

Title:

Philippine Bank of Commerce vs. Rommel's Marketing Corp., G.R. No. L-10-237, 336 Phil. 667 (1991)

Facts:

1. **May 5, 1975 – July 16, 1976**: Rommel's Marketing Corporation (RMC), represented by Romeo Lipana, entrusted cash totaling PHP 304,979.74 to his secretary, Irene Yabut, for deposit into RMC's accounts with the Philippine Bank of Commerce (PBC), later Philippine Commercial International Bank (PCIB).

2. **Modus Operandi**: Yabut filled out two copies of the deposit slip. The original had her husband's name and account number; the duplicate had the same account number but a blank name. PBC's teller, Azucena Mabayad, validated both slips without verifying all details.

3. **Fraud**: Yabut deposited the cash into her husband's account, then altered the duplicate slips to show RMC's account number and name, deceiving RMC about where the funds were deposited.

4. **Discovery of Fraud**: RMC discovered the discrepancy and demanded reimbursement from PBC. When the demand was unheeded, RMC filed a lawsuit.

5. **Trial Court Decision (Nov 15, 1985)**: The Regional Trial Court held PBC and Mabayad jointly liable for the lost deposits and awarded RMC PHP 304,979.74, plus interest, exemplary damages at 14%, and attorney's fees at 25%.

6. **Court of Appeals Decision (Feb 28, 1991)**: The Court of Appeals affirmed the trial court's finding of PBC's negligence but removed exemplary damages and reduced attorney's fees to PHP 25,000. PBC appealed to the Supreme Court.

Issues:

1. **Proximate Cause of Loss**: Was the proximate cause of the loss PBC's negligence or RMC's negligence in handling the deposits?

2. **Validity of Presented Duplicate Slip**: Are the duplicate slips presented by RMC credible proof of deposits made to RMC's accounts?

3. **Liability and Damages**: Should PBC be held liable for the entire amount claimed by RMC?

Court's Decision:

The Supreme Court found in favor of RMC but held both parties negligent, thus mitigating PBC's liability by 40%.

1. **Proximate Cause (Negligence)**: The Court affirmed that the proximate cause was PBC's negligence through their teller Mabayad, who validated incomplete deposit slips contrary to bank procedures, facilitating Yabut's fraud.
2. **Validation Procedure**: Teller Mabayad's failure to complete validation checks, especially the missing account holder's name on the duplicate slip, was a significant lapse in duty and not in line with the stipulated banking procedures.
3. **Contributory Negligence**: RMC's practice of not checking monthly statements was found to be contributory negligence. As a result, the damages awarded to RMC were reduced by 40%.
4. **Award of Damages**: Actual damages of PHP 304,979.74 were reduced by 40%, and attorney's fees were set at PHP 25,000.

Doctrine:

1. **Degree of Diligence for Banks**: Banks must exercise more than ordinary diligence due to their fiduciary relationship with depositors, ensuring meticulous care in managing client accounts (Art. 1173, Civil Code).
2. **Last Clear Chance Doctrine**: Applied when multiple parties are negligent, holding the party with the last clear chance to avoid harm more accountable (Vda. de Bataclan v. Medina).

Class Notes:

1. **Quasi-Delicts (Art. 2176)**:
 - Damage suffered by plaintiff.
 - Negligence of defendant.
 - Causal link between negligence and damage.
2. **Proximate Cause**: Defined as the causative factor that unbrokenly leads to damage, a mix of logic and policy (Vda. de Bataclan v. Medina).
3. **Fiduciary Duty of Banks**: Higher than ordinary diligence given the fiduciary nature with depositors (Simex International v. CA).

4. **Last Clear Chance Doctrine**:

- Applied to assign liability when negligence from multiple parties is involved.
- The negligent party with the last opportunity to prevent harm is held primarily responsible.

Historical Background:

The case reflects practices before digital banking was prevalent, emphasizing manual banking procedures and record-keeping, which exposed flaws in the traditional systems, demonstrating the progress in banking regulations and highlighting the growing importance of fiduciary responsibility in banking operations.