

REPUBLIC PLANTERS BANK, PETITIONER, VS. RICARDO O. MONTINOLA, JR. AND RAMON MONFORT, RESPONDENTS.*G.R. NO. 134728. February 23, 2006*

Ponente: GARCIA, J.

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These consolidated petitions for review on certiorari under Rule 45 of the Rules of Court are both aimed against the same Decision[1] dated July 24, 1998 of the Court of Appeals (CA) in CA-G.R. CV No. 53762, which AFFIRMED with MODIFICATION that of the Regional Trial Court (RTC) of Bacolod City, Branch 41, in its Civil Case No. 2653, an action for Breach of Contract, Damages with Preliminary Mandatory Injunction, thereat commenced by Ricardo Montinola, Jr. and Ramon Monfort against the Republic Planters Bank (RPB). While affirming the RTC decision, the CA reduced the amount of damages and attorney's fees therein awarded to the plaintiffs. In its petition in G.R. No. 134728, petitioner RPB urges the complete reversal and setting aside of the assailed CA decision. On the other hand, in their petition in G.R. No. 134794, petitioners Montinola, Jr. and Monfort fault the CA for reducing the amount of damages awarded to them by the trial court, and hence pray for the reinstatement in toto of the trial court's decision.

The material facts may be briefly stated, as follows:

Ricardo Montinola, Jr. and Ramon Monfort, plaintiffs in the trial court, are sugarcane planters who have obtained a crop loan credit line with therein defendant RPB for the crop year 1982-1983, having the following balances as of July 1982:

Ricardo Montinola, Jr. Account P311,572.50

Montinola-Monfort, Inc. Account P166,477.25

On July 19, 1982, Montinola, Jr. and Monfort sought to withdraw the amount of P30,000.00 chargeable against the crop loan credit line of Montinola, Jr. which RPB refused to release because Montinola and Monfort filed Civil Case No. 16905[2] against the bank. Thereupon, they immediately made a formal written demand upon RPB for the release of the balance of their crop loan, which the bank still adamantly refused.

Thus, on November 8, 1982, Montinola, Jr. and Monfort filed a joint complaint for breach of contract and damages with preliminary mandatory injunction against RPB with the RTC of Bacolod City. In their complaint, docketed as Civil Case No. 2653 and raffled to Branch 41 of the trial court, the duo prayed, as follows:

WHEREFORE, plaintiffs respectfully pray the Honorable Court, upon the filing of such bond as it may fix, to issue preliminary mandatory injunction ordering defendant to release to plaintiffs the balances of their loan accounts set out in paragraph 6 above; and after trial, to render judgment in favor of plaintiffs and against defendant, making said injunction permanent, and ordering defendant:

(1)

To pay plaintiffs actual damages in such amount as may be proved at the trial but not less than One Million Pesos (P1,000,000.00);

(2)

To pay plaintiffs exemplary and moral damages in such amounts as the Honorable Court may fix but not less than Five Hundred Thousand Pesos (P500,000.00) and One Million Pesos (P1,000,000.00), respectively;

(3)

To pay plaintiffs' attorney's fees and expenses of litigation in such amount as the Honorable Court may find reasonable but not less than Two Hundred Fifty Thousand Pesos (P250,000.00);

(4)

To grant plaintiffs such other or further relief as may be just and equitable;

(5)

With costs against defendant.

In its answer, defendant RPB admits the existence of the crop loan credit line in favor of plaintiffs Montinola, Jr. and Monfort, as well as its refusal to release the requested amount of P30,000.00, giving as justifications therefor the plaintiffs' alleged violation of the terms and conditions of the parties' credit line agreement and their commission of acts antagonistic and derogatory to parties' bank-client relationship, evidently referring to the earlier Civil Case No. 16905, *supra*. RPB further claimed that its refusal to release more funds was consistent with its desire to protect its interest and that of its stockholders.

After due proceedings, the trial court rendered judgment for Montinola, Jr. and Monfort, to wit:

WHEREFORE, plaintiffs having duly proven that they have suffered actual damages in the amount of P1,500,000.00 defendant is ordered to pay the same to plaintiffs; by way of moral and exemplary damages in its wanton and malicious breach of contractual relation, defendant is also ordered to pay plaintiffs P1,500,000.00 and likewise the payment of attorney's fees in the amount of P350,000.00 plus costs.[3]

Forthwith, RPB went to the CA whereat its appellate recourse was docketed as CA-G.R. CV No. 53762. As stated at the threshold hereof, the CA, in its decision of July 24, 1998, affirmed the trial court's decision with modification, ratiocinating as follows:

