

**CRISTETA BAUTISTA, REMEDIOS MEJIA-BADUA, CATALINA MEJIA,
LAURETA MEJIA, ROSITA MEJIA, MILAGROS MEJIA, JUAN MEJIA,
CANDIDA MEJIA, ADRIANA MEJIA, AND FAUSTO MEJIA,
PETITIONERS, VS...**

G.R. No. 100755. February 10, 1994

Ponente: PADILLA, J.

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PADILLA, J.:

Petition for review on certiorari, praying that respondent court's decision[1] dated 29 January 1991, reversing the lower court's decision, and its resolution dated 13 May 1991 denying petitioners' motion for recon-sideration, be set aside and that the lower court's decision dated 3 March 1986 be confirmed.

The facts, as narrated in the decision under review, are as follows:

"x x x Plaintiff Cristeta Bautista mortgaged her conjugal share of 1/2 of the land covered by TCT No. 1507 for P2,000.00 to defendant Mangaldan Rural Bank on December 1975.

The inscription at the back of the title specifically states that only 1/2 portion of the subject land is mortgaged (Exh. 'B-1-A').

The said mortgage was foreclosed extra-judicially, on 18 April 1978, for failure of plaintiff to pay the principal obligation and the other charges with the defendant as the highest bidder.

After the plaintiff failed to redeem the mortgaged property within the reglementary period, ownership over the whole parcel of land instead of the 1/2 portion which was mortgaged, was consoli-dated in the name of defendant bank (Exh. 'D').

Consequently, OCT No. 1507 was cancelled and TCT No. 130847 was issued in the name of the defendant Bank.

Defendant bank, on 18 December 1979, sold for and in consideration of the sum of P3,385.00 (Exh. 'F') and executed a deed of absolute sale over the whole property covered by TCT No. 130847 in favor of its co-defendant Fred Rodriguez.

Plaintiffs filed a complaint on 23 June 1980 and amended it on 20 September 1980 against herein defendants for the annulment and/or cancellation of the following: 1) deed of absolute sale dated 18 July 1979; 2) entry no. 492278 on OCT No. 1507; 3) consolidation of ownership dated 18 July 1979; 4) entry no. 592279 on OCT No. 1507; 5) TCT No. 130847; and 6) deed of sale dated 18 December 1979.

After trial, the court a quo ruled in favor of plaintiffs against defendants and annulled the following documents to the extent of one/half pro-indiviso of the land subject thereof: a) deed of absolute sale dated 18 July 1979 (Exh. 'C'); b) Consolidation of Ownership dated 18 July 1979; c) TCT No. 130847 issued on 25 July 1979 (Exh. 'E'); d) deed of absolute sale dated 18 December 1979 (Exh. 'F'); and e) TCT No. 132467 issued on 27 December 1979 (Exh. 'G').

Defendants were also ordered to jointly and severally place plaintiffs in possession of one-half pro-indiviso of the parcel of land subject of the complaint.

Defendants were, likewise, ordered to pay plaintiffs damages in the sum of P5,000.00; attorney's fees in the sum of P11,750.00 and the litigation expenses in the sum of P5,000.00 and to pay double costs."[2]

Private respondents appealed the lower court's decision to respondent appellate court. As earlier stated, the respondent court reversed the lower court's decision in regard to its awards for damages, decreeing as follows:

"WHEREFORE, in view of all the foregoing, the awards of damages in favor of plaintiffs-appellees in the amount of P5,000.00; attorney's fees of P11,750.00 and litigation expenses in the sum of P5,000.00 are hereby SET ASIDE.

IT IS SO ORDERED."

Hence, this petition for review.

The sole issue to be resolved in this petition is whether or not the petitioners are entitled to recover damages as well as attorney's fees as a result of the admitted mistake of respondent bank in selling the entire lot, instead of only one-half thereof, to respondent Efren Rodriguez.

Under Rule 45 of the Rules of Court, only questions of law may be reviewed by this Court in decisions rendered by the Court of Appeals. There are instances, however, where the Court departs from this rule and reviews findings of fact of the Court of Appeals so that substantial justice may be served.

The exceptional instances are where:

"x x x (1) the conclusion is a finding grounded entirely on speculation, surmise and conjecture; (2) the inference made is manifestly mistaken; (3) there is grave abuse of discretion; (4) the judgment is based on a misapprehension of facts; (5) the findings of fact are conflicting; (6) the Court of Appeals went beyond the issues of the case and its findings are contrary to the admissions of both appellant and appellees; (7) the findings of fact of the Court of Appeals are contrary to those of the trial court; (8) said findings of facts are conclusions without citation of specific evidence on which they are based; (9) the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and (10) the findings of fact of the Court of Appeals are premised on the supposed absence of evidence and contradicted by the evidence on record."[3]

In the present case, we find that the respondent court not only gravely abused its discretion but also misapprehended the facts when it set aside the lower court's awards for damages and attorney's fees in favor of petitioners.

There is merit in petitioners' contention that respondent rural bank and its manager, Dr. Vicente Jimenez, committed gross negligence when they allowed the consolidation in the bank's name of the entire property in question and later on sold the entire property to respondent Efren Rodriguez. All the documents involved starting with the deed of mortgage, the foreclosure of the mortgage, the consolidation of ownership in the bank's name, and finally the sale of the property to Rodriguez, were authored by the bank's personnel and signed by Dr. Jimenez.

