledged his outstanding obligation to the bank in the amount of ₱520,000.00 and executed a promissory note⁶ in its favor. To confirm this acknowledgement, Tan issued another promissory note in favor of PNB in the same amount. Despite demand, however, Tan failed to pay PNB the stipulated amount.⁷

PNB alleged that Bal violated the bank's policy on the prohibition against drawing on uncollected deposits pursuant to its General Circular No. 11-58/80 dated March 14, 1980. In addition, PNB claimed that Bal violated and exceeded his limited authority to approve encashment of other bank checks under its Manual of Signing Authority. In view of the foregoing violations, PNB averred that it incurred losses in the amount of ₱520,000.00 and that Bal is personally liable to the bank pursuant to its Manual of Policies on Cash, Checks and Other Cash Items and Deposits.⁸

PNB prayed that Tan and Bal be held jointly and severally liable to the bank in the amount of ₱520,000.00, plus interest and damages.⁹

On the other hand, Bal argued that the trial court had no jurisdiction over the complaint against him because it amounted to an administrative action. He further pointed out that he was already administratively penalized by the Administrative Adjudication Panel of the bank for his alleged violations with a four-month suspension. He likewise asserted that PNB had no valid cause of action against him because he neither made any acknowledgement of the obligation nor participated in the business transactions that led to the obligation. Thus, he argued that Tan should be held solely liable to the bank for the amount of ₱520,000.00.¹⁰

⁵ *Id.* at 17.

⁶ *Id.* at 135-136.

⁷ *Id.* at 17-18.

⁸ *Id.* at 17.

⁹ *Id.*

¹⁰ *Id.* at 3 and 53.

Ruling of the Regional Trial Court (RTC):

In its December 10, 2008 Decision,¹¹ the RTC dismissed the complaint against Bal but held Tan solely liable for the entire amount of ₱520,000.00.¹² The dispositive portion of the RTC's Decision reads:

WHEREFORE, PREMISES CONSIDERED, this Court finds:

1. That plaintiff Philippine National Bank failed to prove through a preponderance of evidence Lorenzo T. Bal's civil liability on any monetary liability; and that the cause of action for a collection of a sum of money filed against him is hereby **DISMISSED** for insufficiency of evidence;

2. That having been declared in default, and not having controverted the preponderance of evidence presented against him, this Court finds defendant Adriano Tan civilly liable against plaintiff Philippine National Bank; and that defendant Tan is ordered to return to plaintiff Philippine National Bank the amount of ₱520,000.00 including legal interest reckoned from August 28, 2000 until finality of this judgment;

3. That defendant Tan is hereby liable in the amount of ₱50,000.00 representing attorney's fees to be paid to defendant Bal and the amount of ₱50,000.00 representing attorney's fees to be paid to plaintiff PNB;

4. That, based on the findings made by this Court as contained in the body of this decision, defendant Bal's cross claim is hereby **DISMISSED**;

5. No pronouncement as to costs.

SO ORDERED.¹³ (Emphasis in the original)

Ruling of the Court of Appeals:

In its November 19, 2012 Decision, the CA upheld the findings of the RTC. The appellate court pointed out that:

While it may be true that Bal had exceeded his authority in accommodating several checks presented for deposit by Tan, [PNB] failed to satisfactorily prove that Bal financially gained from his act of accommodating Tan or that any collusion existed between [Tan and Bal]. [PNB] also failed to present sufficient factual basis to hold Bal personally liable for his acts as officer of the bank[.] Hence, the trial court correctly dismissed [PNB's] claim against Bal for recovery of the amount based on insufficiency of evidence.¹⁴

Moreover, the CA affirmed the RTC's findings that there was sufficient evidence that Tan was the one who actually received the money and acknowledged said obligation to PNB through the execution of a promissory

¹¹ Id. at 50-55; penned by Judge Maria Rosario B. Ragasa.

¹² Id. at 19.

¹³ Id. at 55.

¹⁴ Id. at 21.

note in favor of said bank.¹⁵ The dispositive portion of the appellate court's Decision reads:

WHEREFORE, the appeal is **DENIED**. The decision dated December 10, 2008 issued by the Regional Trial Court of Pasay City, Branch 108 in Civil Case No. 00-0321 is **AFFIRMED**.¹⁶ (Emphasis in the original)

PNB thereafter filed a motion for reconsideration but the CA denied it in its June 18, 2013 Resolution¹⁷.

Unsatisfied, PNB filed the instant Petition for Review on *Certiorari* under Rule 45 of the Rules of Court. It mainly asserts that Bal's violations of several office orders and BSP regulations were prejudicial to its interest and resulted to PNB's substantial losses. Thus, he should be held liable for his tortious act and gross negligence amounting to bad faith.¹⁸

Issue

The main issue in this case is whether or not Bal may be held personally liable on the drawings against uncollected check deposits in the amount of ₱520,000.00 in view of his violation of the existing policies of PNB.

