

GILBERT DIZON & AILEEN UY., PETITIONERS, VS. PHILIPPINE DEPOSIT INSURANCE CORPORATION., RESPONDENT.

Ponente: GAERLAN, S.H., J.

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GAERLAN, S.H., J.:

Before us is a petition for certiorari[1] under Rule 65 of the Rules of Court seeking to nullify and set aside the order of respondent Philippine Deposit Insurance Corporation (PDIC), through the Letters[2] both dated 24 February 2012, denying petitioners' claims for deposit insurance[3] on their joint savings account (SA) no. 5199-020878-5 with the GMA Rural Bank of Cavite, Inc., and the subsequent Letter[4] (dated 11 July 2012) denying petitioners' requests for reconsideration[5].

FACTS

Gilbert Dizon and Aileen Uy (petitioners) are the owners of a joint savings account (SA No. 5199-020878-5) with GMA Rural Bank of Cavite, Inc. (GMA Bank), which they opened sometime in October 2010.

PDIC (respondent) is a government instrumentality created by law[6], that has the authority to determine which bank "deposits" are covered by insurance.

On 3 February 2011, the Bangko Sentral ng Pilipinas, through its Monetary Board, issued a Resolution[7] ordering the closure of GMA Bank and its receivership under respondent. Eventually, on 29 September 2011, the Monetary Board ordered the bank's liquidation, with respondent as liquidator.[8]

Due to GMA Bank's closure, petitioners separately filed their claims[9] for insurance with respondent relative to SA No. 5199-020878-5.

Respondent denied the claims through the subject two letters, both dated 24 February 2012, stating that:

"x x x based on verification/ examination of available bank records, credits made to your account represent payment of BILLS PAYABLE expense. Said expense is an ordinary liability of the bank and does not fall within the meaning of deposit pursuant to Section 4(f) of R.A. 3591, as amended (The PDIC Charter)x x x"[10]

Petitioners submitted their requests for reconsideration. Through the subject 11 July 2012 Letter, respondent required petitioners to submit additional documents to support their requests, otherwise, reconsideration is deemed denied. Petitioners failed to submit the supporting documents required by respondent.

Hence, the present petition for certiorari anchored on following grounds[11]:

ISSUES**I.**

RESPONDENT PDIC COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN IT DENIED PETITIONERS' CLAIM FOR DEPOSIT INSURANCE, DESPITE THE FACT THAT THE PETITIONERS SUFFICIENTLY ESTABLISHED THAT THEY HAVE AN EXISTING SAVINGS ACCOUNT WITH GMA BANK.

II.

RESPONDENT PDIC COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN IT DENIED THE PETITIONERS' CLAIM FOR DEPOSIT INSURANCE WITHOUT PROVIDING SUFFICIENT JUSTIFICATION FOR THE SAME IN CLEAR VIOLATION OF PETITIONER'S RIGHT TO DUE PROCESS.

THE COURT'S RULING

Petitioners contend that they made an initial deposit of One Million Five Hundred Thousand Pesos (Php 1,500,000.00) as evidenced by their passbook[12] for joint savings account No. 5199-020878-5. The passbook would show that there was substantial activity relative to the savings account of the Petitioners. Petitioners further aver that it is incumbent upon respondent PDIC to overcome the presumption that the deposit was made in a bank's ordinary course of business. They maintain that they have submitted their original passbook which is enough to establish their claims.[13]

Also, petitioners posit that the present case does not fall under the instances[14] where respondent PDIC is authorized to refuse payment of a deposit insurance claim as stated under Section 4(f) of the Republic Act (RA) No. 3591[15]. Whether or not GMA Bank used petitioners' money for other purposes is immaterial to the claim for deposit insurance because petitioners never had any knowledge of the inappropriate use of their deposit nor consented to or authorized such inappropriate use. Petitioners opened their deposit with valuable consideration and GMA Bank received the same in the ordinary course of its business.[16]

According to petitioners, the additional documents that respondent directed them to submit to support their requests for reconsideration were impossible to obtain. Inasmuch as GMA Bank is now under the control of respondent, the latter already has the documents it needs to determine the legitimacy of petitioners' claims.[17]

Further, petitioners assert that the denial of their insurance claims was done without sufficient basis. To be exact, respondent did not reveal the manner of its alleged verification of petitioners' savings record, what documents were examined, and the justification on its conclusion that the joint savings account of petitioners was a bills payable expense of GMA Bank.[18]

On the other hand, respondent PDIC, in its comment[19] maintain that upon their examination, through its Claims Processing Department, it was discovered from GMA Bank's records that the joint savings account of petitioners originated from "bills payable" due to petitioners. Specifically, GMA Bank borrowed One Million Five Hundred Thousand Pesos (Php. 1,500,00.00) from petitioners which was rolled over several times as evidenced by Promissory Notes Nos. 2470[20], 2363[21] and 2467[22], with maturity dates 5 July 2010, 4 August 2010 and 3 September 2010 respectively. Upon maturity of the last promissory note (No. 2467), GMA Bank opened a joint savings account for the Petitioners instead of paying the loans. Therefore, petitioners' savings account is not a bank deposit but to cover the loan of the GMA Bank. Respondent insist that it did not commit grave abuse of discretion in denying petitioners' claims for deposit insurance.[23]

The petition has merit.