Prudence dictates that a person signing a document in his official capacity (as bank manager in this case) must closely read and meticulously study the contents of the said document before affixing his signature thereon. A bank is not without a legal staff or lawyer who prepares documents concerning its business. The mistake committed by the bank's staff, which was admitted by respondent Jimenez, was not a slight or minor infraction. It deprived petitioners of their property which could ultimately result in their ejectment therefrom. Moreover, the

bank's manager, Dr. Jimenez, could not even explain why the mistake occurred.

Respondent manager of the bank tries to extricate himself from the wrong done to the petitioners by claiming that respondent Rodriguez refused to give up the one-half portion of the lot despite being informed by the bank of the mistake. And because Rodriguez refused to return one-half of the lot, the bank just left the matter at that. This exculpatory explanation of respondent Jimenez only showed respondent bank's marked apathy to the claim of petitioners. It should have helped, if not taken the proper legal remedies, so that the petitioners could recover their property. The injury to petitioners was exacerbated by the bank's "temerity of putting up a counter-claim for damages and attorney's fees against the plaintiffs." [4] This callous treatment of the petitioners by the respondent bank is reprehensible.

The banking system has become an indispensable institution in the modern world and plays a vital role in the economic life of every civilized society. Whether as mere passive entities for the safe-keeping and saving of money or as active instruments of business and commerce, banks have attained a ubiquitous presence among the people, who have, come to regard them with respect and even gratitude and, most of all, confidence. (Simex International [Manila], Inc. vs. Court of Appeals, G.R. No. 88013, March 19, 1990, 183 SCRA 360).

Moral damages are not awarded to penalize the defendant but to compensate the plaintiff for the injuries he may have suffered. [5] In the present case, we believe that moral damages are proper for there can be no doubt that petitioners must have suffered sleepless nights, serious anxiety and wounded feelings upon learning that they had lost the remaining one-half of their property on which their house is built due to the negligence of respondent bank.

For his part, respondent Rodriguez contends that he was a purchaser for value and in good faith. The records show otherwise. In the words of the lower court:

"x x x At the time of the sale the manager gave him the folder containing the records of the loan as well as the land he wanted to buy from the bank. Among the documents he saw was Original Certificate of Title No. 1507 (Exh. 'B') covering the land. When he saw the title he verified it and he noticed that the land was titled in the name of spouses Saturnino Mejia and Cristeta Bautista. He knew that at the time the land was mortgaged to the rural bank the husband already died.

Had defendant Efren or Fred Rodriguez examined the annotations at the back of the title, Original Certificate of Title No. 1507, he could have found that under Entry No. 42590 (Exh. 'B-1-A') only half portion of the land was mortgaged to the rural bank for P2,000.00." [6]

Thus, the lower court found him not an innocent purchaser albeit for value.

Be that as it may, what we are concerned with here is the question of damages.

The respondent appellate court, after its recital of the circumstances leading to the filing of the complaint oddly found that respondent rural bank did not commit negligence, and declared that Article 20 of the Civil Code, providing that: "(E)very person who, contrary to law, wilfully or negligently causes damage to another, shall indemnify the latter for the same," is not applicable in the present case because the causes of action of the plaintiffs (petitioners) are contractual in nature.

It is evident that the complaint in this case was not for breach of contract between petitioners and private respondents. It was for the annulment and cancellation of titles and/or documents where petitioners are not parties therein.

The crux of the complaint is that due to the gross negligence and bad faith of private respondents, petitioners suffered loss or injury. Clearly, therefore, the cause of action therein is not contractual.

Article 20 of the Civil Code is a canon of conduct which every person must observe in his relation with another.

The initial carelessness of the rural bank in consolidating the ownership of the entire property instead of only one-half thereof in its name, its sale of the entire property to respondent Efren Rodriguez, and the lack of promptness to rectify the mistake after its discovery, constitute gross negligence and bad faith. These were sufficiently established by the evidence. Indeed, the bank and its manager were grossly negligent in handling the business transaction involved herein and later showing bad faith by refusing to rectify the wrong done to petitioners.

As for respondent Efren Rodriguez, his adamant refusal to return one-half of the land to the lawful owner after having been informed of the error committed by the bank showed bad faith and served to aggravate the sorry plight of the petitioners. It is, however, the Court's view that he was himself a victim of the bank's gross negligence before he was apprised of the mistake. From this viewpoint, the Court believes that he should not be imposed exemplary damages.

For the mental anguish, sleepless nights and serious anxiety suffered by the petitioners, respondents are liable jointly and severally for moral damages which the Court believes should be raised to P10,000.00. To serve as deterrent for respondent bank from repeating similar acts, this Court likewise awards exemplary damages against it in the sum of P10,000.00.

WHEREFORE, the appealed decision is hereby REVERSED and SET ASIDE. The trial court's decision is reinstated with the above-mentioned modifications. Costs against private respondents.

SO ORDERED.

Narvasa, C.J., (Chairman), Regalado, and Puno, JJ., concur.

Nocon, J., no part.

[1] CA-G.R. CV No. 10363, penned by Justice Fernando A. Santiago with the concurrence of Justices Rodolfo A. Nocon and Pedro A. Ramirez

[2] pp. 1-2, Decision of Court of Appeals, dated 29 January 1991

[3] De la Puerta vs. Court of Appeals, G.R. No. 77867, 6 February 1990, 181 SCRA 861

[4] P. 6, Annex "A", Decision of RTC, dated 3 March 1986, in Civil Case No. U-3521

[5] Simex International, supra

[6] p. 13, rollo

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