

PRUDENTIAL BANK PETITIONER, VS. THE COURT OF APPEALS, AURORA CRUZ, RESPONDENTS.

G.R. No. 108957. June 14, 1993

Ponente: CRUZ, J.

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CRUZ, J.:

We deal here with another controversy involving the integrity of a bank.

The complaint in this case arose when private respondent Aurora F. Cruz,* with her sister as co-depositor, invested P200,000.00 in Central Bank bills with the Prudential Bank at its branch in Quezon Avenue, Quezon City, on June 23, 1986. The placement was for 63 days at 13.75% annual interest. For this purpose, the amount of P196,122.88 was withdrawn from the depositors' Savings Account No. 2546 and applied to the investment. The difference of P3,877.07 represented the pre-paid interest.

The transaction was evidenced by a Confirmation of Sale[1] delivered to Cruz two days later, together with a Debit Memo[2] in the amount withdrawn and applied to the confirmed sale. These documents were issued by Susan Quimbo, the employee of the bank to whom Cruz was referred and who was apparently in charge of such transactions.[3]

Upon maturity of the placement on August 25, 1986, Cruz returned to the bank to "roll-over" or renew her investment. Quimbo, who again attended to her, prepared a Credit Memo[4] crediting the amount of P200,000.00 in Cruz's savings account passbook. She also prepared a Debit Memo for the amount of P196,122.88 to cover the re-investment of P200,000.00 minus the prepaid interest of P3,877.02.[5]

This time, Cruz was asked to sign a Withdrawal Slip[6] for P196,122.98, representing the amount to be re-invested after deduction of the prepaid interest. Quimbo explained this was a new requirement of the bank. Several days later, Cruz received another Confirmation of Sale[7] and a copy of the Debit Memo.[8]

On October 27, 1986, Cruz returned to the bank and sought to withdraw her P200,000.00. After verification of her records, however, she was informed that the investment appeared to have been already withdrawn by her on August 25, 1986. There was no copy on file of the Confirmation of Sale and the Debit Memo allegedly issued to her by Quimbo. Quimbo herself was not available for questioning as she had not been reporting for the past week. Shocked by this information, Cruz became hysterical and burst into tears. The branch manager, Roman Santos, assured her that he would look into the matter.[9]

Every day thereafter, Cruz went to the bank to inquire about her request to withdraw her investment. She received no definite answer, not even to the letter she wrote the bank which was received by Santos himself.[10] Finally, Cruz sent the bank a demand letter dated November 12, 1986 for the amount of P200,000.00 plus interest.[11] In a reply dated November 20, 1986, the bank's Vice President Lauro J. Jocson said that there appeared to be an anomaly and requested Cruz to defer court action as they hoped to settle the matter amicably.[12] Increasingly worried, Cruz sent another letter reiterating her demand.[13] This time the reply of the bank was unequivocal and

negative. She was told that her request had to be denied because she had already withdrawn the amount she was claiming.[14]

Cruz's reaction was to file a complaint for breach of contract against Prudential Bank in the Regional Trial Court of Quezon City. She demanded the return of her money with interest, plus damages and attorney's fees. In its answer, the bank denied liability, insisting that Cruz had withdrawn her investment. The bank also instituted a third-party complaint against Quimbo, who did not file an answer and was declared in default.[15] The bank, however, did not present any evidence against her.

After trial, Judge Rodolfo A. Ortiz rendered judgment in favor of the plaintiffs and disposed as follows:

ACCORDINGLY, judgment is hereby rendered ordering the defendant/third-party plaintiff to pay to the plaintiffs the following amounts:

1. P200,000.00, plus interest thereon at the rate of 13.75% per annum from October 27, 1986, until fully paid;
2. P30,000.00, as moral damages;
3. P20,000.00, as exemplary damages; and
4. P25,000.00, as reasonable attorney's fees.

The counterclaim and the third-party complaint of the defendant/third-party plaintiff are dismissed.

With costs against the defendant/third-party plaintiff.

The decision was affirmed in toto on appeal to the respondent court.

The judgment of the Court of Appeals[16] is now faulted in this petition, mainly on the ground that the bank should not have been found liable for a quasi-delict when it was sued for breach of contract.

The petition shall fail. The petitioner is quibbling. It appears to be merely temporizing to delay enforcement of the liability clearly established against it.

The basic issues are factual. The private respondent claims she has not yet collected her investment of P200,000.00 and has submitted in proof of their contention the Confirmation of Sale and the Debit Memo issued to her by Quimbo on the official forms of the bank. The petitioner denies her claim and points to the Withdrawal Slip, which it says Cruz has not denied having signed. It also contends that the Confirmation of Sale and the Debit Memo are fake and should not have been given credence by the lower courts.

