

PHILIPPINE NATIONAL BANK, PETITIONER, VS. THE HON. COURT OF APPEALS (SPECIAL THIRD DIVISION), IGNACIO DESIDERIO AND VICTORIA F. DESIDERIO, RESPONDENTS.

G.R. No. L-43766. February 26, 1988

Ponente: SARMIENTO, J.

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SARMIENTO, J.:

In its resolve to recover the trifling sum of P3,855.60, petitioner Philippine National Bank (PNB), a premier banking institution, incredulous of the adverse decisions of three lower courts, to wit: the City Court of Zamboanga City which rendered a decision the dispositive portion of which reads:

WHEREFORE, this Court hereby ren-ders judgment in the following tenor:

That the complaint for the unpaid balance of the contractual loan of the Defendant Ignacio Desiderio and Victoria F. Desiderio filed by the Philippine National Bank, is hereby ordered dismissed and that the amount of P1,089.60 which the Defendants paid as partial payment to the Plaintiff Bank on account of the loss contracted, is hereby declared unrecoverable and the same shall inure to the benefit of the Philippine National Bank.

That no pronouncement as to dama-ges, costs and attorney's fees is hereby made, as the loss of the things mortgaged were presumed to be caused by accident, no evidence having been presented to prove the contrary;[1]

the then CFI of Zamboanga City which affirmed the above in a decision the dispositive portion of which reads:

IN VIEW OF THE FOREGOING, the appealed judgment of the City Court is hereby affirmed insofar as it dismisses the complaint as well as the counter-claim filed in the above entitled case;[2]

and the Court of Appeals which likewise affirmed the above in a decision the dispositive portion of which reads:

WHEREFORE, the appealed judgment, being in accordance with law and the evidence, is hereby affirmed in toto, with costs against the petitioner;[3]

has elevated this case to the highest court of the land with the following errors assigned:

ITHE COURT OF APPEALS ERRED IN HOLDING THAT PETITIONER, AS ATTORNEY-IN-FACT OF PRIVATE RESPONDENTS, IS BOUND TO SUCCESFULLY COLLECT THE INSURANCE PROCEEDS OF THE MORTGAGED PROPERTY OF THE LATTER.

II

THE COURT OF APPEALS ERRED IN EXONERATING PRIVATE RESPONDENTS, BY WAY OF IMPLIED OFF-SETTING, FROM ITS LOAN ACCOUNT WITH PETITIONER, THERE BEING NO COUNTER CLAIM FOR DAMAGES FILED BASED ON BREACH OF DUTY.[4]

The facts of the case are as follows:

More than a quarter century ago, on January 10, 1963, the private respondents-spouses applied for a retailers' loan with the petitioner. The loan which was subsequently approved was secured by a chattel mortgage consisting of the verified inventory of stocks in the store of the private respondents, located at Marahui Street, Zamboanga City. In addition to this, the goods and merchandise, subject matter of the mortgage, were insured with the Cosmopolitan Insurance Co. in the amount of P4,000.00 with the petitioner as the beneficiary pursuant to the requirements of the latter.

On August 1, 1964, while the insurance and the chattel mortgage were still in force, and after the private respondents had paid the petitioner the amount of P1,089.60 as partial payment of the loan in accordance with the loan agreement, the insured building and merchandise of the private respondents were totally destroyed by fire.

The petitioner sent several letters to the insurance company for the purpose of recovering the proceeds of the insurance but to no avail. Sometime in 1966, the said insurance company became the subject of liquidation. Seven years after the insured chattels mortgaged were burned, the petitioner filed a complaint for collection against the private respondents.

We find no cogent reasons to disturb the ruling of the Court of Appeals.

The petitioner as the attorney-in-fact of the private respondents and as the beneficiary of the insurance policy had the obligation to collect the proceeds of the policy. The argument of the petitioner to the effect that there is no express provision in the Chattel Mortgage Contract which compels the petitioner to collect the proceeds of the insurance in case of loss is a mere rationalization of one trying hard to put the blame on another for its own fault or negligence. For "under the chattel mortgage covering the goods offered as security for payment of the loan, the private respondents as mortgagors constituted and appointed the petitioner as mortgagee their attorney-in-fact with full power and authority to collect and receive any interest, income or benefits produced by the mortgaged property and apply such amount collected and received in payment of the interest accruing and of the principal obligation. The petitioner was itself the beneficiary of the insurance policy to which it was duly indorsed and made payable, and was in possession thereof." [5]

Indeed, and as found by the lower courts, the petitioner could have collected the insurance proceeds if only it were not negligent. It had ample time and enough legal remedies, not to mention resources, to collect the insurance proceeds when the same became due, yet, it merely sent demand letters to the insurance company. And when the company did not act on the letters, the petitioner did not pursue other remedies to press its claim. It did not even file a suit for the recovery of the insurance proceeds against the insurance company before and even during the liquidation of the company. It allowed seven long years to pass before finally deciding to file a collection case. Realizing that it could no longer collect from the insurance company because the same had already folded up, the petitioner directed the collection suit against the private respondents whose obligation with the petitioner had long been extinguished.

For, indeed, under the facts obtaining, the private respondents cannot have been expected to initiate moves for the collection of the insurance proceeds. It was the petitioner which was duty bound to enforce the claim for the insurance proceeds, being, as earlier mentioned, the attorney-in-fact of the private respondents and the beneficiary of the insurance policy.

It is sad that the private respondents, small time sari-sari store keepers, had to be dragged into this suit if only because of the petitioner's resoluteness to recover what, to our minds, is too measly an amount, not really worth litigating upon, in fact, not even worth wasting the time of this Court.

WHEREFORE, the petition is hereby DISMISSED and the appealed judgment AFFIRMED, in toto, with triple

costs against the petitioner.

SO ORDERED.

Yap, (Chairman), Melencio-Herrera, Paras, and Padilla, JJ., concur.

[1] Original Record, 31.

[2] Id., 49-50.

[3] Rollo, 37; Busran, Mama, J.; Dela Fuente, Buenaventura and ERICTA, Vicente, JJ., Concurring.

[4] Id., 18.

[5] Id., 35.

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