

Title: Dometila M. Andres vs. Manufacturers Hanover & Trust Corporation and Court of Appeals

Facts:

Dometila M. Andres, doing business as “Irene’s Wearing Apparel,” engaged in the textile industry in the Philippines, catered to various clients, including Facets Funwear Inc. (FACETS) based in the United States. During the business transactions, FACETS would remit payments to Andres for purchases. In August 1980, FACETS asked its bank, First National State Bank of New Jersey (FNSB), to transfer \$10,000.00 to Andres through the Philippine National Bank, Santa Cruz Branch, Manila (PNB). Acting on this, FNSB requested Manufacturers Hanover & Trust Corporation (respondent) to facilitate this transfer, debiting FNSB’s account with the respondent for the amount.

Due to a miscommunication, the initial remittance was delayed. A telex from the respondent to PNB had identified the payee only as “Wearing Apparel,” leading PNB to request clarification. Consequently, another telex was sent confirming the payee as “Irene’s Wearing Apparel,” after which Andres received the transfer through PNB’s Demand Draft No. 225654.

Meanwhile, due to the initial delay, FACETS informed FNSB and, not knowing that Andres had received the payment, instructed the respondent to redirect the remittance through Philippine Commercial and Industrial Bank (PCIB) instead of PNB. As a result, a duplicate payment was sent to Andres, which she also received.

Upon discovering the duplication, FNSB sought and received recreditation for the \$10,000.00 from the respondent. The respondent in turn demanded reimbursement from Andres for the duplicate remittance, but she refused. Thus, the respondent filed a complaint with the Regional Trial Court, Branch CV, Quezon City. The trial court ruled in favor of Andres, finding Article 2154 of the New Civil Code inapplicable because it deemed the second payment a result of negligence, not a mistake, and found no unjust enrichment. The respondent then appealed, and the Court of Appeals reversed the decision favoring the respondent, prompting Andres to file this petition for review.

Issues:

The legal issue for the Supreme Court’s resolution was whether the respondent had the right to recover the second remittance of \$10,000.00 mistakenly delivered to Andres.

Court’s Decision:

The Supreme Court conducted an in-depth analysis and held that the Court of Appeals correctly applied the doctrine of solutio indebiti, as embodied in Article 2154 of the New Civil Code. The Court confirmed that the second remittance, having the same invoice number as the first, was indeed made by mistake, and since the payment originated from a contract not involving Andres (who was merely the named payee), she had no right to apply it towards any outstanding account with FACETS and was obligated to return it. The Supreme Court found substantial evidence supporting the Court of Appeals' findings and upheld that factual findings of the lower court are conclusive. Furthermore, the Court dismissed Andres' contention that the doctrine of solutio indebiti did not apply by highlighting that the second remittance was made because of an error, fitting the provision's requirements. The Court also placed precedence on statutory provisions of the Civil Code over common law principles suggested by Andres.

Doctrine:

The legal principle of solutio indebiti, codified in Article 2154 of the New Civil Code, established that there is an obligation to return a payment received by mistake when there is no right to demand it.

Class Notes:

The key elements central to the case include:

- The doctrine of solutio indebiti: A principle where an obligation to restore arises if something is received by mistake when there is no right to claim it.
- Requisite for solutio indebiti applicability: (1) the payor was not under an obligation to make the payment, and (2) the payment was made because of an essential mistake of fact.
- Finality of factual findings: The Supreme Court deems factual findings of lower courts to be final and conclusive barring exceptions such as absence of evidence support.
- Equity vs. Statutory Law: Statutory provisions in the Civil Code override common law principles when directly applicable to a case.
- Prescriptive period: Quasi-contractual actions have a six-year prescriptive period.

Relevant legal provisions include Article 2154 of the New Civil Code.

Historical Background:

This case reflects the judicial principles governing unjust enrichment and the recovery of payments made under the influence of an error. It illustrates the Philippine judiciary's approach in blending long-standing civil law doctrines with the peculiar facts of modern business transactions, specifically in the context of cross-border commercial dealings and the remittance systems of banks. The Supreme Court's decision reasserts traditional civil

law concepts such as solutio indebiti, emphasizing the Philippines' adherence to its Civil Code as the fundamental law over common law principles which may operate in other jurisdictions.