The findings of the trial court on these issues have been affirmed by the respondent court and we see no reason to disturb them. The petitioner has not shown that they have been reached arbitrarily or in disregard of the evidence of record. On the contrary, we find substantial basis for the conclusion that the private respondents signed the Withdrawal Slip only as part of the bank's new procedure of re-investment. She did not actually receive the amount indicated therein, which she was made to understand was being re-invested in her name. The bank itself so assured her in the Confirmation of Sale and the Debit Memo later issued to her by Quimbo.

Especially persuasive are the following observations of the trial court:[17]

What is more, it could not be that plaintiff Aurora F. Cruz withdrew only the amount of P196,122.98 from their savings account, if her only intention was to make such a withdrawal. For, if, indeed, it was the desire of the plaintiffs to withdraw their money from the defendant/third-party plaintiff, they could have withdrawn an amount in round figures. Certainly, it is unbelievable that their withdrawal was in the irregular amount of P196,122.98 if they really received it. On the contrary, this amount, which is the price of the Central Bank bills

rolled over, indicates that, as claimed by plaintiff Aurora F. Cruz, she did not receive this money, but it was left by her with the defendant/third-party plaintiff in order to buy Central Bank bills placement for another sixty-three (63) days, for which she signed a withdrawal slip at the instance of third-party defendant Susan Quimbo who told her that it was a new bank requirement for the roll-over of a matured placement which she trustingly believed.

Indeed, the bank has not explained the remarkable coincidence that the amount indicated in the withdrawal slip is exactly the same amount Cruz was re-investing after deducting therefrom the pre-paid interest.

The bank has also not succeeded in impugning the authenticity of the Confirmation of Sale and the Debit Memo which were made on its official forms. These are admittedly not available to the general public or even its depositors and are handled only by its personnel. Even assuming that they were not signed by its authorized officials, as it claims, there was no obligation on the part of Cruz to verify their authority because she had the right to presume it. The documents had been issued in the office of the bank itself and by its own employees with whom she had previously dealt. Such dealings had not been questioned before, much less invalidated. There was absolutely no reason why she should not have accepted their authority to act on behalf of their employer.

It is also worthy of note - and wonder - that although the bank impleaded Quimbo in a third-party complaint, it did not pursue its suit even when she failed to answer and was declared in default. The bank did not introduce evidence against her although it could have done so under the rules. No less remarkably, it did not call on her to testify on its behalf, considering that under the circumstances claimed by it, she would have been the best witness to show that Cruz had actually withdrawn her P200,000.00 placement. Instead, the bank chose to rely on its other employees whose testimony was less direct and categorical than the testimony Quimbo could have given.

We do not find that the Court of Appeals held the bank liable on a quasi-delict. The argument of the petitioner on this issue is pallid, to say the least, consisting as it does only of the observation that the article cited by the respondent court on the agent's liability falls under the heading in the Civil Code on quasi-delicts. On the other hand, the respondent court clearly declared that:

The defendant/third-party plaintiff being liable for the return of the P200,000.00 placement of the plaintiffs, the extent of the liability of the defendant/third-party plaintiff for damages resultant thereof, which is contractual, is for all damages which may be reasonably attributed to the non-performance of the obligation, x x x.

x x x

Because of the bad faith of the defendant/third-party plaintiff in its breach of its contract with the plaintiffs, the latter are, therefore, entitled to an award of moral damages x x x (Emphasis supplied)

There is no question that the petitioner was made liable for its failure or refusal to deliver to Cruz the amount she had deposited with it and which she had a right to withdraw upon its maturity. That investment was acknowledged by its own employees, who had the apparent authority to do so and so could legally bind it by its acts vis-a-vis Cruz. Whatever might have happened to the investment - whether it was lost or stolen by whoever - was not the concern of the depositor. It was the concern of the bank.

As far as Cruz was concerned, she had the right to withdraw her P200,000.00 placement when it matured pursuant to the terms of her investment as acknowledged and reflected in the Confirmation of Sale. The failure of the bank to deliver the amount to her pursuant to the Confirmation of Sale constituted its breach of their contract, for which it should be held liable.

The liability of the principal for the acts of the agent is not even debatable. Law and jurisprudence are clearly and absolutely against the petitioner.

Such liability dates back to the Roman Law maxim, *Qui per alium facit per seipsum facere videtur*. "He who does a thing by an agent is considered as doing it himself." This rule is affirmed by the Civil Code thus:

Art. 1910. The principal must comply with all the obligations which the agent may have contracted within the scope of his authority.