Appellant Bank, although admitting that it had indeed refused and denied plaintiff-appellees' request for the release of P30,000.00 from the crop credit line, justifies its action by claiming that plaintiffs-appellees had violated the terms and conditions of their contract agreement by showing that plaintiffs-appellees had an outstanding debt incurred from the previous crop year. It appears, however, that appellant Bank had released several amounts on various occasions during the early part of 1982 in favor of plaintiffs-appellees pursuant to their crop credit line, namely the amount of P34,500.00 on January 13, 1982; P44,900.00 on February 5, 1982; P34,400.00 on February 25, 1982; P8,000.00 on March 2, 1982; P45,000.00 on March 31, 1982; P45,000.00 on April 19, 1982; P67,500.00 on May 3, 1982 and P31,512.50 on June 9, 1982 (Exh. "5", "5-A" to "5-G"). Then suddenly without any warning or demand made upon the plaintiffs-appellees to settle their outstanding

unpaid account, appellant Bank decided to hold any further release of funds and denied plaintiffs-appellees request for P30,000.00 on July 19, 1982, despite a surplus in the 1982-1982 crop loan credit availment in the amount of P312,000.00 as admitted in court by defendant Bank's witness Pacita Sajo (T.S.N., p. 11, August 25, 1987). The act of appellant Bank of treating all of plaintiffs-appellees' outstanding loan as due and demandable may be justified under their Chattel Mortgage Contract. However, the appellant Bank unilaterally decided to stop further release of funds under the credit crop line without giving notice to plaintiffs-appellees.

Moreover, the reason given by the Bank officers to plaintiffs-appellees when they inquired about the reason appellant Bank refused to release the amount of P30,000.00 was that it was because they had filed a case against the Bank. They were in fact informed that the budget folder for their account was forwarded to the Head Office in Manila and that orders were given to Bacolod Branch to desist from releasing further funds to plaintiffs-appellees. If the reason for suspending plaintiffs-appellees' credit line was because of their outstanding debt incurred from the previous crop year, the Credit and Loan Division of Bacolod Branch could have given plaintiffs-appellees a reasonable period within which to settle all their accounts. Plaintiffs-appellees did not even receive any form of notification or demand regarding the matter.

Considering all circumstances, we are convinced that the only reason plaintiffs-appellees credit line was suspended was because of the case they had filed against appellant Bank. That case was not at all related to plaintiffs-appellees' credit line. It was a case that arose as a result of malversation committed by a bank employee which directly affected the deposit accounts of plaintiffs-appellees and the case was instituted to recover from appellant Bank the sum of money taken by the bank employee. Verily, appellant Bank had maliciously and in bad faith unilaterally suspended the credit line of plaintiffs-appellees thereby justifying the order of the trial court for payment in favor of plaintiffs-appellees of actual, moral and compensatory damages.

In the same decision, however, the CA, finding no sufficient evidence to support the trial court's award of actual damages to the tune of P1,500,000.00, and as exorbitant the amount of moral and exemplary damages and attorney's fees, modified the appealed RTC decision, thus:

WHEREFORE, the Decision appealed from is AFFIRMED with the MODIFICATION that the award in favor of plaintiffs-appellees of actual damages is reduced to P500,000.00, moral and exemplary damages to P500,000.00, and attorney's fees to P200,000.00.

No pronouncement as to costs.

SO ORDERED.

Therefrom, both parties come to this Court via their respective petitions.

Petitioner RPB in G.R. No. 134728 assigns the following errors:

I

THE COURT OF APPEALS COMMITTED A SERIOUS MISAPPREHENSION OF FACTS BY SIMPLY ADOPTING THE FINDINGS OF THE TRIAL COURT THAT PETITIONER HAD MALICIOUSLY AND IN BAD FAITH, SUSPENDED THE CREDIT LINE OF RESPONDENTS.

II

THE COURT OF APPEALS ERRED IN AWARDING RESPONDENTS P500,000.00 ACTUAL DAMAGES, P500,000.00 MORAL AND EXEMPLARY DAMAGES AND P200,000.00 ATTORNEY'S FEES, WITHOUT LEGAL AND FACTUAL BASES, AND EVEN ASSUMING RESPONDENTS ARE ENTITLED TO DAMAGES AND ATTORNEY'S FEES, THE AGGREGATE JUDGMENT AWARD IS PATENTLY EXCESSIVE, DISPROPORTIONATE AND WAY OUT OF PROPORTION TO THE FACTS OF THE CASE.

