

Title:

The Real Bank (A Thrift Bank), Inc. vs. Dalmacio Cruz Maningas

Facts:

Dalmacio Cruz Maningas, a Filipino-British national living in London, issued two crossed checks totaling P1,152,700.00 to his friend Bienvenido Rosaria for a land purchase. Due to Rosaria's absence in the Philippines, Maningas mailed the checks to Rosaria's sister in Parañaque City for depositing. The checks were mistakenly made payable to "BIENVINIDO ROSARIA" due to a typographical error. After the checks were not received as intended and their amounts were deducted from Maningas's account, it was discovered that an impostor had used the checks to open and subsequently empty an account in Real Bank's Bacoor, Cavite branch. Maningas filed a complaint against Real Bank and Metrobank for recovery of the deducted amount plus damages, alleging negligence on their parts in handling and allowing the withdrawal of the checks.

Real Bank countered, arguing that Maningas had no legal standing since the intended payee, not Maningas, should file the action. They also argued adherence to standard verification procedures in opening the impostor's account. Metrobank defended itself by stating its right to assume the collecting bank (Real Bank) had verified the indorsements. The Regional Trial Court (RTC) ruled in favor of Maningas, holding Real Bank solely liable for the reimbursement of the withdrawn amount plus interest. This decision was affirmed by the Court of Appeals (CA).

Issues:

1. Whether Real Bank is liable for the unauthorized withdrawal of the checks' amount despite the payee's name being misspelled and whether the checks' mailing was negligent.
2. Applicability of the fictitious payee rule in this case.
3. If the actions of the parties involved (Real Bank, Metrobank, and Maningas) constituted negligence.

Court's Decision:

The Supreme Court denied the petition, affirming the CA and RTC decisions with modifications regarding legal interest rates. The Court held Real Bank liable for returning the check amount to Maningas. It ruled Maningas was not negligent in misspelling the payee's name nor in mailing the checks. The Court also stated that Real Bank's violation of its duty as a collecting bank and last indorser made it responsible for the unauthorized withdrawal. The fictitious payee rule was deemed inapplicable; the misspelling did not

transform the instrument into a bearer one. Real Bank's arguments against the legal standing of Maningas, violation of the secrecy of bank deposits law, and objections to additional evidence were also dismissed.

Doctrine:

- **Liability of Collecting Bank**: A collecting bank, as the last endorser of a check, guarantees all prior indorsements, including the authenticity of the payee's indorsement. If this turns out to be false, the collecting bank bears the loss.
- **Fictitious Payee Rule Inapplicability**: If the drawer's intention was for the check to go to a specific, real individual—despite errors in spelling—the check does not become payable to bearer under the fictitious payee rule.
- **Negligence and Misspelling**: A drawer's misspelling of the payee's name and choice of delivery method do not constitute negligence absolving banks of their duty to ensure checks are payable only upon proper indorsement.

Class Notes:

- **Collecting Bank's Liability**: Collecting banks are strictly liable for ensuring the validity of prior indorsements before presenting checks for payment.
- **Negotiable Instruments Law (NIL), Section 66**: Imposes liability on a general indorser for the instrument's genuineness and the validity of prior indorsements.
- **Fictitious Payee Rule, NIL, Section 9(c)**: A payee is fictitious if the drawer did not intend for the named person to receive the proceeds, making the instrument payable to bearer.

Historical Background:

This case underscores the stringent responsibilities banks face as intermediaries in negotiable instrument transactions, reflecting the legal and procedural safeguards designed to protect the integrity of commercial transactions and the recourse available to aggrieved parties in the event of forgery or fraud.