Art. 1911. Even when the agent has exceeded his authority, the principal is solidarily liable with the agent if the former allowed the latter to act as though he had full powers.

Conformably, we have declared in countless decisions that the principal is liable for obligations contracted by the agent. The agent's apparent representation yields to the principal's true representation and the contract is considered as entered into between the principal and the third person.[18]

A bank is liable for wrongful acts of its officers done in the interests of the bank or in the course of dealings of the officers in their representative capacity but not for acts outside the scope of their authority. (9 c.q.s. p. 417) A bank holding out its officers and agent as worthy of confidence will not be permitted to profit by the frauds they may thus be enabled to perpetrate in the apparent scope of their employment; nor will it be permitted to shirk its responsibility for such frauds, even though no benefit may accrue to the bank therefrom (10 Am Jur 2d, p. 114). Accordingly, a banking corporation is liable to innocent third persons where the representation is made in the course of its business by an agent acting within the general scope of his authority even though, in the particular case, the agent is secretly abusing his authority and attempting to perpetrate a fraud upon his principal or some other person, for his own ultimate benefit (*McIntosh v. Dakota Trust Co.*, 52 ND 752, 204 NW 818, 40 ALR 1021.)

Application of these principles is especially necessary because banks have a fiduciary relationship with the public and their stability depends on the confidence of the people in their honesty and efficiency. Such faith will be eroded where banks do not exercise strict care in the selection and supervision of its employees, resulting in prejudice to their depositors.

It would appear from the facts established in the case before us that the petitioner was less than eager to present Quimbo at the trial or even to establish her liability although it made the initial effort - which it did not pursue - to hold her answerable in the third-party complaint. What ever happened to her does not appear in the record. Her absence from the proceedings feeds the suspicion of her possible misdeed, which the bank seems to have studiously ignored by its insistence that the missing money had been actually withdrawn by Cruz. By such insistence, the bank is absolving not only itself but also, in effect and by extension, the disappeared Quimbo who apparently has much to explain.

We agree with the lower courts that the petitioner acted in bad faith in denying Cruz the obligation she was claiming against it. It was obvious that an irregularity had been committed by the bank's personnel, but instead of repairing the injury to Cruz by immediately restoring her money to her, it sought to gloss over the anomaly in its own operations.

Cruz naturally suffered anxious moments and mental anguish over the loss of the investment. The amount of P200,000.00 is not small even by present standards. By unjustly withholding it from her on the unproved defense that she had already withdrawn it, the bank violated the trust she had reposed in it and thus subjected itself to further liability for moral and exemplary damages.

If a person dealing with a bank does not read the fine print in the contract, it is because he trusts the bank and relies on its integrity. The ordinary customer applying for a loan or even making a deposit (and so himself extending the loan to the bank) does not bother with the red tape requirements and the finicky conditions in the documents he signs. His feeling is that he does not have to be wary of the bank because it will deal with him fairly

and there is no reason to suspect its motives. This is an attitude the bank must justify.

While this is not to say that bank regulations are meaningless or have no binding effect, they should, however, not be used for covering up the fault of bank employees when they blunder or, worse, intentionally cheat him. The misdeeds of such employees must be readily acknowledged and rectified without delay. The bank must always act in good faith. The ordinary customer does not feel the need for a lawyer by his side every time he deals with a bank because he is certain that it is not a predator or a potential adversary. The bank should show that there is really no reason for any apprehension because it truly deserves his faith in it.

WHEREFORE, the petition is DENIED and the appealed decision is AFFIRMED, with costs against the petitioner. It is so ordered.

Griño-Aquino, Bellosillo, and Quiason, JJ., concur.

* The petitioner is not related to the ponente.

[1] Decision of RTC Judge Rodolfo A. Ortiz, p. 3.

[2] Decision of RTC Judge Rodolfo A. Ortiz, p. 3.

[3] Rollo, p. 28.

[4] Decision of RTC Judge Rodolfo A. Ortiz, p. 4.

[5] Rollo, p. 29.

[6] Rollo, p. 29.

[7] Rollo, p. 29.

[8] Rollo, p. 29.

[9] Rollo, p. 30.

[10] Rollo, p. 30.

[11] Rollo, p. 30.

[12] Rollo, p. 31.

[13] Rollo, p. 31.

[14] Rollo, p. 31.

[15] Rollo, p. 36.

[16] Rollo, pp. 39-46.

[17] Decision of RTC Judge Rodolfo A. Ortiz, pp. 7-8.

[18] National Food Authority vs. Intermediate Appellate Court, 184 SCRA 166.

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