

Title: Julian C. Singson and Ramona del Castillo v. Bank of the Philippine Islands and Santiago Freixas G.R. No. L-21438

Facts:

Julian C. Singson, one of the defendants in civil case No. 23906, was judged alongside his co-defendants Celso Lobregat and Villa-Abrille & Co. to pay a sum to the Philippine Milling Co. Singson and Lobregat appealed the judgment, which became final and executory against Villa-Abrille & Co. A writ of garnishment was served on the Bank of the Philippine Islands (BPI), where the Singsons had a current account, but only concerning Villa-Abrille & Co.'s bank credits. Due to an oversight, a BPI clerk mistakenly believed Singson's own deposits were also to be garnished, leading to the bank dishonoring Singson's checks due to the purported garnishment.

On discovering the error, BPI's president, Santiago Freixas, took steps to correct the mistake, remove the wrongful garnishment, and apologize to Singson. Unsatisfied, Singson and his wife filed a complaint against BPI and Freixas, seeking damages for the alleged illegal freezing of their account. The Court of First Instance of Manila dismissed the complaint; the Singsons then appealed to the Supreme Court.

Issues:

1. Whether the relationship between the plaintiffs and the bank, being contractual, precludes the commission of a tort by one party against another and the consequent recovery of damages for such tort.
2. Whether the plaintiffs are entitled to damages, and if so, what kind of damages should be awarded.

Court's Decision:

The Supreme Court reversed the lower court's decision. It held that a tort can indeed be committed by one party against another even in the context of a contractual relationship. The Court recognized that while a contract exists between the Singsons and BPI, the act that breached the contract could also constitute a tort. Drawing from the ruling in *Air France vs. Carrasco*, the Court underscored that wrongful acts may break a contract and simultaneously be considered a tort.

The Court, however, noted that the damage was rectified swiftly once the mistake was brought to the bank president's attention. As such, it awarded nominal damages to vindicate the Singsons' rights, recognizing that the harm done was not substantial enough to warrant

a larger sum. Hence, the plaintiffs were awarded P1,000 as nominal damages and P500 as attorney's fees, acknowledging the breach of their rights but taking into account the corrective actions taken by the defendants.

Doctrine:

Even in the presence of a contractual relationship, one party can still commit a tort against another, allowing the injured party to claim damages for such tort. A wrongful act that breaches a contract may also be considered a tort, as per the principle reaffirmed in the ruling of *Air France vs. Carrascoso*.

Class Notes:

- **Existence of Contract Does Not Preclude Tort:** Regardless of a contractual relationship, acts that breach said contract can simultaneously constitute a tort, allowing for the recovery of tort damages.
- **Nominal Damages:** These are awarded to recognize a violation of a right when the harm caused is not substantial or material damage is not proven.
- **Attorney's Fees:** Under Article 2208 of the Civil Code, attorney's fees may be recovered when exemplary damages are awarded or as appropriate in the circumstances.

Historical Background:

The Supreme Court decision in *Singson v. BPI* reinforces the legal principle that tort liability can coexist with contractual obligations. The case reflects the Philippine judiciary's affirmation of legal remedies for both breach of contract and tortious conduct, reflecting a commitment to upholding the rights of individuals within the scope of both private agreements and general civil conduct. Such cases demonstrate the evolving nature of Philippine jurisprudence in recognizing the multi-faceted relationships between entities and the need for a layered understanding of rights and remedies in both contract and tort law.