For their part, petitioners Montinola, Jr. and Monfort in G.R. No. 134794 raise the sole issue of:

WHETHER OR NOT THE RESPONDENT COURT OF APPEALS ERRED, OR ABUSED ITS DISCRETION AMOUNTING TO LACK OF JURISDICTION, IN REDUCING THE AWARD FOR DAMAGES AND ATTORNEY'S FEES IN THE TOTAL SUM OF P2,150,000.00 - FROM P3,350,000.00 TO ONLY P1,200,000.00.

The Court finds both petitions lacking in merit.

At the outset, it is noteworthy that RPB raises factual issues which had been resolved unanimously by the trial court and the CA, when both courts concluded that "appellant Bank had maliciously and in bad faith unilaterally suspended the credit line of plaintiffs-appellees [Montinola, Jr. and Monfort] thereby justifying the order of the trial court for payment in favor of plaintiffs-appellees of actual, moral and compensatory damages." [4] The sufficiency of the evidence on record to support the same is crystal clear. The Court, therefor, needs only to reechoe its ruling in *Domingo vs. Robles*, [5] to wit:

It is a well-settled principle that factual findings of the trial court, when affirmed by the Court of Appeals, are binding on this Court. Petitioner has given this Court no cogent reason to deviate from this rule; on the contrary, the findings of the courts a quo are amply supported by the evidence on record.

As to the CA's reduction of actual damages from P1,500,000.00 to P500,000.00, the Court agrees with the CA that:

xxx. To prove actual damages, the best evidence available to the injured party must be presented: the court cannot rely on uncorroborated testimony whose truth is suspect but must depend upon competent proof that damages have been actually suffered. (*Baliwag Transit, Inc. vs. Court of Appeals*, 256 SCRA 7456) Appellant Bank had shown proof that the balance left available to plaintiffs-appellees under their crop loan as of July 19, 1982 was only minimal; therefore, the suspension of further release of funds representing such balance could not have directly affected the entire production for crop year 1982-1983. Also, appellant Bank had shown that plaintiffs-appellees had already withdrawn a considerable amount of money from their credit line. Paquita Sajo had pointed out that as of July of 1982, Montinola had already "withdrawn an amount of P1,970,000.00, more or less, which covers the cultivation budget, fertilizer budget, contingency budget and more than 50% of the milling budget account and the remaining P312,000.00 was only a portion of the said milling budget." (T.S.N., pp. 20-21, August 25, 1987) In that case, the amount that was still available to plaintiffs-appellees was for milling, which should have started only in September of that year until April of the following year. In other words, the suspension of the release of funds under the crop loan at most affected only the milling process and not the cultivation and fertilization process because the money budget for that purpose had already been withdrawn.

The Civil Code, in its Article 2199, expressly states:

ART. 2199. Except as provided by law or by stipulation, one is entitled to an adequate compensation only for such pecuniary loss suffered by him as he has duly proved. Such compensation is referred to as actual or compensatory damages. (Emphasis supplied.)

The reduced amount of actual damages awarded by the CA complies with the foregoing provision, being the adequate compensation for the pecuniary loss which Montinola, Jr. and Monfort could have possibly suffered under the circumstances established by the evidence proffered. Anything over and above such amount would definitely result in their unjust enrichment at the expense of RPB. The Court will not allow such inequitable situation.

Finally, considering the facts and circumstances obtaining in this case, the Court finds no reversible error on the

part of the CA in reducing the award for moral and exemplary damages to the more reasonable amount of P500,000.00, and the attorney's fees to P200,000.00.

Article 2216 of the Civil Code provides:

ART. 2216. No proof of pecuniary loss is necessary in order that moral, nominal, temperate, liquidated or exemplary damages, may be adjudicated. The assessment of such damages, except liquidated ones, is left to the discretion of the court, according to the circumstances of each case.

In fine, the CA correctly exercised its wise discretion by reducing the amounts involved.

On the same breath, RPB's lament must have to be brushed aside, given the factual findings, supra, of the trial court as sustained by the CA.

WHEREFORE, both petitions are DENIED for lack of merit and the assailed decision of the Court of Appeals AFFIRMED.

SO ORDERED.

Puno, (Chairperson), Sandoval-Gutierrez, Corona, Azcuna, and Garcia, JJ., concur.

[1] Penned by then Associate Justice Salome A. Montoya (ret.) with Associate Justices Conchita Carpio Morales (now a member of this Court) and Bernardo P. Abesamis (ret.), concurring; Rollo, G.R. No. 134728, pp. 30-48.

[2] Civil Case No. 16905 is a suit instituted by Montinola, Jr. and Monfort to recover from RPB their money deposits which were malversed by a bank employee.

[3] Quoted from and as reproduced in the assailed CA decision, see footnote #1, supra.

[4] Decision, p. 15; Rollo, G.R. No. 134728 p. 44.

[5] G.R. No. 153743, March 18, 2005.

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