

BANK OF THE PHILIPPINE ISLANDS, PETITIONER, VS. CARLO S LEOBRERA AND COURT OF APPEALS, RESPONDENTS.

G.R. No. 137148. January 30, 2002

Ponente: PARDO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-137148/>

PARDO, J.:

The Case

The case is an appeal via certiorari from the decision of the Court of Appeals[1] affirming that of the trial court, the dispositive portion of which reads:

“WHEREFORE, judgment is hereby rendered:

“1. Ordering the defendant to pay plaintiff the total amount of One Million Three Hundred Thousand Pesos (P1,300,000.00) Philippine currency, under the different pertinent cause of action, with interest at the legal rate and date of filing of the complaint, until fully paid;

“2. Ordering the defendant to pay plaintiff the sum of Ten Million Pesos (P10,000,000.00), Philippine currency, as moral damages;

“3. Ordering the defendant to pay plaintiff exemplary damages in the amount of One Hundred Thousand Pesos (P100,000.00), Philippine currency;

“4. Ordering defendant to pay plaintiff the sum of Two Hundred Thousand Pesos (P200,000.00), Philippine currency, as and for attorney’s fees;

“5. Ordering the defendant to pay the costs of suit;

“6. Declaring the writ of preliminary injunction heretofore issued permanent.

“SO ORDERED.”[2]

The Facts

The facts, as found by the Court of Appeals, are as follows:

“Sometime in 1979, BPI unintentionally failed to deliver on time to plaintiff, who was then engaged in the business of exporting shells, three letters of credit in the aggregate amount of \$3,265.05, which were opened by plaintiff’s foreign buyers. As a consequence, plaintiff complained to BPI and demanded the payment of P500,000.00 damages. Thereupon, officers of BPI met with the plaintiff to explain what happened. In the said meeting, plaintiff accepted the explanation of the BPI officers and as settlement, BPI agreed to send letters of apology to the foreign buyers; BPI to shoulder plaintiff’s legal expenses in the amount of P10,000.00 and BPI officers to assist him in obtaining additional loans (TSN, March 6, 1987, pp. 65-66). Plaintiff claimed that it was agreed upon that the loans would continue for as many years (or a little over 9 years) until he recovers his P500,000.00 damages. This alleged agreement was however vehemently denied by BPI. (TSN, March 6, 1987, pp. 67-68)

“In 1980, BPI granted to plaintiff a P200,000.00 revolving promissory note line at 10% interest; P100,000.00 export advance line at 12% interest and a P500,000.00 industrial guarantee loan at 12% interest. Said loans were secured by real estate mortgage dated November 20, 1976 (Exh. 4) and real estate mortgage dated February 8, 1980 (Exh. 5). In 1981, the loans were renewed and the interest rate of the revolving promissory note line was increased to 12%. In 1982, BPI restructuring the loans into; P200,000.00 revolving promissory note line at 16% interest; P100,000.00 export advance line of 10% interest and P163,000.00 industrial guarantee loan at a 12% interest; and an additional P300,000.00 short term loan at 16% interest was granted. In 1983, BPI once more, restructured the loans into; P200,000.00 revolving promissory note line at 16% interest; P35,000.00 industrial guarantee loan at 12% interest and P800,000.00 short term loan at 18% interest. In 1984, the loans were converted into an P800,000.00 revolving promissory note line at 26% interest. In 1985, the P800,000.00 revolving promissory note line was renewed and plaintiff was granted a new loan of P500,000.00 which was secured by another mortgage (the letter is the subject of a separate action - Civil Case No. 89-8573),

“The foregoing facts are undisputed. The defendant-appellant does not dispute that damages were caused and the fact that the plaintiff-appellee made a demand against defendant-appellant for damages of P500,000.00 is admitted. The damages caused to plaintiff-appellee by defendant-appellant bank by failing to handle the export papers is undisputed.

“It is undisputed, likewise, that after the demand, the officers of appellant bank admitted the damage caused and agreed to send letter of apology to the foreign buyers of appellee.

“The only factual dispute lies in the fact that appellant Bank allegedly did not agree to compensate the plaintiff-appellee for the damage cause. It is the simplistic argument of defendant-appellant that it only agreed to send letter of apology, pay P10,000 to cover the fees for lawyers.”[3]

On July 31, 1998, petitioner BPI moved the Court of Appeals for reconsideration of the aforecited decision.[4]

On January 13, 1999, the Court of Appeals denied the motion ruling that “the grounds therefor have already been fully discussed in the decision of this Court.”[5]

Hence, this appeal.[6]

The Issues

- (1) Whether or not the trial court erred in awarding to plaintiff (respondent Leobrera) Ten Million Pesos (P10,000,000.00) as moral damages in spite of the fact that the amount was not specified in the body and prayer of the complaint.
- (2) Whether or not the trial court erred in ordering payment of interest on actual damages in spite of the fact that this was not prayed for in the complaint.
- (3) Whether or not the Court of Appeals erred in awarding excessive damages.
- (4) Whether or not the Court of Appeals erred in finding BPI negligent in the transactions involved.[7]

The Court Ruling

We resolve to modify the appealed decision.

On the first and third issue, admittedly, the complaint did not indicate the specific amount of the claim for moral damages, and plaintiff Leobrera did not pay the docket fees therefor.

Nonetheless, the trial court awarded One Million Three Hundred Thousand Pesos (P1,300,000.00) as actual damages and the exorbitant amount of Ten Million Pesos (P10,000,000.00) as moral damages. We find no basis for such awards.

Moral damages are emphatically not intended to enrich a plaintiff at the expense of the defendant.[8] Moral damages may be awarded in a breach of contract when the defendant acted in bad faith, or was guilty of gross negligence amounting to bad faith, or in wanton disregard of his contractual obligation.[9]

On the second issue, in his complaint, plaintiff did not ask for the payment of legal interest on the actual damages.

Hence, there was no legal basis for the award of interest at the legal rate from the filing of the complaint.

On the fourth issue, respondent Leobrera was not the real party in interest to complain about the transactions, because he was merely a beneficiary in the transactions.

Thus, the Court of Appeals erred in finding BPI negligent on the three transactions.

The Fallo

WHEREFORE, the Court AFFIRMS the decision of the Court of Appeals and the trial court with modifications as follows:

1. Ordering defendant to pay plaintiff the amount of P98,975.00 as actual damages;
2. Ordering defendant to pay plaintiff P30,000.00 as attorney's fees, and costs of suit.

All awards for moral and exemplary damages are deleted.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Puno, Kapunan, and Ynares- Santiago, JJ., concur.

[1] In CA-G. R. SP No. 40988, promulgated on July 15, 1998. Ibay-Somera, J., ponente, Agcaoili, and Villarama, Jr., JJ., concurring. Petition, Annex "A", Rollo, pp. 31-50.

[2] In CA-G.R. SP No. 40988, CA Rollo, pp. 69-93, at pp. 92-93.

[3] Petition, Annex "A", Rollo, pp. 31-50, at pp. 32-34.

[4] CA Rollo, pp. 177-193.

[5] Petition, Annex "B", Rollo, pp. 51-52.

[6] Petition, Rollo, pp. 7-30. On June 23, 1999, we now give due course to the petition.

[7] Petition for Review, Rollo, pp. 7-30, at p. 15.

[8] Philtranco Service Enterprises, Inc. v. Court of Appeals, 340 Phil. 98 [1997].

[9] Integrated Packaging Corporation v. Court of Appeals, 331 SCRA 170 [2000].

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.