Our Ruling

The instant Petition is unmeritorious.

After a careful review of the records on hand, We find no cogent reason to disturb the findings of the CA and the RTC. We likewise hold that Bal has not incurred any personal liability on the drawings against the uncollected bank deposits in question.

Firstly, We validate Bal's claim that "[a]fter careful evaluation of the [track] record and dealings of the depositor [he] decided to approve the check deposit."¹⁹ PNB had acknowledged that Bal raised the same argument when he explained to the bank that his act of approving the withdrawals against the uncollected deposits had been a mere act of accommodation to the valued clients of the bank, such as Tan.²⁰

The findings of the trial court are apt on this point when it held that "[a]t the time Bal was called upon to approve the encashment of the dishonored

¹⁵ Id.

¹⁶ Id.

¹⁷ Id. at 24-25.

¹⁸ Id. at 40.

¹⁹ Id. at 118.

²⁰ Id. at 171.

checks, he made a judgment call based on his appraisal of Tan's banking history with PNB and the regularity of the checks presented on payment."²¹

We hold that Bal's questioned acts were therefore made within his discretion as branch manager.²² In *Tan v. People*,²³ We held that as to the uncollected check deposits, the bank may honor the check *at its discretion* in favor of clients. Bal's position as branch head entails the exercise of such discretion.

Secondly, the PNB Administrative Adjudication Panel already penalized Bal for the same infraction. In its March 18, 1999 Decision²⁴, the PNB Administrative Adjudication Panel penalized Bal with four (4) months suspension without prejudice to the filing of an appropriate court action on the part of the bank.²⁵

Moreover, the trial court correctly interpreted the PNB's Administrative Adjudication Panel's pronouncement that its disposition finding Bal guilty of serious misconduct - "without prejudice to the filing of the appropriate action in court to protect the interests of the bank, including the recovery of the amounts involved"²⁶ - referred only to the recovery of the amount involved from the one who actually benefited from the fraud, that is, Tan. It is therefore Tan who must be pursued by PNB for the amount that it claims to have lost. In fact, PNB itself asserts that Tan had expressly acknowledged owing ₱520,000.00 to the bank and had in fact issued a couple of promissory notes to PNB as to such obligation.

In any case, since Bal was already penalized by PNB for his violations by way of a four-month long suspension, making him personally accountable for the liability that Tan had already acknowledged to be his would be tantamount to penalizing him twice for the same offense.

Lastly, Bal may not be held personally or solidarily liable. Settled is the rule that solidarity is never presumed. There is solidary liability when the obligation so states, or when the law or the nature of the obligation requires the same,²⁷ which are unavailing in the instant case.

WHEREFORE, the instant Petition is hereby **DENIED**. The assailed November 19, 2012 Decision and the June 18, 2013 Resolution rendered by the Court of Appeals in CA-G.R. CV No. 93687 are hereby **AFFIRMED**. No pronouncement as to costs.

²¹ Id. at 54.

²² See also *Prudential Bank v. Mauricio*, 679 Phil 369-394 (2012).

²³ 402 Phil. 833, 839 (2001); reiterated in *Abarquez v. Court of Appeals*, 955 Phil. 964, 975 (2003).


²⁴ *Rollo*, p. 121.

²⁵ Id.

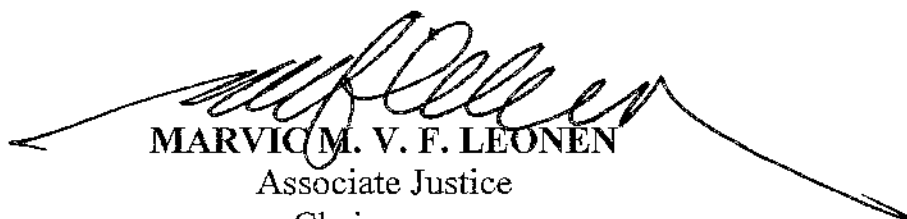
²⁶ Id. at 121.

²⁷ *Keihin-Everett Forwarding Co., Inc. v. Tokio Marine Malayan Insurance Co., Inc.*, G.R. No. 212107, January 28, 2019.

SO ORDERED.


RAMON PAUL L. HERNANDO
Associate Justice

WE CONCUR:


MARVIC M. V. F. LEONEN
Associate Justice
Chairperson



HENRI JEAN PAUL B. INTING
Associate Justice


EDGARDO L. DELOS SANTOS
Associate Justice


RICARDO B. ROSARIO
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARVIC M. V. F. LEONEN
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



DIOSDADO M. PERALTA
Chief Justice

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MISABEL DOMINGO C. BATTUNGUE
Division Clerk of Court
Third Division

MAR 23 2021