As a rule, factual findings of administrative agencies are generally respected and even accorded finality because of the special knowledge and expertise gained by these agencies from handling matters falling under their specialized jurisdiction.[24] However, when it appears that an administrative body has grossly misappreciated evidence of such nature as to compel a contrary conclusion, the court, on certiorari, should not hesitate to reverse its factual findings.[25]

Section 4 (f) of RA No. 3591 provides for the definition of a "deposit" for purposes of insurance claims with the PDIC, viz:

“The term 'deposit' means the unpaid balance of money or its equivalent received by a bank in the usual course of business and for which it has given or is obliged to give credit to a commercial, checking, savings, time or thrift account, or issued in accordance with Bangko Sentral rules and regulations and other applicable laws, together with such other obligations of a bank, which, consistent with banking usage and practices, the Board of Directors shall determine and prescribe by regulations to be deposit liabilities of the bank: x x x” (emphasis supplied)

The aforesaid section of RA No. 3591 likewise enumerates the instances where PDIC shall refuse payment of deposit insurance.[26] There is no dispute that the subject savings account with GMA Bank does not fall under any of those instances.

Section 2.b.4. of PDIC Regulatory Issuance No. 2011-02[27] further defines the term “usual course of business,” in relation to RA No. 2591:

“x x x

4. Usual Course of Business – refers to the solicitation, acceptance, receipt, and/or recording of deposits in accordance with law, including rules and regulations governing deposit-taking practices or any amendments thereto, as issued or may be issued by the PDIC, Bangko Sentral ng Pilipinas (BSP) and/or the Anti Money Laundering Council (AMLC).” (emphasis supplied)

In order that a claim for deposit insurance with the PDIC may prosper, the law requires that a corresponding deposit be placed in the insured bank.[28]

In the present case, the Court finds that petitioners sufficiently established that they have an existing deposit – within the definition of the term under Section 4 (f) of RA No. 3591 - with GMA Bank at the time of its closure, and that said deposit does not fall under any of the instances where PDIC can validly refuse payment of a deposit insurance.

Petitioners presented their passbook for SA No. 5199-020878-5 showing that the amount of Php1,500,000.00 was received by GMA Bank on 4 October 2010, as a deposit. Said passbook also contained entries of the interests received by petitioners' on their deposit. In contrast, respondent PDIC's denial of petitioners' claim for deposit insurance is solely founded on three promissory notes allegedly evidencing a loan transaction between GMA Bank and petitioners. Upon perusal, however, all but one of said promissory notes are wanting of the respective signatures of the authorized signatories of GMA Bank. Said promissory notes, to the mind of the Court, are insufficient to overcome the presumption that the ordinary course of (GMA Bank's) business has been followed.[29]

Further, the entries in petitioners' passbook enjoys the presumption of regularity for they were made in the regular course of GMA Bank's business. They are prima facie proof of what are stated therein — the dates of the transactions, the amounts deposited or withdrawn, and the outstanding balances.[30]

Notably, respondent PDIC failed to present competent evidence to controvert the evidentiary weight of petitioners' passbook. Respondent cannot just rely on the (last) promissory note which became due one month before the opening of petitioners' savings account. Moreover, the face value of said promissory note in September 2010 was already more than Ph1,500,000.00, or Php1,525,524.31, to be exact.[31] The passbook shows that petitioners opened the subject savings account in October 2010. Why GMA Bank deposited/paid only Php1,500,000.00 instead of the total amount allegedly due to petitioners remains unexplained if this Court is to subscribe to respondent's stance that petitioners' joint savings account was opened by GMA Bank as payment of a

debt.

Indeed, there must be proof showing an unbroken link between the total amount/debt due to petitioners and the actual amount deposited at the time the subject savings account was opened.[32] To immediately conclude that there was no money received just because the maturity date and value of the last promissory note coincided with the opening date of petitioners' savings account and the amount deposited therein is purely speculative.

Respondent, as liquidator of GMA Bank, has access to all documents relative to the bank's business and transactions, including pertinent bank records relating to the alleged loan and payment-through-deposit transactions between petitioners and GMA Bank. It should have presented credible documents that GMA Bank did not, in fact, receive any money in the opening of the subject savings account to justify the denial of petitioners' claim for deposit insurance. Petitioners could not be faulted in not keeping copies of checks or other documents showing their bank transactions inasmuch as they are in possession of the passbook issued by the bank, which, as earlier mentioned, enjoys the presumption of regularity. To deny petitioners' claims on circumstances or reasons beyond their control and without sufficient legal and factual basis clearly constitutes grave abuse of discretion.

Respondent, nonetheless, asserts that based on the Report of Examination of GMA Bank, it was revealed that less than a year prior to the opening of the savings account, GMA Bank was already facing serious capital deficiency problems. Hence, at the time of maturity of the loan, GMA Bank no longer had enough funds to pay the loan and resorted to the opening of the savings account. This opinion/unfounded conclusion of respondent does not bear weight. Again, there must be documents to prove that, first, GMA Bank obtained a loan from petitioners; and second, it can no longer pay its debt to petitioners and issued the subject savings account instead. Notably, it is not even clear when and how GMA Bank obtained a loan from petitioners. Mere conjectures and assumptions will not suffice.

WHEREFORE, premises considered, the petition is hereby GRANTED. The order of respondent PDIC, through the challenged Letters, is NULLIFIED and SET ASIDE. Accordingly, respondent PDIC is directed to pay and satisfy the insurance claims of petitioners relative to their GMA Bank Savings Account No. 5199-020878-5.

SO ORDERED.

Pizarro, N.B., Chairperson, and,[*]Galapate-Laguilles, Z.T., JJ., concur.

[*] Acting Junior Member, per Office Order No. 15-15-ABR, dated January 20, 2015. [1] With an application for mandatory injunction; Rollo, pages 3-70

[2] Rollo, Annex "A" & "A-1" of the Petition, pages 40 & 41

[3] Rollo, Annex "D" & "D-1" of the Petition, pages 50-56 & 57-60

[4] Rollo, Annex "B" of the Petition, page 48

[5] Rollo, Annex "E" & "E-1" of the Petition, pages 61-64 & 65-68

[6] Republic Act No. 3591, as amended, "An Act Establishing the Philippine Deposit Insurance Corporation, Defining its Powers and Duties and for Other Purposes"

[7] Rollo, page 105

[8] Rollo, page 106

[9] Rollo, pages 50 and 56

[10] Rollo, Annexes “A” and “A-1”, pages 40-41

[11] Rollo, page 20 of the Petition

[12] Rollo, Annex “C” of the Petition, page 49

[13] See arguments and discussions on pages 18-21 of the Petition (Rollo, pages 21-24).

[14] “SECTION 4. As used in this Act -

x x x

f. x x x

The Corporation shall not pay deposit insurance for the following accounts or transactions, whether denominated, documented, recorded or booked as deposit by the bank:

1. Investment products such as bonds and securities, trust accounts, and other similar instruments;
2. Deposit accounts or transactions which are unfunded, or that are fictitious or fraudulent;
3. Deposit accounts or transactions constituting, and/or emanating from, unsafe and unsound banking practice/s, as determined by the Corporation, in consultation with the BSP, after due notice and hearing, and publication of a cease and desist order issued by the Corporation against such deposit accounts or transactions; and
4. Deposits that are determined to be the proceeds of an unlawful activity as defined under Republic Act No. 9160, as amended.

x x x”

[15] Supra, note no. 6

[16] See pages 21-25 (Rollo, pages 24-28).

[17] Page 27 of the Petition (Rollo, page 30)

[18] See page 28 of the Petition (Rollo, page 31).

[19] Denominated as Comment/Opposition (Rollo, pages 88-103)

[20] Rollo, Respondent's Comment, Annex “3”, page 107

[21] Rollo, Respondent's Comment, Annex “4”, page 108

[22] Rollo, Respondent's Comment, Annex “5”, page 109

[23] See arguments and discussions on pages 5-10 of the Comment/Opposition (Rollo, pages 92-97).

[24] Pio Modesto and Cirila Rivera-Modesto v. Carlos Urbina, substituted by the heirs of Olympia Miguel Vda. De Urbina and children (G.R. No. 189859, October 18, 2010); Ramon T. Lim v. Commission on Audit (G.R. No. 130325, March 12, 2003)

[25] Estefanio Biasura v. Regional Trial Court, Branch 42, Dagupan City, et. al. (G.R. No. 146385, August 17, 2006)

[26] Supra, note no. 14

[27] Rules and Regulations Governing Deposit Accounts or Transactions Excluded from the Coverage of Deposit Insurance

[28] Philippine Deposit Insurance Corporation v. Court of Appeals, et. al. (G.R. No. 118917, December 22, 1997)

[29] See Section 3 (q), Rule 131 of the Rules of Court; See also Philippine Deposit Insurance Corporation v. The Honorable Court of Appeals, et. al. (G.R. No. 126911, April 30, 2003).

[30] Land Bank of the Philippines v. Emmanuel Oñate (GR. No. 192371, January 15, 2014)

[31] Supra, note no. 22

[32] See Land Bank of the Philippines v. Emmanuel Oñate (Supra, note no. 30).

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